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**THE ADMINISTRATION OF FOREIGN
AFFAIRS AND OVERSEAS
OPERATIONS**

by
The Brookings Institution
JUNE 1951

A.I.D.
Reference Center
Room 1656 NS

A Report Prepared for
The Bureau of the Budget
Executive Office of the President

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PREFACE

The Bureau of the Budget, in June 1950, contracted with the Brookings Institution for a study of the organization and administration of foreign affairs and overseas operations of the United States Government. The study, financed under the President's Special Fund for Management Improvement, represents a part of the program of the Executive Branch of the Government to carry out the recommendations of the Commission on Organization of the Executive Branch (Hoover Commission), which proposed that a comprehensive study of overseas administration be made.

The Bureau of the Budget expresses its appreciation to the Brookings Institution for carrying out a difficult assignment. This volume, constituting the final report on the Brookings Institution study, was submitted to the Bureau of the Budget on June 1, 1951, by Mr. Harold G. Moulton, President of the Brookings Institution. Full responsibility for the contents of the report and the conclusions reached rests with the Brookings Institution. Publication of the report by the Bureau of the Budget has been undertaken in order that this important study might be available to Government officials and others.

BUREAU OF THE BUDGET
JUNE 1951

FOREWORD

This is the final report on a study conducted by The Brookings Institution of the administration of the foreign affairs and overseas operations of the United States Government.

The study was undertaken at the request of the Bureau of the Budget, in June 1950. Specifically its purpose was to explore the major requirements of, and the problems involved in, the organization and administration of foreign affairs and overseas operations, and to develop and present conclusions concerning them. It was intended that the study should derive from, and provide an extension of, the work of the Commission on Organization of the Executive Branch of the Government (the Hoover Commission). In one of its reports that commission had recommended a further comprehensive study of the entire problem of overseas operation and administration, while in various other reports it had made related recommendations on the administration of foreign affairs, some of which have been carried out and others of which have appeared to require further study.

The Institution submitted, in December 1950, a preliminary report on some of the more pressing problems with respect to the administration of military and economic aid.

The research and investigation for both the preliminary and final reports began with a review by the staff of the pertinent materials and studies available to it. Four staff members made field investigations of United States diplomatic, military and economic aid missions and the general problems of administration and coordination of the diverse organizational units operating in Europe. Countries visited by one or more staff members were Belgium, Denmark, France, Italy, the Netherlands, Norway, Switzerland, the United Kingdom, and the Federal Republic of Germany. Almost 200 persons with important responsibilities for United States programs on the country and regional level were interviewed, together with more than 200 officials responsible for various aspects of the administration of foreign affairs in Washington.

Staff discussions then proceeded to an analysis of the information gained, to an identification of the issues and problems, and to an evaluation of possible alternatives for meeting them.

Invaluable help was received throughout from the members of the agencies having foreign affairs responsibilities, who consulted freely and frankly, in groups and individually, to aid in clarifying the issues and in testing the alternative solutions.

Chief among the agencies consulted were, of course, those with major foreign affairs responsibilities, the Departments of State and Defense and the Economic Cooperation Administration, and various units within the Executive Office of the President. Other agencies consulted in varying degrees were the Departments of Agriculture, Commerce, Interior, Justice, Labor, Post Office and Treasury; the Civil Service Commission, the Civil Aeronautics Board, the Export-Import Bank, the Federal Communications Commission, the Federal Security Agency, the General Services Administration, the Tariff Commission, and the Veterans' Administration.

Members of the staff of the Bureau of the Budget contributed immeasurably in presenting pertinent information as to past and proposed actions, in identifying the problems, and in posing various alternatives for consideration.

Prior to arriving at conclusions, experts in the field of economics, international relations, and public administration were consulted. These included Royden J. Dangerfield, professor of international relations, University of Illinois; Rowland Egger, professor of political science, University of Virginia; John Gange, director, Woodrow Wilson School of Foreign Affairs, University of Virginia; Grayson Kirk, provost, Columbia University; Arthur W. Macmahon, professor of public administration, Columbia University; James L. McCamy, professor of political science, University of Wisconsin; John F. Meck, treasurer, Dartmouth College; Don K. Price, associate director, Public Administration Clearing House; Charles F. Remer, professor of economics, University of Michigan; and Harold Stein, staff director, Committee on Public Administration Cases.

The Institution's regular personnel assigned to the study and those specially employed for it on a regular or consultant basis were selected for their recognized training and experience in government organization and the professional fields concerned. These include:

Robert H. Connery.	Norman J. Padelford.
Grace L. Guill.	Seymour J. Rubin.
H. Field Haviland.	Wallace S. Sayre.
Charles S. Hyneman.	Helen Semmerling.
John F. Meck.	Herman M. Somers.
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J. Clayton Miller.	Clarence E. Thurber.
Dale Noble.	Maximilian Wallach.
Wilfred Owen.	Wesley W. Walton.
Earl L. Packer.	Robert J. Wilson.

In addition, a number of the Institution's regular personnel, especially the following, have contributed in their fields of specialty:

Joseph W. Ballantine.	Thomas R. Phillips.
A. Mason Harlow.	Charles A. H. Thomson.
Charles J. Moore.	

The project staff has been able to draw on the resources of the Institution Library and its Current Developments staff and files.

The following assisted in the typing of manuscripts and in the production of the finished volume: Dorothy M. Mathews, Janet Burr, Sonia Cohen, Harriet Curry, William Fink, Thelma Harrison, and Kathryn Langston.

The various chapters of the present report are each in large degree a joint product of the work of several members of the staff. Special acknowledgement is made of the contributions of the following staff members in connection with the preparation of particular chapters: chapter IV, Wilfred Owen; chapter V, Robert H. Connery; chapter VI, Clarence E. Thurber; chapter VII, Earl L. Packer; chapter VIII, Wallace S. Sayre; chapter IX, Seymour J. Rubin. The undersigned, together with William A. Reitzel and Robert W. Hartley, constituted a general editorial committee for the project.

LEO PASVOLSKY,

Director, International Studies Group.

PAUL T. DAVID,

Senior Staff Member in Charge of the Project.

WASHINGTON, D. C., June 1, 1951.

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SUMMARY: SCOPE AND CONCLUSIONS OF THE REPORT

This report was undertaken primarily for the purpose of supplementing certain portions of the work of the Commission on Organization of the Executive Branch of the Government (the Hoover Commission). The principal objective has been to prepare an analysis yielding conclusions that can be applied to certain phases of the general problem of organizing the Government for the conduct of foreign affairs and overseas operations. In pursuing this objective, special attention has been given to questions of organization that are of general and enduring importance and that can also be expected to have interest in relation to the decisions of 1951.

SCOPE OF THE REPORT

The first three chapters of the report are devoted respectively to a review of factors basic to the conduct of foreign relations in the world today, to recent developments in Government organization affecting the administration of foreign affairs, and to key elements of administrative doctrine for major units of the Government. Six chapters then follow, each of which is devoted to the detailed examination of a complex problem involving a number of main issues and alternative courses of action.

The problems selected for analysis in chapters IV to IX have been stated as follows:

1. To determine the basic structure of organization in the executive branch most suitable for the conduct of foreign economic programs.
2. To review the responsibilities of the Department of Defense in the field of foreign affairs and to determine the relationships it should accordingly maintain with other foreign affairs agencies.
3. To determine the functions that should be performed by the Department of State in the operation and coordination of foreign programs.
4. To determine the manner in which the United States Government should be represented in foreign countries, and the relationships of United States officials in each country to the chief of the diplomatic mission in that country.
5. To determine the kind of personnel administration that is needed

for the recruitment and retention of the overseas civilian staffs essential to the foreign affairs programs.

6. To determine when and how the interdepartmental committee should be used in preference to other coordinating devices in the administration of foreign affairs activities requiring special emphasis upon interdepartmental coordination.

These problems are not the only important problems of current interest within the area of this report. Other problems were excluded in part because of limitations on the amount of available information concerning them, in part because they involved factors subject to such rapid change as to make thorough analysis at this time difficult or impossible, and in part because of limitations of time and staff. Three problems that we have deliberately excluded as subjects for conclusive attention, although each is touched upon repeatedly in the course of the report, are (1) the problem of regional arrangements, (2) the problem of the internal organization of the Department of State, and (3) the problem of organization within the Executive Office of the President.

As to the regional arrangements, we are aware of the complex interrelationships between mutual defense assistance affairs and North Atlantic Treaty Organization affairs, between the North Atlantic Treaty Organization and the Organization for European Economic Cooperation, and between the problems of representation at regional organizations and of regional supervision of the missions abroad. These problems are particularly important in connection with the functions of the Deputy United States Representative, North Atlantic Council, and the Office of the Special Representative of the Economic Cooperation Administration in Paris. Considerable time was given to the study of these matters and is reflected generally in various parts of the report. But as far as the specific questions of organization at the regional level itself are concerned, developments have been occurring so rapidly along lines that could not readily be followed from a distance that it has been impossible for us to complete an analysis and to draw conclusions of whose merits we could be certain.

The problem of the internal organization of the Department of State was generally excluded from the scope of this report from the beginning. The subject is one to which the Hoover Commission gave extensive attention and on which its recommendations have had a substantial influence. We have accordingly centered our attention elsewhere, and most of all on the previously unresolved questions on the distribution of foreign program operating responsibilities between the Department of State and other agencies of the Government. As will be apparent from the present report, certain of the Government-wide problems lead back into the internal organization of the Department of State. The subject is one that may deserve a further

intensive examination after an additional period of evolution, particularly if basic agreement emerges as to what functions should be performed in the Department of State.

The problem of organization within the Executive Office of the President is one that goes well beyond the scope of the present report, yet many of the problems with which we have been concerned will not be fully resolved until there has been a further evolution of thought and action with respect to the internal organization of the Executive Office. We have accordingly given the subject some attention even though we have not attempted to deal with it conclusively.

SUMMARY OF CONCLUSIONS

The conclusions that follow have been developed from the analysis contained in chapters IV to IX, respectively, and appear also at the end of those chapters.

Organization for the conduct of foreign economic programs

1. The problem of how the executive branch can best be organized for the conduct of foreign economic aid and related foreign economic activities involves a basic organizational dilemma. Several factors point to the desirability of centralizing foreign economic affairs in a permanent agency separate from the Department of State, particularly if it can be expected that large-scale foreign economic programs will continue for a long period of time. But such a solution would fail to recognize that economic affairs are an integral part of foreign affairs; a general foreign affairs agency divorced from the economic aspects of foreign affairs would have difficulty in meeting its most important responsibilities.

The continued existence of a foreign economic agency with limited scope and nonpermanent status, such as the Economic Cooperation Administration, will inevitably be accompanied by administrative difficulties arising from unsettled and potentially conflicting jurisdiction. Accordingly, in due course it may be necessary to decide between the permanent establishment of a Department of Foreign Economic Affairs, which would have full status as an executive department, and a concentration of foreign economic programs in the Department of State. The imponderables include not only questions of the nature, extent, and duration of foreign economic programs, but also of the status and role of the Department of State in the operation and coordination of foreign programs generally. Consideration would also need to be given to the extent to which changes may be effected in the internal organization and performance of the Department of State and the Foreign Service.

2. A further organizational possibility should be considered that would seek to meet both points of view as fully as possible without

detriment to either through the establishment of a new executive department modeled somewhat on the pattern of the Department of Defense. This would be a Department of Foreign Affairs, an executive department, within which there would be a department of foreign economic affairs as one of a number of subordinate administrative departments.

3. These questions regarding permanent organization cannot be wisely settled at this time in view of the uncertainties resulting from the present national defense emergency, and especially the uncertainty as to how long the United States Government will continue to carry on large-scale programs of foreign economic aid. Accordingly, organization for the administration of foreign economic programs during the emergency should be determined on the basis of short-range considerations. Present action should be taken in such a way as to prejudice later permanent decisions no more than necessary; but the requirements for effective organization under present conditions must be given overriding consideration as long as the conditions persist.

4. We conclude that the Economic Cooperation Administration should be continued as an emergency agency for the administration of the economic aspects of foreign assistance and for such other closely related foreign economic activities as are of special importance during the emergency. The agency should not be considered permanent, but for efficient operation it will be essential to remove the statutory terminal date of June 30, 1952. We do not favor the substitution of any other terminal date in view of the unpredictable duration of the emergency, but the emergency status of the agency should be made clear in the legislation.

5. We believe that the activities to be continued in or to be newly assigned to the Economic Cooperation Administration should include the following:

(a) Completion of the European recovery program.

(b) Economic aspects of the mutual defense assistance program, and of any successor program, such as the proposed mutual security program.

(c) Aid to Southeast Asia and the Philippines, and other programs of economic assistance currently administered by the Economic Cooperation Administration.

(d) Technical assistance, including the point 4 program currently administered by the Technical Cooperation Administration of the Department of State and the Institute of Inter-American Affairs.

(e) Procurement and development of strategic materials abroad.

(f) Export controls.

(g) The foreign claimancy function.

In addition, adequate arrangements should be made to insure full consistency between the lending activities of the Export-Import Bank

and the other elements of foreign economic assistance. The minimum requirement is full consultation between the bank and the Economic Cooperation Administration, with an opportunity for the Administrator for Economic Cooperation to have a voice in the determination of the bank's policies. If necessary, further steps should be taken.

6. The Department of State should continue to be responsible for leadership in the formulation of foreign economic policy and in the coordination of foreign economic policy with general foreign policy. It should remain responsible under the President for providing foreign policy guidance for programs of economic aid. The further problems that will arise in the coordination of a more fully unified program of military and economic aid are considered in a later section of this summary.

7. Leadership in securing the coordination of foreign and domestic economic policy is a complex assignment of the greatest importance. Responsibility for such leadership within the executive branch should be centered in the Executive Office of the President. The permanent assignment to the President's Council of Economic Advisers of a more specific responsibility than it has at present should eventually be considered. Under present conditions of defense emergency, the Office of Defense Mobilization in the Executive Office of the President is concerned with these matters and should continue to have major responsibility.

The Department of Defense and the conduct of foreign affairs

1. The Department of Defense should participate in the formulation of foreign policy by furnishing military advice to the President and the Department of State, taking economic and foreign policy implications into account so far as feasible in developing its military advice.

2. The two-way nature of the relationship between the Departments of State and Defense should be emphasized, because of the interrelations between foreign policy and military policy. National security policy must include elements of both foreign policy and military policy; determinations in the field of national security policy will tend to guide both foreign and military policy and planning. Diplomacy is the primary instrument for reaching political agreement among associated nations, but military planning must run parallel to it in the organizations in which the nations are associated. The blending of political agreement with international military planning under a coalition requires a high degree of coordination and mutual understanding between the Departments of State and Defense.

3. The National Security Council provides the place for organized joint work by the Departments of State and Defense on matters of national security policy and grand strategy. The council provides

means by which comprehensive policy can be systematically formulated, reduced to writing, approved by the President, and communicated to action agencies. Although relatively new, the council has become established as a necessary institution of the government and appears to be functioning with increasing success as a place for teamwork under the President on the part of the departments most concerned.

4. Problems arising out of the North Atlantic Treaty and the mutual defense assistance program have tested the ability of the Departments of State and Defense to organize internally and to cooperate with each other. The recent appointment of a Director of International Security Affairs in the Department of State and of an Assistant to the Secretary for International Security Affairs in the Department of Defense, the related reorganization of staff activities within each department, and the creation of the interdepartmental International Security Affairs Committee (ISAC) have been steps in facilitating joint work on NATO affairs and mutual defense assistance. The possible further evolution of these arrangements for a more unified program of military and economic aid is considered in the next section of this summary.

5. If the issue of occupied areas administration should again arise in form similar to that presented at the end of the Second World War, the principal responsibility for government and administration should be transferred from the Department of Defense to a civilian agency as soon as feasible after the end of hostilities. In the present situation in Korea, the major problem is one of civil affairs administration during a period of active military operations. During actual hostilities, civil affairs administration should remain the responsibility of the military commander, subject to policy as determined at the seat of government. The Departments of Defense and State should promptly complete the necessary administrative studies, which are already in process, and perfect their respective internal organizations for joint planning and staff work on civil affairs, military government, and occupied areas administration.

6. The present world situation indicates that for many years there is likely to be a need for intensive joint work between the Departments of State and Defense on many aspects of policy, planning, and operations. The two departments should accordingly give consideration to the systematic organization of their own processes of joint work with each other on matters of special mutual concern. Such joint work will require appropriate staff organization in each department. The further development of central staffs in each department that can work closely with each other should be emphasized.

The role of the Department of State in program operation and coordination

1. The issues as to the role of the Department of State in program operation and coordination involve questions relative to the general status and role of the Department in the executive branch as a whole. We conclude that while the Department has certain special characteristics as an executive department, it nevertheless is and should be of the same organizational status as the other executive departments. It would be incompatible with that status to vest authority in the Department of State to direct the work of other executive departments and agencies concerned with foreign affairs. It would likewise be incompatible with the status of the Department of State as an executive department to treat it as a staff agency of the President in any specialized sense; the staff agency concept is usually understood to imply a mode of operation that would be unworkable in the case of the Department of State. A staff agency can seldom be given executive responsibility for the matters with respect to which it performs advisory functions, yet it is essential that there be an executive department with general responsibility in the field of foreign affairs.

2. Pending some resolution of the questions referred to in a previous section of this summary, which may eventually require the organization of a new Department of Foreign Affairs, the Department of State should continue to serve as the executive department with general foreign affairs responsibility. Like other executive departments, it should perform major policy and operating functions within its own major purpose field. It should not take over all foreign affairs work, but it should maintain a review of all such work wherever carried on. It should give concentrated and expert attention to the major problems of foreign policy planning.

3. We are unable to accept the thesis that as a general rule the Department of State should not be given responsibility for the operation of specific foreign programs. Only in rare instances and in connection with programs of outstanding importance should it be necessary to establish new special purpose agencies for the administration of foreign programs. It would seem unwise to establish a new general purpose agency for the administration of foreign programs; the proposal for a new Administration of Overseas Affairs, to administer overseas programs other than the diplomatic and consular services, should, in our opinion, be rejected. Foreign programs should seldom be administered by departments or agencies whose concerns are mainly domestic, unless the program itself is a mixture of foreign and domestic activities in which the domestic element predominates. As the general purpose foreign affairs agency, the Department of State should ordinarily be the agency to administer foreign programs. In doing so, it should seek actively to make use where appropriate of the facilities of other agencies.

4. Every executive department should be regarded as having responsibility for leadership in securing coordination throughout the executive branch of the matters for which it has the primary concern. As the general foreign affairs department of the Government, the Department of State should be regarded as having the responsibility for leadership in securing coordination throughout the executive branch of the matters with respect to which the foreign affairs interest is primary. Its responsibility in that regard is not the neutral responsibility of a staff agency assisting the President; it is a positive responsibility arising out of the major functions of the Department as an executive department. The foreign affairs aspect will not necessarily be primary in every foreign affairs matter; in those cases the Department should accept a secondary place in the coordination process. Any question of jurisdiction as to which department or agency has the primary interest, unless arising out of conflict of laws, should be settled by the President with the assistance of appropriate staff work in the Executive Office.

5. The assignment of responsibility for leadership in securing coordination at the departmental level does not imply any vesting of command authority. The assignment is to secure voluntary agreement among equals who are responsible alike to higher authority. While any participant may withhold agreement for cause, all are obligated to work together in search of agreement. The department or agency with the leadership responsibility for securing coordination has the further responsibility for promptly referring any unresolved disagreement to higher authority.

6. In program coordination, the Department of State should normally have the responsibility under the President for leadership in securing coordination in representing to other governments the views of the United States, reporting to Washington the views of those governments, and leading the necessary negotiations at the governmental and departmental levels. It should likewise be responsible in Washington for leadership in securing coordination of the views of interested agencies, preparatory to the conduct of negotiations. Ordinarily it should have the primary responsibility for securing coordination of the operations of particular programs insofar as relations with individual countries are directly affected. When the primary responsibility for a particular foreign program is vested in another agency, the Department of State should have at least a joint responsibility for negotiations at the governmental level.

7. All existing programs of military and economic aid should be directed toward the same goal in the present national defense emergency. The current diffusion of such programs, with variety in objectives as well as in administrative arrangements, is no longer appropriate. All forms of foreign aid should so far as possible be

conceived, authorized, and carried out as one program, with a single controlling declaration of policy.

8. The administration of a unified program of military and economic aid should be carried out jointly by the Department of Defense, the Economic Cooperation Administration, and the Department of State. Some form of central coordination or direction must be provided, but the method by which this is to be done with sufficient effectiveness is a matter of great difficulty and complexity. It is our conclusion that effective authority to direct the operations of all three agencies in a unified program cannot be vested in any one of them, in view of the magnitude and importance of the tasks to be performed by each of the several agencies and their status as coequals.

It may be possible, nonetheless, to secure successful program administration while relying primarily upon voluntary interagency agreement through the existing mechanism of the International Security Affairs Committee, of which the Department of State holds the chairmanship. The test of the effectiveness of this device, however, is whether three important conditions are met. One such condition is clarification of relationships between the Economic Cooperation Administration and the Department of State. Another is continued activity on the part of various units of the Executive Office of the President in support of coordination at the departmental level. A third is sufficient unity in the Government as a whole to make it possible for the Department of State to exercise effectively the leadership responsibility that has been assigned to it.

If some or all of these conditions cannot be met, it may become necessary to give further consideration to the possibility of appointing a director of military and economic aid in the Executive Office of the President. Consideration should also be given to the possibilities inherent in the further development of the National Security Council through the establishment of a full-time vice chairman with responsibility under the President for executive leadership in the coordination and execution of all phases of national security policy, including the unified program of military and economic aid. Meanwhile, the existing arrangements in the form of the International Security Affairs Committee and the Director of International Security Affairs in the Department of State should not be lightly upset. Basic policy underlying the program should continue to receive the attention of the National Security Council in the preparation of recommendations for approval by the President.

9. No change in the existing arrangements for the administration of occupied areas is recommended. Should a similar problem arise in the future, we would be doubtful as to the desirability of vesting primary administrative responsibility in the Department of State. A separate special purpose civilian agency at the seat of government

might be preferable, if the problem is not resolved by the establishment of an international administrative agency, as suggested by United Nations arrangements for Korea.

10. We believe that the existing overseas information program of the Department of State should remain under the administration of that Department and that a great part of the overseas information program of the Economic Cooperation Administration, particularly in Western Europe, should be transferred to the Department of State.

Representation in foreign countries

1. The necessities of military representation appear to require the assignment of military staffs abroad. The existing organizational relationships between the military groups and the diplomatic missions at the posts abroad appear for the most part to be stable and satisfactory.

2. Country missions of the Economic Cooperation Administration should be brought into a closer relationship to the diplomatic missions than has obtained in the past, and should be under the authority of the chiefs of diplomatic missions at least to the same extent as the military aid missions. Some variation in pattern from country to country will be necessary and should be accepted; in the case of those countries with respect to which the Economic Cooperation Administration and the Department of State are able to agree, or the President so directs, there should be full consolidation under the ambassador, with transfer of administrative funds accordingly to the Department of State. The Economic Cooperation Administration should continue to be responsible for defending the estimates and authorizing expenditures in detail for personnel engaged in its work abroad, and for nominating any personnel to be appointed for duty abroad on its behalf by the Department of State.

3. Many of the interests of the Departments of Agriculture, Commerce, and Labor can appropriately be met abroad by personnel who are fully under the permanent jurisdiction of the Department of State; other and more specialized interests should be met by the nomination of qualified individuals for temporary duty abroad under the Department of State with the expectation of eventual return to the nominating agency. The existing arrangements for Treasury attachés appear to be working well, but in the interest of consistency it would seem desirable for those attachés to be nominated to the Department of State for appointment for their periods of duty abroad. In general, we believe that all agencies with specialized requirements for representation abroad should be permitted to detail their own employes for such service, but that ordinarily the process should consist of nominating the employees to the Department of State for temporary appointment during the period of duty abroad. The agencies

requiring the specialized work abroad should be responsible for securing the necessary funds and for making such transfers of funds to the Department of State as are necessary to finance appropriate arrangements.

4. To the extent that there is permanent or temporary integration of other staffs into the diplomatic missions, questions as to the authority and responsibility of the ambassador for supervision and coordination will be largely resolved. Where independent staffs remain, there should be full recognition of the leadership and coordination functions of the ambassador as representative of the President.

5. The problem of communications control likewise will tend to disappear to the extent that there is permanent or temporary integration of other staffs into the diplomatic missions under the administrative authority of the ambassador. But to the extent that the autonomy of agency representatives abroad is deliberately maintained, freedom of communication between the agency and its representatives is an essential part of that autonomy and should at most be subject to substantive control in the nature of the suspensory veto.

Personnel administration for overseas civilian staffs

1. Prompt and adequate staffing of the agencies, mobility and interchangeability in the staffs, adequate specialization and training of the personnel, preindoctrination for overseas service, continuing development of potential leadership personnel, and the progressive adaptation of personnel policies and techniques to managerial necessities are the goals of effective personnel administration for foreign affairs agencies.

2. Greater decentralization of personnel authority and responsibility to the agencies responsible for foreign programs is desirable, coupled with general policy supervision from a central source. Within agencies, there should be greater delegation of authority and responsibility to heads of overseas establishments and missions than is generally the practice at present.

3. The recommendations of the Hoover Commission and of the Rowe Committee are for changes in the direction of an expanded and simplified foreign affairs personnel system. This is desirable and should be pressed, particularly insofar as it can be accomplished through administrative action. There is need for the development of a long-range program involving new basic personnel legislation, which would contemplate the creation of a foreign affairs personnel system inclusive of all, or nearly all, civilian foreign affairs staffs at home and abroad. The first stage in such a program could appropriately include the personnel of the Department of State and the Foreign Service, the home and overseas staffs of the Economic Cooperation Administration, and the civilian personnel of the Department of Defense who are stationed at diplomatic missions abroad.

4. Program staffing is a necessary and desirable concept in foreign affairs personnel administration. It should not be adopted to the exclusion of the career staffing concept, but should be recognized as legitimate and essential in a balanced approach to the expanding responsibilities of foreign affairs staffs. The new foreign affairs personnel system should give full recognition to the concept of program staffing.

5. The successful establishment of a new foreign affairs personnel system depends upon a clear and unequivocal fixing of responsibility for administrative leadership during the initial period. We therefore favor the designation or appointment, within the Executive Office of the President, of an administrative assistant to the President who would devote himself intensively to the problems of foreign affairs personnel administration for a period of 1 to 3 years, with the assistance of a small high-quality supporting staff. It would be the initial assignment of this unit to develop the necessary legislative proposals in consultation with interested agencies and to be of assistance during the period of their congressional consideration. Upon the enactment of basic legislation, the unit would concern itself with the preparation of such Executive orders and foreign affairs personnel regulations as would then be needed. Thereafter the future of the unit would be subject to reconsideration, taking into account such progress as may have occurred in the general development of the central personnel institutions of the Government.

Coordination through interdepartmental committees

1. Executive Office staff work and interdepartmental committee work are to some extent alternatives to each other, but neither can be a completely effective substitute for the other. Interdepartmental committees can be useful provided there is general understanding of their limitations and there are also safeguards against abuses.

2. In securing successful interdepartmental committee work, there is no substitute for a competent presiding officer who believes in the purpose for which the committee was established. In those cases where it is essential that the chairmanship be held by a particular agency, failure to provide an effective chairman is a significant failure upon the part of the agency.

3. Jurisdictional issues should not be debated in interdepartmental committees. Problems of work assignment among agencies should not be handled in interdepartmental committees unless the respective agency jurisdictions are reasonably clear and well-understood. Jurisdictional issues that arise in the course of committee work should be promptly taken elsewhere for decision.

4. The terms of reference for a permanent interdepartmental committee should usually set forth specifically the channel by which any

unresolved issue is to be appealed to higher authority, and the deciding authority should be designated.

5. As a general rule, interdepartmental committees should not be established at the Cabinet level unless they are specifically advisory to the President. The assistant secretary or bureau chief level appears most appropriate for committees in which the agency members are expected to commit themselves to an agreed decision as the end product of the committee process.

6. Cabinet-level committees should be established only with specific Presidential approval, although such action may appropriately be informal in the case of *ad hoc* committees. Other permanent interdepartmental committees should be established only by Executive order, in order that appropriate procedural safeguards may be maintained. *Ad hoc* committees below the Cabinet level need not receive Presidential approval and may appropriately be formed by inter-agency agreement.

7. The supervision of permanent interdepartmental committees is essentially an Executive Office function and one for which definite responsibility should be fixed. The lack of any central secretariat in the Executive Office of the President for the more important standing interdepartmental committees appears to be a gap in the governmental machinery of the United States. The system of interdepartmental committees is unlikely to serve the public interest as well as it should until means can be found by which this gap may appropriately be filled.

8. The uncertainties as to the proper organization and use of Cabinet committees have been a major factor standing in the way of Executive Office action to deal with the general problem of interdepartmental committees. Cabinet committees are being utilized increasingly on an *ad hoc* basis. The National Security Council is a permanent body for the conduct of deliberative activities at the Cabinet level.

9. The National Security Council has become more than a Cabinet committee, inasmuch as the President himself has begun to preside regularly. There is a question as to whether the present values of the council for central coordination could be preserved while securing the advantages to the President that might be inherent in the appointment of a full-time vice chairman of the council. The existing limitations on the scope of the National Security Council appear to have been somewhat responsible for the establishment of the Office of the Special Assistant to the President (Mr. Harriman) and the International Security Affairs Committee. The relationships between the three units may appropriately be subject to a further evolution.

CHAPTER I

FACTORS BASIC TO THE CONDUCT OF FOREIGN RELATIONS IN THE WORLD TODAY

The problems confronting the United States in the administration of foreign affairs are problems of extreme difficulty. It is probably fair to say that the administrative problems of the United States in foreign affairs bulk larger and more difficult than those of the entire Federal Government as recently as the mid-1930's, when emergency domestic programs were being undertaken that seemed immense at the time but which are dwarfed by the foreign programs of the last several years.

Under the circumstances it is not surprising that there have been repeated efforts to improve organization and performance in the administration of foreign affairs. Since the end of the Second World War several surveys have been made of the organizational problems of the Department of State, and a major reorganization, which grew out of the Hoover Commission survey, was commenced in 1949 and is still incomplete.

The Hoover Commission's report went beyond the internal organization of the Department of State and reviewed the entire governmental framework for the conduct of foreign affairs. Indeed, one of its greatest contributions was its emphasis on the fact that the United States has a radically new role to play in world affairs, and on the related fact that the task of foreign affairs administration has become a responsibility of the Government as a whole and not merely that of the Department of State.

The Hoover Commission pointed out that at least 45 executive agencies in addition to the Department of State were involved in the administration of foreign affairs, that the budget estimates for international affairs and finance had reached a level of 7 billion dollars annually, of which at that time only about 5 percent was expended through the Department of State, and that the total number of civilian employees of the Government abroad in 1948 was approximately 128,500, of whom only 11 percent were attached to the Department of State and the Foreign Service. The Hoover Commission also commented on the extent to which the staffs in the Executive Office of the President are involved in matters of foreign affairs, on the extent and variety of the special arrangements for interdepartmental coordina-

tion, and on the growing significance of the legislative and appropriations activities of the Congress in relation to foreign affairs.

The situation in 1948, when the Hoover Commission was at work, appeared to have its transitory aspects, and there was hope in some quarters for a return to a condition of world affairs that would be simpler and less burdensome to the United States. Obviously realization of that hope has been postponed for the present.

Nevertheless the persistent and difficult problems of administration of foreign affairs and overseas operations that have been so troublesome in recent years have not been solely or even primarily the product of passing events. Fundamentally, they have arisen from the new position of the United States in the world, from the objectives it has formulated as it has come to understand its new position in the world, and from the factors that condition the achievement of those objectives. The purpose of the present chapter is to examine these matters and to point out some of their implications for the problems of this report.

THE NEW POSITION OF THE UNITED STATES

It was said of the United States after the First World War that it retained a debtor mentality although it had attained a creditor position. In the years since the Second World War, the United States has been in some danger of retaining a peripheral mentality although it has attained a central position.

A central position is not exactly the same as a position of leadership, although the two are closely related. At the end of the First World War, the United States was unquestionably in a central position for many purposes, but within a few years it rejected the responsibilities of world leadership. Some elements of its central position then disappeared in the course of time, although others remained during the period between the wars.

At present there appears to be considerable acceptance in the United States of the view that it has a measure of responsibility for world leadership, but the position which it occupies in the world and which provides the basis for that leadership is not well understood.

Economic superiority

The present central position of the United States is essentially the result of its great economic strength in relation to that of other countries. It is not easy to realize the proportions of that strength. All of the statistical measures that might be applied are somewhat unsatisfactory, but it may be helpful to look at a number of brief statistical indications of the relative economic strength of the larger countries.

The 12 countries that rank largest in population are shown in the table on page 3, together with estimates of their population for a recent

year and statistics of the land areas inhabited by the respective populations. Outlying territories and possessions are excluded from the figures.

Population and land area in 12 countries

Year	Country	Estimate of population	Land area in square miles
		<i>Millions</i>	<i>Thousands</i>
1948	China	463	2,592
1949	India	346	1,220
1946	U. S. S. R.	193	8,708
1950	United States	152	2,977
1950	Japan	84	148
1949	Pakistan	74	361
1948	Indonesia	72	735
1950	United Kingdom	51	93
1950	Brazil	50	3,288
1950	Western Germany	48	96
1949	Italy	46	116
1949	France	42	213
	Other areas	749	35,336
1949	World total	2,370	55,885

Source: For country populations, United Nations Monthly Bulletin of Statistics, January 1951; for world population, United Nations Statistical Papers, series A, vol. II, No. 4, December 1950; for country land areas, Bartholomew's Atlas, 1949, and United Nations Demographic Yearbook 1948, with an adjustment for Western Germany to include a portion of Berlin; for world land area, Goode's School Atlas.

The United States is obviously not the largest country in either population or land area; nevertheless it ranks high in both respects. Moreover, in considering population statistics with reference to the relative economic strength of nations, levels of health, literacy, and individual productive skill must be taken into account as well as numbers. The populations that compare favorably with that of the United States in health, literacy, and productive skills are all very much smaller in numbers.

Steel production capacity is usually accepted as one of the best measures of developed industrial strength. The following tabulation shows the production capacity for crude steel of the 12 countries ranking highest, estimated as of January 1, 1950, together with percentages of the world total.

Steel production capacity of 12 countries

Country	Steel capacity in metric tons	Percent of world total
	<i>Thousands</i>	
United States	90,168	46.2
U. S. S. R.	21,200	10.9
Western Germany	17,000	8.7
United Kingdom	16,500	8.5
France	10,000	5.1
Japan	7,600	3.9
Belgium	4,500	2.3
Canada	3,670	1.9
Luxembourg	3,000	1.5
Czechoslovakia	2,800	1.4
Saar	2,750	1.4
Italy	2,300	1.2
Other areas	13,796	7.0
World total	195,284	100.0

Source: U. S. Department of Commerce, World Trade in Commodities, Metals and Minerals, vol. VIII, pt. 23, No. 6, April 1950. The figure for Western Germany is for existing steel-making furnaces; legally that country is permitted to produce a maximum of 11,100,000 metric tons of crude steel annually. The figure for Japan is likewise for existing capacity, which may become subject to a limitation to be agreed upon.

The pre-eminent position of the United States in steel productive capacity is obvious from the above figures; similar comparisons for many other fields of heavy industry and for the electric power and railroad industries would point to the same conclusion.

All aspects of economic strength tend to be reflected in national income. Estimates of income for the 12 highest ranking countries are shown in the following tabulation.

National Income Statistics of 12 Countries

Country	Estimated national income, 1949	Percent of world total
	<i>U. S. dollars, millions</i>	
United States.....	216, 831	39. 95
U. S. S. R.....	59, 500	10. 96
United Kingdom.....	38, 922	7. 17
France.....	19, 857	3. 66
India, 1948-49.....	19, 572	3. 61
Western Germany.....	15, 300	2. 82
China.....	12, 384	2. 28
Canada.....	11, 797	2. 17
Italy.....	10, 800	1. 99
Japan.....	8, 280	1. 52
Poland.....	7, 344	1. 35
Argentina.....	5, 722	1. 05
Other areas.....	116, 443	21. 47
World total.....	542, 732	100. 0

Sources: Statistical Office of the United Nations, Statistical Papers, series E, No. 1, October 1950, National and Per Capita Incomes of 70 Countries in 1949, Expressed in United States Dollars, for all country income figures; the world total was estimated by the Brookings Institution on a comparable basis from the facts contained in the cited publication, and the country percentages were then computed.

The existing disproportion between the income-producing capacity of the United States and that of the other leading countries is one of the most extraordinary phenomena in the world today. It is a basic factor in many present international relationships.

The two world wars tended to accelerate growth in the United States that would probably have occurred in any event; but their effect on the relative position of the United States was even more important because of the devastation and disruption that occurred in the other large industrial countries.

Technological influences

Technology has also been a basic factor in the development of the existing world situation and of the position of the United States in relation to that of the rest of the world. The major advances in technology have been easily available and useful to the United States and unequally available and useful to other countries. The superior growth rates of the United States in productive capacity and wealth have reflected its superior ability to translate scientific advances into industrial knowledge and to disseminate considerable amounts of technical information throughout large parts of the population. But technology also has two other major areas of direct impact on interna-

tional relations in addition to its industrial consequences. One has been in the development of new weapons; the other in the development of rapid communications and transport.

The new weapons, particularly the long-range aircraft and the atomic bomb, have ended the physical and military isolation of the United States while giving it the means to project its power on an immensely extended scale.

Modern methods of communication and transport have put an end to isolation in still another sense. Information travels around the world through the channels of mass communication almost with the speed of light. Confidential official information moves in code or by courier far more rapidly than formerly. Leading public figures can meet anywhere in the world on short notice. These changes have increased the speed with which events make their effects felt, have hastened the impact of events upon opinion, and have enlarged the flow of information to be taken into account by all policymakers.

Consequence of shifts in power relationship

The long-term changes resulting from growth, the impact of the two world wars, and the pervasive influence of technology have all had their effects upon the distribution of power among the leading countries.

The most striking change in the relative positions of the major states has been the emergence of the United States and the Soviet Union as the two most powerful nations, the relative decline of the United Kingdom in terms of its capacity to exert a strong, world-wide influence on the course of events, the decline of Europe as a whole, and the emergence in Asia of states seeking to establish themselves as national units free from colonial controls. The new activity in Asia in world affairs, coming during a period of uncertainty and readjustment in Europe, has repeatedly made it necessary for the United States to reassess its relationships to both areas. The changing situation, moreover, contains explosive potentialities, of which the Chinese aggression in Korea is one example.

The consequences of the shifts in power relationships were not immediately apparent after the Second World War. The United States assumed that cooperation with the Soviet Union would be possible and underestimated the amount of political instability that could be expected to develop in many parts of the world. In consequence, there was a failure to maintain a sufficient level of military strength in readiness to support fully the functions of leadership that had devolved upon the United States.

For a time the illusion prevailed that the United States could do anything it wished internationally by the use of economic means. This illusion arose in part because the United States was the only one of the major nations to emerge from the war with its industrial capac-

ity intact. This favorable industrial position gave a freedom of maneuver in world affairs for several years that would not otherwise have existed.

The challenge to the organization of a peaceful world by the heavily armed Soviet Union and its satellites has demonstrated that military strength must be available to support the other components of power if the objectives of foreign policy are to be attained in a world of armed force. The challenge has also demonstrated the need for close association and cooperation among the free nations if they are to survive.

The peripheral mentality to which reference was made early in this chapter still crops out in unilateral proposals and actions. Such actions neglect the relationship of the United States to other countries and its need for their support in the pursuit of objectives that can be attained only through collective action.

Leadership cannot be exercised even in a central position unless the reciprocal aspects of the relationship are accepted. The fact that the United States occupies a new position in the world is recognized intellectually in many quarters, but the psychological follow-through is not complete.

THE NATIONAL INTERESTS AND OBJECTIVES OF THE UNITED STATES

The task of conducting the foreign relations of the United States is a comprehensive one. It has no clear beginning, because it is conditioned by the past. It has no clear end, for the situations with which it deals are changed, by the very act of dealing with them, into new situations. It is a continuing activity carried out in a dynamic context. It cannot be precisely delimited. It does not break down into fixed categories. It does not permit final or absolute decisions.

In its short-term form, the task of conducting foreign relations consists of devising the multiple actions to be taken in a continuous stream of interrelated situations. These actions, or solutions of immediate problems, must in general conform to certain requirements if the pattern of action as a whole is to succeed. They must be adjusted to the limitations that check the absolute freedom of decision and action by the United States. They must work toward the objectives that have been defined as essential to the national interests. Most important of all, they must correspond with the general, long-term national interests of the United States.

The essential national interests of the United States, like those of other nations, are survival, security, and well-being. The means of attaining national interests are not the same for all countries and

may change for the same country over a period of time. Often, however, there may be a choice among three main lines of approach.

One approach is unilateral. It would concentrate on the development of internal strength and would seek to capitalize on any factors in the national position that facilitate a strong line of independent action.

A second approach relies on alliances. It assumes that any threat to survival or security can best be met by building a sufficiently strong coalition of friendly countries, thereby balancing or containing the power of any unfriendly country or group of countries.

A third approach seeks to build a universal organization for the maintenance of law and order. This approach assumes that all countries are unsafe as long as the possibility of unpunished aggression remains, and that collective measures for the putting down of aggression must accordingly be organized on a world-wide basis.

Each of the approaches has been put forward by its special advocates as the approach that should be favored to the exclusion of all others. There is no doubt that the attempt to pursue two or even all three of the approaches at the same time complicates decisions, runs the risk of conflicting actions, and is difficult of administration in every way. Nonetheless, it seems to be the sense of a majority of the American people that all three approaches are necessary under present conditions, that they must be kept in balance, and that specific policies must be devised accordingly.

In such a framework, the broadest and most long-term objective of the United States Government in its foreign relations appears to remain the attainment of a world order in which all nations, large and small, can live in peace and security and enjoy a growing measure of prosperity and well-being. This implies a world of sovereign states, each one of which is politically and economically stable, and each of which is able and willing to harmonize its interests with those of the others by continuous coordination and cooperation through an international system. Support for the United Nations remains the official cornerstone of United States foreign policy.

At the same time, the threat to world peace is at present so urgent, and the ability of the United Nations to deal with it so limited, that other measures must be taken. Obviously the primary goal of the United States in the present national emergency is to counteract or overcome the expansionist and aggressive actions of Communist imperialism. The specific means of achieving this goal include the further development of military and industrial strength; the development of regional arrangements for combined defense; and the strengthening of associated and friendly nations and governments. A further objective, related but distinct, is to assist in building up the underdeveloped regions of the world, where conditions of poverty,

misery, and economic disorder lead to political instability and open the door to subversion.

Both long-term and immediate objectives are dominated by considerations of survival and security; but economic well-being has not been forgotten as a major facet of the national interest. Economic strength is necessary for security; and it is also a good thing in itself. Clearly the long-term purpose should be to bring about such a state of affairs that the requirements of economic well-being could be met without the interference of large-scale rearmament.

FACTORS CONDITIONING THE ACHIEVEMENT OF OBJECTIVES

Two groups of factors limit the freedom of the United States in the conduct of its foreign relations. One group is external; the other internal; and the two groups interact on each other.

External factors

The external limitations consist of the actions that other states can take to advance their national interests and to achieve their national objectives. The ability of other states to limit the objectives of the United States and to force modifications of United States policy is based on the fact that national power, which is the chief support of action in the field of foreign relations, is never absolute and unlimited, but always relative. This fact must always restrain the United States and the other larger states.

National power is a term that expresses the sum of the economic, military, social, moral, and political forces that a state can project when it acts internationally. Stated in another way it consists of actual and potential productive capacity, military strength, and social coherence with which a state can move toward a desired end. The effectiveness of the national power of any single state is dependent on the prevailing distribution of power in the world at the time and on the character of the relations among states.

The usage has developed in recent years of speaking of the bipolarization of world politics. If this is taken as implying that either the Soviet Union or the United States is so powerful that its freedom of action is unrestricted except in relation to the other, the bipolarization concept conveys a wrong notion of the world structure of power, and particularly so with respect to the position of the United States. The United Kingdom, France, and other leading states may have only limited powers of initiative under present conditions, but they retain positions that give them far more than a right of veto on particular occasions. There are many other states with resources and capabilities that can be decisive in relation to specific situations. Any group of even the less powerful states can usually force a modification

of the policies, if not of the objectives, of the stronger states, by concerting their actions and acting cohesively for a common end, particularly in the international organizations where their voting strength is disproportionate to their strength for other purposes.

The position of the United States is thus not predominant in the sense that American objectives can be formulated without reference to the interests of other states or that American policies can be developed and carried out unconditionally. Accordingly, when national objectives are formulated, they must either be stated in realistic relation to the interests, capabilities, and intentions of other states, or must be expressive of an intention to alter the relationships among those states.

One further external conditioning factor should be noted. The entrance of the United States into the United Nations system has introduced a new element into the conduct of foreign relations—what amounts to a broad agreement to formulate international policy in conjunction with other states and to act by a set of internationally approved principles. The effect has been to carry the policy-making process one step above the national level. Furthermore, it is more difficult to change a policy or to modify an objective that has been formulated through an international organization than one formulated unilaterally or in conjunction with only one or two other nations. In consequence, new considerations enter into the determination of national policy. On occasion, the effect may be profound, as it has been in connection with various developments since the outbreak of hostilities in Korea.

Internal factors

The place that the United States has come to occupy in the world and the character of international relations at the present time both tend to make the foreign policy of the United States particularly subject to the operation of the external conditioning factors here under review. At the same time, and also in consequence of the central position of the United States, the other peoples of the world are unusually sensitive to the direction and development of American foreign policy. For this reason, the internal or domestic factors that condition American policies can lead to international as well as domestic consequences.

The internal factors are as varied as the composition of the American people and the pattern of American life. The psychological unreadiness of the American people for the great responsibilities that have been thrust upon them has undoubtedly been the most pervasive conditioning factor in operation domestically since the war. The necessity for participating in the war in the first place was a violation of traditional expectations, requiring a departure from historical principles of action. The insistence upon rapid demobilization as

soon as hostilities were over amounted to a reflex action in which deeply imbedded cultural patterns again asserted themselves. The acceptance of the United Nations was an expression of American idealism in the realm of political philosophy, but not necessarily indicative of any widespread perception of the international political problems that the organization was designed to meet.

Deep-seated expectations as to how the remainder of the world should and will behave constitute positive limitations upon all formulations of objectives and upon the methods for achieving them. In the conduct of foreign relations, where so much is relative and so many factors are uncontrollable, such expectations check the processes of adaptation and compromise that are essential to success.

Fortunately, the factor of psychological unreadiness should diminish with the passage of time and with intensified exposure to new conditions. Elements of unpredictability of popular reaction will doubtless persist during this maturing process, but the record of the major foreign policy decisions of the American people in recent years cannot be read without becoming aware of an increasing readiness to assume such responsibilities as are in fact demonstrated to be necessary.

The observations just made relate mainly to the characteristic behavior of the American people as a national group. But within the national group as a whole, there are many subgroups: racial, cultural, economic, and political. The manifold influences of this diversity are among the important factors affecting the conduct of foreign relations, particularly since these influences are directly reflected in the working of the American political system.

There are few other countries in which political power is as widely dispersed internally as it is in the United States. The major political parties of the United States are loose federations, held together to some extent by the responsibilities of office and the influence of their respective leading figures, but not effectively subject to any central source of discipline that would be capable of bringing dissenting elements to terms. Every important group within the population therefore expects to be treated as sovereign so far as its own major preoccupations are concerned. Many of these groups have a special preoccupation with some particular facet of foreign policy; and on such matters their voice may momentarily be more powerful than that of the national interest as a whole. Many politically active bodies of opinion must therefore be taken into account in the conduct of foreign relations, and policy often takes on a special emphasis for reasons not readily apparent to the uninitiated.

That institutions of government have a conditioning influence upon all aspects of foreign relations has frequently been noted. Three features of the American system are perhaps of greatest importance:

the single-member constituency, the fixed terms of office, and the separation of powers.

The general absence of systems of proportional representation and the corresponding acceptance of the principle of the single-member constituency are so much a part of American Government that the consequences are seldom noticed. Coupled with the single-headed Executive, which does not lend itself as a prize to success by more than a single party or to effective competition by more than two, the single-member constituency is a safeguard against the development of a multiplicity of political parties and the instability of government that sometimes results.

The fixed terms of office for the legislators and the President and the scheduling of these terms in relation to each other are other features of the American system. These features could be expected to combine stability between elections with the possibility of sweeping change when elections are held. To some extent these possibilities can be documented historically.

The separation of powers is the most celebrated feature of the American system, and its consequences need little exposition here. The actual conduct of foreign relations is firmly fixed by the Constitution in the hands of the President, but the Congress has the last word on legislation and appropriations, even aside from the executive powers of the Senate with respect to treaties and appointments. The constitutional structure thus divides authority for the determination of foreign policy, thereby leaving responsibility diffused and somewhat uncertain.

Interaction between internal and external factors

The attributes of power of a great modern state, even when not used deliberately for the ends of foreign policy, remain nonetheless a central element in international relations because such attributes cannot be exercised even domestically without producing repercussions in other countries.

The interaction of domestic and external factors on the foreign policy of the United States is particularly significant when that policy seeks by positive action to achieve defined objectives. For reasons previously outlined, domestic factors can directly affect the vigor and success with which any course of action can be pursued. The uncertainties introduced into the foreign relations of the United States by these factors, as well as the compromises and modifications to which they lead, produce repercussions throughout the international system.

Conversely, the actions of other states produce repercussions within the United States. The simplest reaction is the adjustment of American policy and action to the actions of others. A more complex reaction takes place when a foreign state, by its actions, disappoints

the expectations of American public opinion and that opinion then makes itself felt politically in antagonistic forms. Since the policies of other states are also conditioned by their own domestic factors, a prolonged chain of actions and reactions can be initiated. The consequences can spread far and wide through the international system.

The foreign relations and the foreign policy of the United States have always been conditioned by external and internal factors similar to those here discussed, but the operation of these factors has rarely been as significant as it is at present. The international community of nation-states has never before been so sensitive to the presence and actions of the United States. And at no previous time has the United States been so comprehensively sensitive to the actions of so many other particular states. To this must be added the increased speed with which situations now develop and the extent to which the resulting actions and reactions make themselves felt throughout the entire fabric of international life.

The consequences may be of special importance for the United States. The separation of powers together with accepted procedure based on legalistic and conventional points of view makes for a situation in which the United States would prefer to act on many matters only with great deliberateness. When concessions are made to the necessities of rapid timing as they sometimes arise, the conduct of foreign relations becomes less like a meeting under parliamentary rules and more like the operations of a football team on the field. Whether or not this is a fair analogy, some adaptation to the rapid timing which has come to be a feature of international relations appears to be unavoidable.

IMPLICATIONS FOR ADMINISTRATION

The Government of the United States is continually faced with international situations to which it must react. Situations develop in various ways: from positive efforts of the United States, from positive efforts of other states, or, more frequently, from the continuous and complex interaction of such efforts upon each other. In all cases, the parties are under the necessity either of seeking to modify the situation that will follow or of making adjustments to it.

Unless foreign policy is to consist merely of reactions to international situations as they come along one after another, it must have a sense of direction, and it must provide for the taking of initiative for the purpose of molding events. A sense of direction is usually developed and expressed by the formulation of objectives. One may ask the question: What kind of a world is it in which the United States could expect to achieve maximum security and maximum opportunity to develop further in ways in accord with its social and economic traditions? The answer to such a question, by furnishing a measure

of the gap between aspiration and reality, establishes the position from which policy starts and indicates the direction in which policy is intended to lead.

Foreign policy tasks

If the conduct of foreign relations is made the subject of a positive approach, four general categories of tasks can be identified. They are (1) the formulation of objectives, (2) the formulation of policies, (3) the execution of policies, and (4) the review of objectives and policies.

The formulation of objectives involves giving adequate expression to the deeply felt aspirations of the American people. It includes defining the national interests in terms that will have meaning in the existing national and international situations.

The formulation of policies involves devising courses of action that will be realistic in terms of the relative position and power of the United States and will also be supported by domestic opinion because they are felt to lead in an agreed direction.

The execution of policies involves the initiation and coordination of specific activities and actions in order to prevent the development of contradictions or of neutralizing consequences between various policies or among the actions of single policies.

The review of objectives and policies involves a continual re-estimate of the international situation and a continual reassessment of the validity of the objectives toward which the United States is seeking to move, of the soundness of the policies that have been devised, and of the effectiveness with which they are executed.

These four tasks must be carried on concurrently. No one of them can be properly handled except in relation to all of the others, because the total process is one in which each stage is continuously active in relation to all other stages.

The four tasks have always existed, and exist for every country that seeks to influence its own destiny. They have taken on new difficulty and new importance for the United States under the condition of affairs now obtaining.

For the reasons indicated earlier in this chapter, the influence of the United States has become very great throughout a large part of the world. The views and intentions of the United States are a matter of serious concern to all nations. Many of the smaller states have difficulty in planning their affairs unless they can arrive at a clear estimate of the probable intentions of the United States.

The United States thus appears inevitably cast for a role of leadership in international affairs. It cannot reject the role without creating dangerous confusion and uncertainty in the affairs of a large part of the world. If it accepts the role, it can give a lead for the activities of many smaller states, with the objective of supporting their inde-

pendence and stability, organizing their combined power, and developing a global strategy to meet a widely distributed threat.

Under present conditions, objectives tend to become indivisible and policies become closely interdependent and interrelated. Action must be taken comprehensively in terms of both functional and geographic policies. Negotiations with other states take on increasing significance; freedom to act unilaterally becomes increasingly limited except with respect to the internal development of economic and military resources. The possibility of contradiction developing in various sectors of policy is enlarged, particularly as negotiations go on at several levels and at scattered geographic points with respect to many separate but closely related matters.

Elements in the administrative process

In view of these characteristics of the present situation, a number of elements in the administrative process emerge as of special importance. These may be considered under the following topics: specialization, adaptation, anticipation, equalized attention, coordination, and policy control.

The requirements for specialization are emphasized by the global interests of the United States, the intensity of its particular interests, and the complexity of the entire situation. Each new international development requires analysis of its various aspects by individuals who have had time, opportunity, and facilities for becoming expert with respect to those aspects. Any organization which attempts to function effectively in the field of foreign affairs today must therefore contain or have access to the requisite groups of specialized personnel. There is no substitute; the attempt to deal with matters requiring expert knowledge and skills through the use of personnel with merely general training, however good, can be dangerous.

Adaptation is another element at a premium in the present situation, for individual officials, for agencies of the Government, and for the Government as a whole. The reasons are obvious, with so much that is unpredictable and uncontrollable in the total situation both abroad and at home. Individuals and groups of personnel who have allowed themselves to become rigid in their preconceptions and habits of thought are impaired to some degree in their usefulness even if their specialist qualifications are excellent. The structure and functions of Government agencies and of units within agencies will also need reconsideration from time to time to adapt them to the changing requirements.

Anticipation of events is no less important than adaptation to them after they occur, and doubtless far more difficult. Anticipation should take the form of a constant effort to appraise the likelihood and the implications of potential developments. A flair for such anticipation is obviously a most desirable qualification for all of the higher officials

dealing with foreign affairs. There is probably no organizational substitute for a lack of this quality in individuals with general responsibility at the top, but it is of such importance that it also requires organizational expression. This means that there should be specific provision at high levels in the foreign affairs agencies, notably the Departments of State and Defense, and in the Executive Office of the President, for the collection, analysis, and appraisal of intelligence and for policy planning and review on the basis of such appraisal.

Equalized attention to matters of equal importance and difficulty has doubtless always existed as a rule of conduct, but it requires new emphasis under present conditions. Equalized attention means in the first place that no part of the world may be neglected, and secondly that most important matters must be examined from a variety of functional points of view, such as the economic, the security, and the political, and not merely from one. The attention of those responsible for foreign policy must be so distributed as to avoid the surprises and unhappy consequences of failure to observe developments that later become important.

Coordination is the essential corollary of specialization and is in part the means for enforcing adaptation, anticipation, and equalized attention. Coordination is necessary in order that the various specialist views may be brought together in proper balance. It means a constant process of cross-checking at all levels of planning and execution in order to prevent the growth of misleading emphasis, to reduce the possibility of contradictory *ad hoc* decisions, and to maintain the requisite sense of direction in the over-all conduct of foreign relations. It is necessary at all levels in the administrative hierarchy. The enforcement of coordination should be a constant concern of officials with administrative responsibility, but it may and should occur largely through individual initiative and on a voluntary basis, as well as by direction of higher authority. Lateral channels of informal consultation should be kept open across agency lines; insistence upon communication only through hierarchical channels usually militates against interagency coordination at the working levels of the various agencies.

Special measures for policy control become necessary when, as at present, policy actions are being taken in large numbers by many officials in the various agencies at home and the missions abroad. Broad delegations of action authority to many officials become essential when it is necessary to act positively and simultaneously on many different fronts. It then becomes especially desirable to establish measures for postauditing performance and results, by making provision for reports and by assigning special responsibilities for review. By such means and the appropriate exercise of available sanctions, policy control can be maintained to a high degree even in situations as complex and as dynamic as those of the present time.

Adapting the governmental structure

The six elements of the administrative process that have just been the subject of comment would all be important even if the conduct of foreign relations under present conditions were merely a matter of formulating positions, instructing representatives, and conducting negotiations. With foreign-aid programs running at the budgetary rate of 7 billion dollars a year or more, the problem as a whole transcends the policy process and becomes in addition one of large-scale administration. In transmuted policies into programs, it becomes necessary to consider whether the policies are capable of being administered in the mundane terms of materials allocations, manpower requirements, the time allowances before deadlines run out, and the entire institutional apparatus that comes into play. In many respects it is more difficult to develop an effective and workable program than it is to devise the policy the program is to serve; and certainly the requirements for specialization, adaptation, anticipation, equalized attention, coordination, and policy control are all present to a high degree on every occasion of large-scale program planning.

This points again to the size of the administrative job that now confronts the United States in the field of foreign affairs. The existing machinery for carrying on the job and any machinery that could be created in its place would inevitably be subject to severe strains. In appraising either the existing governmental mechanism or proposals for change in that mechanism, it is futile to think in terms of absolute perfection or any approximation thereof. Every appraisal must be relative; but with that understanding a few tests can perhaps be devised for application.

Such questions as the following can be asked concerning the measures of organization and administration:

Do they produce objectives and policies that generate acceptance and broad support?

Do they bridge the gulf effectively between policy planning and program development?

Do they reduce delays in decision, execution, and re-examination to reasonable limits?

Do they achieve and maintain the requisite sense of direction and continuity?

Do they avoid the development of contradictions (1) between various stages of executing a course of action, (2) between various courses of action, and (3) between different levels on which action is being taken?

In making any such examination, attention is likely to be concentrated on the mechanisms and procedures of government. This does not imply any failure to recognize the fact that the governmental mechanism is never self-operating and that the mechanism itself is

only one factor in the results produced. Nevertheless, the larger questions of governmental organization and administration, particularly in a field such as foreign affairs, become themselves questions of public policy in a very real sense. They require public understanding and attention if they are to be dealt with adequately, even in those cases where the President and other administrative officials have discretion to act without further legislative authority. In some cases, congressional consent is necessary for change; a sympathetic attitude on the part of the Congress may also be deemed highly desirable in other cases before action is taken.

CHAPTER II

RECENT DEVELOPMENTS IN GOVERNMENT ORGANIZATION AFFECTING FOREIGN AFFAIRS

The major changes in the organization of the United States Government between the First and Second World Wars were concerned mainly with domestic agencies and the conduct of domestic affairs. The primary focus of national attention was on the domestic scene.

During the Second World War, there was a proliferation of governmental agencies that were concerned in one way or another with the administration of foreign affairs and overseas operations. This development began to occur even before the United States had entered the war.

After the attack on Pearl Harbor and the declarations of war, the processes of organization and reorganization were hastened. The wartime governmental machinery reached full development by the end of 1943. It then included such major agencies as the Foreign Economic Administration, the Office of War Information, the Office of Strategic Services, the Office of the Coordinator of Inter-American Affairs, and the War Shipping Administration, all with large staffs abroad. It also included the Office of War Mobilization, the special war agencies concerned mainly with war production and affairs at home, and the expanded armed services.

During this entire period, the position of the Department of State and the Foreign Service in the field of foreign affairs as a whole was far from central. Major political and military relationships with the principal allies were being handled directly by the President, with extensive use of personal emissaries and also with extensive use of military channels of communication for matters concerning which security was a factor. At the same time, the military commands of the Allies were working together, while the wartime civilian agencies were likewise working directly with their opposite numbers through the machinery of the combined boards and in other ways. A proportionately larger and more varied business was handled through regular diplomatic channels in the case of the smaller allies and the neutrals, but the influence of the emergency agencies was widespread, even in those cases.

The Department of State had little desire to take on emergency tasks at the beginning of the war. Nevertheless, the Department

found it increasingly necessary in 1942 and 1943 to insist on its prerogatives respecting foreign policy, and to seek an active coordinating role in order to maintain them. In July 1943, however, the Director of War Mobilization was authorized to settle conflicts among the several existing foreign economic agencies and the Department of State. In September 1943, the Foreign Economic Administration was created as a consolidated agency with sweeping authority to coordinate and carry on the foreign economic activities of the war, under the general supervision of the Director of War Mobilization and subject to foreign policy guidance by the Department of State.

That ended the bid of the Department of State for an active part in the administration of the war; it turned its attention to the important but less immediate problems of post-surrender planning and was able to exert only a limited influence thereafter so far as current war activities were concerned.

THE DEMOBILIZATION OF WARTIME FOREIGN AFFAIRS AGENCIES

An early end of hostilities had been foreseen for some months before it occurred in August 1945. This interval was used, among other things, to plan for the demobilization of the wartime machinery of government.

The Office of War Information was abolished as of August 31, 1945; its foreign information activities and personnel were transferred to the Department of State, along with certain of the activities and personnel of the Office of Inter-American Affairs. The latter office survived as an organizational entity until the following year, but was abolished in May 1946 when its remaining functions were transferred to the Department of State.

The Foreign Economic Administration was liquidated as of September 27, 1945. Its activities and personnel relating to lend-lease, liberated areas supply and procurement, foreign relief and rehabilitation, and foreign economic and commercial reporting were transferred to the Department of State; other activities and personnel were transferred to the Reconstruction Finance Corporation and to the Departments of Agriculture and Commerce. The Office of the Army-Navy Liquidation Commissioner was also transferred to the Department of State on September 27, 1945, which thereby took over the disposal of war surplus property abroad.

The Office of Strategic Services was terminated as of October 1, 1945. Its functions and personnel dealing with research and analysis were transferred to the Department of State; its other functions and personnel were transferred to the War Department.

The rapid dismantling of the war agencies reflected in part the general feeling that the problems which had led to their establishment

would soon disappear with the ending of actual hostilities. This feeling was reflected, for example, in the early suspension of lend-lease aid. The transfer of activities and personnel to the permanent departments of the Government was intended to facilitate the liquidation of activities and the dismissal or absorption of personnel.

At the same time, it was becoming clear that many of the new foreign affairs activities should and would continue. Some consideration was doubtless given to the possibility of continuing the Foreign Economic Administration, the Office of War Information, and the Office of Strategic Services; but the weight of opinion was strongly in favor of turning over their remaining activities to the established departments of the Government.

The main issue at the time arose over the division of foreign economic activities between the Department of State and the primarily domestic agencies, particularly the Department of Commerce. Both departments took over large groups of personnel from the Foreign Economic Administration, and both found themselves engaged in carrying on similar activities in the promotion of international trade for a considerable period.

The effect of the agency transfers upon the size and character of the Department of State was obvious. It gained several thousand new employees at home and abroad and found itself confronted with many new administrative responsibilities of a highly specific character.

THE FOREIGN SERVICE ACT OF 1946

As previously noted, the overseas staffing demands of the war were met in part by the staffs sent abroad by the war agencies. These staffs greatly outnumbered the Foreign Service at the end of the war. The heavier workload of the Foreign Service itself was met by the establishment in 1941 of the Foreign Service Auxiliary, which by the end of the war was larger than the regular service.

Reorganization of the Foreign Service was clearly necessary in 1945. Emergency and auxiliary staffs required regularization in some manner. Provisions for administrative, fiscal, and clerical personnel required modernization. Demands for the employment of specialist personnel required a permanent solution. Pay levels were inadequate.

The result, after intermediate legislation in 1945 and the so-called Manpower Act in 1946, was the Foreign Service Act of 1946. The act provided a marked increase in pay and allowance levels, thereby facilitating recruitment, and it established the basic structure within the Foreign Service that still prevails. It provided for two career services, one for officers, the other for staff, and it provided for the temporary employment of specialists up to 4 years as foreign service reserve officers. The act also provided that career officers must be assigned for

duty in the United States for at least 3 of their first 15 years of service; provisions for more frequent home leave were also included.

Many of the provisions of the act were accepted as clearly desirable and noncontroversial. There was no doubt, however, that in its basic drafting the statute was responsive mainly to the desires of the existing group of career officers. It reaffirmed and continued the distinction between departmental and foreign service personnel. It created a new statutory position, that of the Director General, with responsibility for administering the Foreign Service, and provided that the position could be filled only by a career officer.

The provisions that tended to build up the separatist character of the career officer corps and to impede administrative control by the Secretary of State were considered objectionable at the time by some of the President's staff advisers. The President gave serious consideration to the possibility of vetoing the enrolled bill. Nevertheless, he decided to approve the bill and issued a statement commenting on the improvements in which the legislation would result. The basic problem of relationship between the Foreign Service and the Department of State, although affected by the legislation, was not new. It received further attention in connection with legislation enacted in 1949.

ESTABLISHMENT OF THE DEPARTMENT OF DEFENSE

The War and Navy Departments and the armed services were extensively reorganized in the early years of the Second World War. The Air Force received increasing recognition; the problems of unified command in the field were faced; the Joint Chiefs of Staff was established; supply organization was streamlined.

These and many other changes involved setting aside the statutory provisions of peacetime legislation. This was mainly done under the sweeping Presidential authority of the First War Powers Act, authority which was scheduled to expire 6 months after the end of the war.

As the war progressed, there was increasing recognition that it would be undesirable to return to the prewar patterns of organization for the armed services. A select committee of the House of Representatives gave active consideration in the spring of 1944 to the establishment of a single department of the armed forces. The Joint Chiefs of Staff set up a study of the question: "What is the organization which will provide the most effective employment of our military resources in time of war and their most effective preparation for war in time of peace?" This study resulted a year later in a recommendation, not unanimous, for a single department. The Joint Chiefs, however, took no action.

A subsequent study, under the auspices of the Secretary of the Navy, resulted in the Eberstadt report of September 1945. This report opposed the single department concept and recommended three coordinate departments of Cabinet rank. Coordination among the three was to be provided through interdepartmental committees, including the Joint Chiefs of Staff. Committee arrangements to provide links with the civilian departments were also stressed, including a proposal for a national security council to link military and foreign policy.

The President made proposals to Congress in December 1945 that were similar to the Eberstadt program, with the major exception that the President favored a single department of national defense. Debate in Congress was inconclusive during the following months, but an event of major importance occurred in the consolidation in each House of Congress of the committees concerned with the armed services. This was a part of the general reorganization of the Congress itself in 1946; had it not occurred, the prospects for unification of the executive agencies would have been impaired.

Agreement was reached between the Secretaries of War and the Navy in January 1947 on support of legislation which met with the President's approval. This cleared the way for the National Security Act of 1947. Debate on the legislation was highly acrimonious, and its course throughout was stormy.

The act established an organizational entity known as the National Military Establishment, headed by a Secretary of Defense, and including the Departments of the Army, Navy, and Air Force, together with the Joint Chiefs of Staff, the Munitions Board, and the Research and Development Board. The legislation provided that the three departments should be administered as individual executive departments and that "all powers and duties relating to such departments not specifically conferred upon the Secretary of Defense * * * shall be retained by each of their respective secretaries." The authority vested in the Secretary of Defense was granted for the most part in general terms, while the authority of the service secretaries remained detailed and specific. The Secretary of Defense appeared to be viewed more as an assistant to the President than as head of an executive establishment. The statute provided that he was to assist the President "in all matters relating to the national security."

The Hoover Commission commented in its report on the subject that the act of 1947 had set up "a rigid structure of federation rather than unification" and observed that "in direct proportion to the limitations and confusions of authority among their civilian superiors, the military are left free of civilian control." The Commission recommended that the authority of the Secretary of Defense be strengthened.

This was done in the National Security Act Amendments of 1949. The Department of Defense replaced the National Military Establishment and was constituted as an executive department. The Departments of the Army, Navy, and Air Force were designated as military departments within it. This ended the confusion as to the legal status and attributes of the National Military Establishment, which had contained three executive departments but was not one itself. The Secretary of Defense became the beneficiary of the general statutes as to the powers of heads of executive departments, while the service secretaries lost Cabinet status and were clearly subordinated to the Secretary of Defense. The Joint Chiefs of Staff retained its corporate status and its relationship to the President as his "principal military advisers," but was provided with a full-time statutory chairman, and was made more clearly subject to the authority and direction of the Secretary of Defense. The function of the Secretary in relation to the President was rephrased as that of assisting "in all matters relating to the Department of Defense."

The military departments retained their separate identity, but were to be administered under the direction, authority, and control of the Secretary of Defense. There continues to be much reliance upon committee arrangements for coordination among them, but the Office of the Secretary of Defense has become established as the element that holds the whole machine together under the secretary, balancing the military centralization under the Joint Chiefs of Staff.

The legislation of 1947 and 1949 was unique in many respects. It marked one of the few occasions on which large-scale reorganization has been successfully legislated. Congress was unwilling to proceed by delegation of authority for reorganization to the President; the major issues were political and in the opinion of Congress it was necessary that they be handled through the processes of legislative decision.

The legislation, moreover, was much broader than military unification. It also created the National Security Council, the Central Intelligence Agency, and the National Security Resources Board, agencies which have become established as new units in the Executive Office of the President. The statutory provisions as to the respective purposes of these agencies made it clear that the basic objective of the legislation was a comprehensive program for the national security, and that the provisions relating to unification were intended primarily to be contributory to that basic objective.

NEW UNITS IN THE EXECUTIVE OFFICE OF THE PRESIDENT

The Executive Office of the President has existed as an organizational entity since 1939, when it was created by a reorganization bringing together a number of existing units and somewhat redefining their

functions. Several units then assigned to it have since disappeared; the White House Office proper and the Bureau of the Budget have been the principal permanent elements. The reorganization plan also provided for an Office for Emergency Management in the Executive Office of the President to facilitate administrative activities that might be necessary in the event of an emergency.

During the Second World War, the number of agencies technically within the Executive Office was greatly increased, but most of them were located in the Office for Emergency Management and were there primarily for purposes of administrative convenience. The Office of War Mobilization and Reconversion was in a different category; along with its predecessor, the Office of War Mobilization, it occupied a central position as a Presidential agency in the development of the mobilization and reconversion programs from 1943 to 1946.

The first postwar unit to be added to the Executive Office was the Council of Economic Advisers. The Council was established by the Employment Act of 1946, and has been concerned mainly with the problems of the domestic economy of the United States. Increasingly, however, it has been drawn into wider considerations both foreign and domestic in its efforts to formulate annually the economic program to be recommended to Congress by the President.

As previously noted, the National Security Act of 1947 provided for a National Security Council, a Central Intelligence Agency, and a National Security Resources Board. These did not officially become a part of the Executive Office until 1949, but meanwhile functioned in effect as such.

The National Security Council has the function of advising the President on the integration of domestic, foreign, and military policies relating to the national security. Specifically, it is directed by law (1) to assess and appraise the objectives, commitments, and risks of the United States in relation to our actual and potential military power, and (2) to consider policies of common interest to the agencies concerned with the national security. The Council has the further function by law of directing the Central Intelligence Agency, which reports to the President through it.

The National Security Council is in effect a committee of the Cabinet under the chairmanship of the President. Its statutory membership consists of the President, the Vice President, the Secretary of State, the Secretary of Defense, and the Chairman of the National Security Resources Board. Other participants are added or subtracted in the President's discretion as circumstances require. The flow of work through the Council consists of policy discussion and of the drafting, debating, revising, and eventual adoption of a series of policy papers, each of which contains recommendations proposed for the approval of the President. The Council is assisted by an executive secretary and a staff.

The National Security Resources Board consists of a full-time chairman and of the members of the Cabinet other than the Attorney General and the Postmaster General. In 1950 all powers previously vested in the Board as a whole were transferred to the chairman. The Board has had the responsibility for advising the President on the economic and industrial aspects of security planning, both directly and through the National Security Council. With the recent creation of the Office of Defense Mobilization, the overriding authority of that Office appears in some respects to have superseded that of the Board.

The staff unit known as the Harriman Office originated in June 1950, when the President announced his intention to appoint Mr. W. Averill Harriman as his special assistant in connection with certain matters requiring "the integration of the various interests of the departments and agencies concerned with the development of Government-wide policies related to our international responsibilities." Mr. Harriman and his staff are located administratively in the White House Office, but differ from other parts of the President's personal staff in their identification with a particular function or area of government, namely, foreign affairs. The task of the group appears to be to exert a broad initiative by participating actively in the processes of policy formulation and implementation at the highest levels, particularly on matters in the field of foreign affairs that require the active cooperation of two or more departments or agencies.

GOVERNMENT AND RELIEF IN OCCUPIED AREAS

At the end of the Second World War, the United States found itself faced with occupied area responsibilities that were new, difficult, and unwelcome. These responsibilities were soon found to be requiring expenditures at the rate of more than 1 billion dollars annually and the employment of overseas civilian staffs that at one time numbered more than 20,000 Americans and many more local employees.

The job was in part military, in part diplomatic, and in part governmental in the general sense. It was necessary to preserve the military position and to maintain law and order, to make plans for the eventual restoration of peace through the negotiation of appropriate treaties, and meanwhile, in conjunction with the interested allies, to carry on the processes of civil government, the distribution of relief, and the restoration of economic life. It was furthermore desirable, so far as possible, to promote the reorientation of the populations concerned in the hope that they would eventually be able to resume an independent national status without becoming threats to world peace. These populations aggregated more than 200,000,000 persons in Germany, Austria, Trieste, Japan, Korea, and the Ryukyu Islands.

The United States found itself ill-prepared governmentally for its occupied area responsibilities. Agreement had not been reached

among the major departments concerned on workable policies, and negotiations with the interested allies were difficult. Nevertheless, the quadripartite arrangements for the administration of Germany and Austria were agreed upon with France, the United Kingdom, and the Soviet Union, the United States was made executive agent in Japan for the Far Eastern Commission, and responsibilities for Korea were divided between the United States and the Soviet Union.

When hostilities ended, the Civil Affairs Division of the Army and the various theater commanders were carrying on military government operations in the field on behalf of the United States. The War Department was responsible for the direction of affairs, insofar as responsibility was not decentralized to the field, but had taken the position throughout the war that the Department of State was responsible for developing policy for civil affairs, military government, and occupied areas. On August 30, 1945, the President issued an Executive order confirming the responsibility of the Department of State for the determination of occupation policy. A few months later consideration was given to the possibility of also transferring responsibility for administration, but the Secretary of State resisted the move, feeling that the responsibility was one for which his department was ill-equipped.

For several years a situation continued in which the Department of State was responsible for policy; the War Department and the successor Department of the Army were responsible for carrying out policy and for all phases of administration; and the officials having authority in the field were expected to exercise appropriate discretion when unable to obtain workable instructions or useful advice. The Hoover Commission found the situation unsatisfactory when it reported early in 1949, but opposed transfer of administrative responsibility to the Department of State.

The situation changed for Western Germany with the creation of a government of limited powers under the occupation statute. Late in 1949 administrative responsibility in regard to Germany was transferred from the Department of the Army to the Department of State, and a civilian high commissioner was appointed under provisions defining his relationships to the President as well as to the Secretary of State. A year later, similar responsibilities with respect to Austria were transferred to the Department of State.

Occupation government may soon come to a close in western Germany, Austria, and Japan, since active consideration is being given to treaties of peace. In Korea the process was completed in August 1948 with the establishment of the Republic of Korea and the opening of a diplomatic mission.

With the outbreak of hostilities in Korea the United States again acquired liberated area responsibilities not unlike those it had pre-

viously relinquished, although with the new factor of relationships to the United Nations. The Commission for the Unification and Rehabilitation of Korea is the principal representative of the United Nations in Korea. Its functions include making recommendations to the Agent General of the United Nations Korean Reconstruction Agency concerning relief and reconstruction policies and designating, after appropriate consultation, the geographical areas within which the agency shall operate. At present, however, the unified command is carrying out relief in connection with military operations.

THE ADMINISTRATION OF FOREIGN AID PROGRAMS

The need for assistance abroad to relieve human suffering and to help initiate the task of reconstruction was appreciated even before the end of the Second World War, but it was thought that international agencies could meet the needs more appropriately than individual governments. The United Nations Relief and Rehabilitation Administration was established in 1943; the United States had contributed 2.66 billion dollars through this agency before operations ceased in 1947. The International Bank for Reconstruction and Development and the International Monetary Fund were planned at Bretton Woods in 1944 and came into existence in 1945; the United States subscribed 5.9 billion dollars as its financial share in these agencies.

Unfortunately, the efficacy of these arrangements proved less than had been anticipated. The problems most urgently requiring attention also proved to be somewhat different from those that had been foreseen when lend-lease aid was terminated and the Foreign Economic Administration wound up.

A new financial agreement was negotiated with the United Kingdom in September 1945 under which a loan of 3.75 billion dollars was made available to that government the following year, under arrangements giving the Treasury Department continuing administrative responsibility for the supervision of the loan.

The British loan and the final stages of UNRRA were followed in 1947 by the post-UNRRA relief and interim foreign aid programs, amounting to approximately 875 million dollars and administered by the Department of State. The Philippine rehabilitation program was initiated the same year under arrangements by which appropriations provided to the Department of State were disbursed through the assistance of eight other agencies of the United States.

Also in 1947 the United Kingdom found it imperative to lighten its commitments in Greece and Turkey at a moment when communist forces were threatening both countries. The Truman Doctrine was enunciated, and a large program of military and economic aid was provided for Greece and of military aid for Turkey. Administrative

responsibility was assigned to the Department of State, and within the Department to a coordinator who drew extensively upon the services of other departments and agencies, including particularly the War and Navy Departments, in carrying out the program.

Soon after the Greek-Turkish policy crisis, it became apparent that the problem of aid to Europe should be considered on a much more general basis, and the Marshall Plan was put forward by the Secretary of State in June 1947. Prolonged discussion and public debate followed, in the later stages of which administrative questions assumed increasing importance. In enacting the Economic Cooperation Act of 1948, Congress provided for a new agency, the Economic Cooperation Administration, and has since appropriated some 11 billion dollars for expenditures and credits through that agency.

The new agency was authorized for four years, ending June 30, 1952, with provision for an annual review of the basic legislation. It was initially authorized to administer aid to Europe and China. Its responsibilities were enlarged to include economic assistance for Korea in 1948, western Germany in 1949, and Austria and Southeast Asia in 1950. A revised Philippine rehabilitation program was initiated under the agency in 1951.

The last of the major programs of economic aid to be initiated was that known generally as point 4, or the international development program. Proposals in the President's Inaugural Message of January 1949 led eventually to authorizing legislation and an appropriation to the President of approximately 27 million dollars for the present fiscal year. Administrative responsibility was delegated by the President to the Department of State, which has established a Technical Cooperation Administration within the Department.

The United States entered into the political and military commitments of the North Atlantic Treaty in 1949, and made provision under the Mutual Defense Assistance Act for the extension of military assistance. Appropriations were made to the President, who in turn delegated administrative responsibility to the Department of State. Arrangements were made for active participation by the Department of Defense and the Economic Cooperation Administration. The initial contributions of the United States consisted mainly of surplus military equipment drawn from existing stocks, but the cash expenditure part of the program for procurement of new military equipment and production abroad began to grow rapidly during 1950 and is expected to become very large under appropriations reaching nearly 5.7 billion dollars for the present fiscal year. The administrative arrangements for military aid remain strikingly different from those for economic aid.

Total expenditures for all forms of foreign aid were in excess of 25 billion dollars during the 5-year period from July 1, 1945 to June

30, 1950, as shown by the table that follows. Foreign-aid funds available for obligation during the present fiscal year are in excess of 10 billions; actual expenditures for the present fiscal year are estimated at 4.5 billion dollars.

*Postwar foreign-aid programs of the U. S. Government*¹

[In billions]

	Expenditures, fiscal years—		
	1946-50 ²	1951 ³	Total
I. AID BY GRANTS			
A. Economic:			
1. Primarily relief and rehabilitation:			
Lend-lease.....	\$2.0		\$2.0
Civilian supplies (GARIOA).....	4.6	\$0.4	5.0
UNRRA, post-UNRRA, and interim aid.....	3.4		3.4
Philippine Rehabilitation.....	.5		.5
Other.....	.2	.1	.3
Subtotal.....	10.7	.5	11.2
2. Primarily recovery and development:			
ERP.....	6.8	2.6	9.4
China aid.....	.3		.3
Korean aid.....	.1	.1	.2
Technical assistance.....	.1	.1	.2
Other.....	.1		.1
Subtotal.....	7.4	2.8	10.2
B. Military:			
Greek-Turkish aid.....			
Chinese military aid.....	.8	1.1	1.9
Mutual defense assistance.....			
Total grant aid programs (gross).....	18.9	4.4	23.3
Less: Adjustments to grant aid which later became loans (see below).....	-1.3		-1.3
Total grant aid (net).....	17.6	4.4	22.0
II. AID BY LOANS AND OTHER CREDITS			
A. Loans:			
Anglo-American loan.....	3.8		3.8
Export-Import Bank.....	2.7	.3	3.0
ERP loans.....	1.0		1.0
Other.....	.2		.2
Subtotal.....	7.7	.3	8.0
B. Other credits:			
Loans which arose from adjustments to grants (see above).....	1.3		1.3
Surplus property.....	1.3		1.3
Other.....	.1		.1
Subtotal.....	2.7		2.7
Total loans and other credits.....	10.4	.3	10.7
Total foreign aid—grants and loans (gross).....	28.0	4.7	32.7
Less:			
Foreign grants received by United States.....	-.8		-.8
Collections on loans.....	-1.3	-.2	-1.5
Total foreign aid—grants and loans (net).....	25.9	4.5	30.4

¹ Excludes United States contributions to international monetary fund (2.8 billion dollars) and International Bank for Reconstruction and Development (0.6 billion dollars). This table was prepared by the staff of the Bureau of the Budget at the request of the Brookings Institution.

² Source: Table 2, Foreign Transactions of the U. S. Government through June 30, 1950, Department of Commerce. NOTE.—Data in this column represent aid rendered during the period and are not always coincident with budget expenditures.

³ Estimated budget expenditures. Source: The Budget of the United States for the Fiscal Year 1952.

DEVELOPMENT OF THE OVERSEAS INFORMATION PROGRAM

Prior to 1939 the Government of the United States gave little consideration to foreign information programs. The principal exception was the creation in 1938 of the Division of Cultural Relations in the Department of State, in connection with the implementation of the good neighbor policy in this hemisphere.

During the Second World War, as previously noted, the major programs of the Office of the Coordinator of Inter-American Affairs and of the Office of War Information were developed. Concurrently the Department of State gave increasing recognition to the requirements of these programs for foreign policy information and to the possibility of taking more initiative itself; an Assistant Secretary of State for Public and Cultural Affairs was appointed in December 1944.

At the end of hostilities, the Department of State was considering whether it wished to take over the overseas information programs, or whether it should favor their continuation elsewhere. The question was settled by the transfers provided in the President's Executive order of August 31, 1945. The President stated in announcing the order that "the nature of present-day foreign relations makes it essential for the United States to maintain informational activities abroad as an integral part of the conduct of our foreign affairs."

The existing information and cultural relations activities of the Department of State and those taken over from other agencies were extensively reorganized during the remainder of 1945. Program re-adjustment and the continued existence of the program itself were the initial problems. Basic legislation was lacking, other parts of the Department were inclined to be critical, the Bureau of the Budget was skeptical as to program accomplishments, and Congress was doubtful as to the need for continuing the program at all.

The program survived for 2 years without legislative authorization, but it suffered several severe shocks. Appropriations amounting to 19 million dollars for overseas information were passed in the spring of 1946 for the following fiscal year, but only with great difficulty. In 1947 the House of Representatives refused any appropriation for the overseas information function, later agreeing to approximately 13 millions as provided by the Senate. By that time, however, the need for the program was beginning to be accepted by many members of Congress as a result of developments abroad.

Permanent authorizing legislation was enacted in January 1948. The legislation stated the objective of promoting a better under-

standing of the United States in other countries. It authorized both an information service to disseminate information abroad and an educational exchange service to promote the interchange of persons, knowledge, and skills. The responsibility for program administration was vested in the Department of State. The Government of the United States was thus committed for the first time to a peacetime, world-wide program of international information and educational exchange, and the basis was laid for long-term administrative planning.

Some delay in securing administrative improvement occurred nevertheless, mainly because of difficulties currently inherent in the structure of the Department of State as a whole. Those difficulties were under study throughout 1948 by the Hoover Commission and its task force on foreign affairs. The task force recommended transfer of the educational exchange part of the program to the Federal Security Agency and transfer of the overseas information program, including the "Voice of America," to a government corporation or Presidential agency. The Commission itself, while agreeing with the task force that the Department of State should not ordinarily be a program operator, nevertheless concluded that both educational exchange and overseas information activities should remain with the Department because of the unsatisfactory nature of the alternatives.

Major changes in the administration of the overseas information program occurred in 1949 and 1950 as part of the general reorganization of the Department of State. Thereafter the program appears to have shaken down rapidly, and improvements in functioning have occurred notwithstanding the problems involved in rapid expansion. During the same period, extensive information activities abroad were also being developed by the Economic Cooperation Administration, financed largely by counterpart funds.

Appropriations to the Department of State reached a level of 96 million dollars plus 15 millions in counterpart funds for the fiscal year ending June 30, 1951, and further increases have been recommended for the coming fiscal year. The size of these appropriations and the consequent impact on the distribution of personnel within the Department of State, with the possibility that as many as half of the employees of the Department will be engaged in the information program, together with the problems arising out of the large-scale information program of the Economic Cooperation Administration, have led to renewed consideration of the organizational problem. Proposals are currently being pressed in the Congress and elsewhere for the establishment of an independent agency of the Government to conduct overseas information programs.

IMPACT OF THE UNITED NATIONS SYSTEM ON UNITED STATES ADMINISTRATION

Ten years ago the most important existing international organizations were the League of Nations, the International Labor Organization, and the Pan American Union. The United States had helped create all three, but had not joined the League of Nations and only in 1934 became a member of the International Labor Organization. It was an active member of the Pan American Union from its inception.

The three organizations each represented a type: (1) the world-wide organization with general political, security, and economic functions, (2) the world-wide organization with specialized functions in a particular field of human interest, and (3) the regional organization with general political, security, and economic functions.

The United States Government gave consideration during the Second World War to the prospective postwar requirements for each type of organization. It concluded during the war that there would be a need for a number of specialized agencies of a relatively non-political character. It was inclined to feel that regional organizations might become less necessary if an effective universal type of organization could be created, but it was not prepared to give up the Pan American Union or to reject the possibility of regional arrangements elsewhere. It remained unwilling to join the League of Nations, giving this possibility almost no serious consideration, but it felt an urgent need for a new successor organization of universal character, with broad functions of its own and with responsibilities for coordinating in some measure the activities of the specialized and regional organizations.

The United States took the lead in bringing about the reconstruction and expansion of the international mechanisms which it favored. It acted as host government for a number of international conferences of a constitutional character, at which the basic instruments of the new organizations were prepared or planned, including the San Francisco Conference of 1945, which resulted in the United Nations Charter. The United States is now a member of the United Nations and of the following autonomous specialized international organizations that are a part of the United Nations system :

International Bank for Reconstruction and Development.
International Monetary Fund.
International Refugee Organization (a temporary organization).
International Labor Organization.
United Nations Food and Agriculture Organization.
United Nations Educational, Scientific, and Cultural Organization.
World Health Organization.

International Civil Aviation Organization.
Universal Postal Union.
International Telecommunications Union.
World Meteorological Organization.

In some respects the specialized agencies were the first to have a significant impact on the work of the United States Government, since the specialized agencies were able to begin operations more rapidly than the United Nations. Almost every question as to the work of the specialized agencies involves at least two and usually several departments and agencies of the United States, including as a minimum the Department of State and the department or agency having the predominant functional interest, if any one department or agency can be so distinguished in the particular case.

The multiplication of specialized agencies, the growing volume of their work, and the constant necessity for determining what views the United States will advocate as a member have found administrative recognition in several ways. New units and staffs have been established in the various interested agencies of the United States, a structure of interdepartmental committees has developed which parallels the structure of the international specialized agencies, and new processes and procedures have been developed for formulating the position to be taken on the innumerable questions of policy that arise. Many of the specialized agencies have substantial powers within their own specific fields, and it is accordingly necessary to take seriously the opportunities, responsibilities, and risks of participation in their work.

The impact of the United Nations proper on governmental activities of the United States has been somewhat different from that of the specialized agencies. On the economic and social side of the United Nations, questions of broad interest throughout the Government have frequently been considered, and it has been necessary to organize significant pieces of United States preparatory work on an interdepartmental basis.

On political affairs the constant sessions of the Security Council and the recurring lengthy sessions of the General Assembly have required constant activity on the part of the representatives of the United States. They in turn have required constant assistance and guidance from the seat of government, but the questions involved have been considered primarily within the province of the Department of State and the President. In some cases they have come before the National Security Council, but there has been relatively little other organized interdepartmental consideration of such matters. Responsibilities have been centralized in the Bureau of the Assistant Secretary of State for United Nations Affairs, which has utilized informal consultations with other agencies to the extent deemed necessary.

The United Nations structure includes a Military Staff Committee to advise and assist the Security Council, on which the representation of the United States has been provided by the Joint Chiefs of Staff. It has so far proved impossible for the Military Staff Committee to function as originally intended. The result has been that the military aspects of the Korean crisis have been handled entirely outside of the Military Staff Committee.

The United Nations military arrangements for operations in Korea have taken the relatively simple form of designating the United States Government as the unified command. Member nations were requested to make forces available to the unified command. The political arrangements respecting these matters at the United Nations headquarters are understood to have involved close coordination of the activities of the Department of State and the Department of Defense under the immediate direction of the President.

REORGANIZATION OF THE DEPARTMENT OF STATE AND THE FOREIGN SERVICE

At the beginning of the Second World War, the total personnel of the Department of State in Washington was less than 1,000 and that of the Foreign Service abroad, including local employees, was about 4,000. The establishment was not much larger than it had been 10 years earlier, except for the staff concerned with the trade agreements program.

By 1950 the departmental personnel in the United States had reached approximately 8,000 and that abroad approximately 24,000, including local employees in the various countries, of whom there were 9,000 in occupied Germany. This growth had reflected the addition of many new functions and activities, and it had been accompanied by the frequent necessity for making adjustments in the internal organization of the Department.

The major reorganizations occurred in 1944, 1945, and 1949. Prior to the 1944 reorganization, which occurred in two stages some months apart, the Department had grown rapidly during the early war years but without any major change in organizational pattern.

The administrative difficulties of 1943 appeared to arise to a large extent from the fact that the Department had grown by a process of accretion until the whole structure had become disorderly. The basic unit of organization was the division. Individually, the divisions represented some basis of specialization—geographic, functional, or administrative—but they varied widely in size and importance. Moreover, the processes of adaptation required by the war had mainly taken the form of establishing new divisions while leaving undisturbed the older divisions performing related work. In most cases the division chiefs reported to the four existing assistant secretaries. The assign-

ment of divisions among the assistant secretaries seemed incoherent on its face and had obviously been influenced more by personal factors than by considerations of administrative clarity. Central staff units for forward planning, coordination, and policy control were largely absent or undeveloped, with the exception of a significant staff activity in the field of postwar studies and planning. The pattern as a whole was a carry-over from the days when an isolationist foreign policy could be administered by a relatively small group of officials who were intimately acquainted with each other and the Secretary, with the requirements for systematic organization at a minimum.

The Stettinius reorganizations of 1944 attempted to deal with these difficulties in several ways. Perhaps the most significant and lasting in its effects was an improved grouping of functions and activities at the operating levels; the 60-odd divisions and other units were brought together into 12 offices and a new echelon of authority and of coordination was established at the office director level. The four geographic divisions became offices, and units within them became divisions, thus restoring the balance of the Department on the geographic side to some extent. Policy and coordinating committees were established and provided with a secretariat; these devices were less important in themselves than in the overt recognition given to an unsolved problem. In connection with the reorganization, the geographic offices were designated as the coordinating centers for all actions relating to particular countries, including those relating to economic as well as political affairs; but this decision did not prove to be widely respected or wholly workable, in view of the extent to which policy questions were assuming global and multilateral forms.

The reorganizations of 1945 were extensive but largely unplanned. They resulted from the transfers of new functions and staffs after the end of hostilities, already noted, and the efforts of the Department to assimilate them. The organizational units known as offices were increased from 12 to 18, mainly by the addition of new offices incorporating the new functions and staffs, together with the reorganization of some of the existing offices. Much of the newly acquired economic personnel was absorbed into previous units; a new Office of Economic Security Policy was created, to deal mainly with economic affairs of the occupied areas. The Office of the Foreign Liquidation Commissioner was established as a temporary organization to deal with war surplus disposal abroad. The Division of Budget and Finance was elevated to office level, in part to deal with appropriations for the United Nations Relief and Rehabilitation Administration. The previously existing Office of Public Affairs became two offices, the second being labeled the Office of International Information and Cultural Affairs. The 1,600 employees taken over from the Office of Strategic Services were greatly reduced in numbers and arranged in two

offices, Research and Intelligence, and Intelligence Collection and Dissemination.

Further changes occurred in 1946, 1947, and 1948. All were of a piecemeal character, although various plans for the general reorganization of the Department continued to be the subject of active study both inside and outside of the Department. The changes that actually occurred were on the one hand a shaking down and in some cases a liquidation of activities taken over from the war agencies, and on the other a meeting of the constant stream of requirements arising out of new problems, such as policy for the occupied areas and Greek-Turkish aid.

The net effect was a substantial expansion in the size of the Department that began to appear permanent. The expansion, moreover, involved the assimilation of large groups of individuals who by experience and predilection were somewhat foreign to the habits of thought previously prevailing in the Department. The result was an accentuation of latent frictions. Two basic cleavages were reaching the point where sweeping action of some sort began to appear necessary when the Hoover Commission began its studies.

One was the cleavage between the geographic offices, on the one hand, and the functional offices, particularly those dealing with economic affairs, on the other. The Hoover Commission found this cleavage expressed in a "system whereby coordinate authority at the substantive policy action level is vested in two different types of units, geographic and economic, each of which reports to different heads who, in turn, report only to the Secretary and Under Secretary." The results were found to be an elaborate system of lateral clearance, excessive use of the committee device, diffusion of responsibility, and duplication of work.

The Hoover Commission recommended that action responsibility be concentrated in four regional bureaus headed by assistant secretaries and a fifth bureau for international organization affairs, also headed by an assistant secretary. The Commission proposed to reduce the size of the functional offices in part by transfer of staff to the regional bureaus and in part by transfer of work to other agencies of the Government, with the staffs that remained in the functional offices to act in an advisory capacity on policy matters of a global character.

The other cleavage referred to above was that between the departmental personnel as a group and the personnel of the Foreign Service, particularly those on duty in strategic positions in the Department. The Hoover Commission found that "serious unrest and bad feeling exist between the members of these two services and make effective administration an impossible job." It attributed these difficulties to the existence of two personnel systems and criticized the tendencies

toward separatism that had been reinforced by the Foreign Service Act of 1946. It recommended that the two groups of personnel, with certain exceptions, be amalgamated within a few years into a single foreign affairs service.

The Hoover Commission developed a general plan for the reorganization of the Department of State, dealing with many important but secondary problems in addition to those just noted. In general, the plan was similar to, but somewhat more far-reaching than, a plan previously developed within the Department itself.

The vice chairman of the Hoover Commission, Dean Acheson, became Secretary of State about the time the Commission reported. The reorganization of the Department along the lines recommended by the Commission was immediately initiated. Legislation was needed to clarify the authority of the Secretary with respect to all parts of the Department and the Foreign Service and to authorize the appointment of additional assistant secretaries; it was provided by Congress in May 1949. The main elements of the reorganization were considered complete in October 1949.

The results included significant transfers of staffs, activities, authority, and responsibility from the functional offices to the regional bureaus, while doubtless leaving larger staffs and greater activities in the functional offices than the Hoover Commission had intended. The upper levels of the Department were strengthened by providing additional high ranking personnel to assist the Secretary in representation and negotiations, the further development of central staff services was emphasized, and procedural improvements in the process of taking action were given much study.

Amalgamation of the foreign and departmental services was referred to a committee for study of the detailed problems involved, but a number of administrative steps were taken that may have had the effect of bringing the two services closer together. The "unrest and bad feeling" referred to by the Hoover Commission appear to have been somewhat relieved.

With the major exception of amalgamation, most of the recommendations of the Hoover Commission on the internal organization of the Department of State and the Foreign Service have been carried out to some extent. The results have been generally good.

The Commission was less fortunate in its recommendations on the relationship of the Department of State to other executive agencies and particularly so with respect to assignments of work. As previously noted, responsibility for the administration of occupied Germany was transferred to the Department toward the end of 1949, principal responsibility for the administration of the mutual defense assistance program was assigned to it about the same time, and re-

responsibility for the administration of the technical cooperation program was assigned to it in 1950.

All three of these assignments appear to be contrary to the general recommendation of the Hoover Commission that program operating responsibilities be assigned elsewhere. In each case substantial difficulties have been created with respect to the internal administration of the Department. It has proved almost impossible to secure adequate administrative performance in the case of these massive and difficult programs without centralizing action responsibility in a program office of some sort. But the result of that course is inevitably one of conflict with the action responsibilities of the regional bureaus, conflict with the policy responsibilities of the other functional offices, and complexity in the lines of administrative authority generally. This may appear to confirm the wisdom of the general recommendation of the Hoover Commission, but the questions of foreign program administration are not inevitably less difficult from the point of view of the Government as a whole, or of the Department of State, if the programs are removed from the Department.

REGIONAL ARRANGEMENTS AND THEIR EFFECT UPON ADMINISTRATION

The Economic and Social Council of the United Nations established a United Nations Economic Commission for Europe with headquarters in Geneva in 1947. Later it established similar commissions for Latin America and for Asia and the Far East.

The 21 American Republics have continued and expanded the long-standing regional arrangements of this hemisphere. After previous consultations in the war years, the Organization of American States was agreed upon at Bogota in 1948; the Pan American Union was continued as its secretariat. The Organization has broad objectives and is particularly concerned with the maintenance of peace, security, and well-being in this hemisphere. It has its headquarters in Washington, D. C. Relations with it are maintained primarily through the Bureau of Inter-American Affairs of the Department of State.

Within a few months after Secretary of State Marshall's speech on European recovery in 1947, the Organization for European Economic Cooperation was formed with headquarters in Paris. The Economic Cooperation Act of 1948 provided for relations with the Organization through a special representative with the rank of ambassador to represent the Administrator for Economic Cooperation. The result was the Office of the Special Representative (OSR) in Paris, a unique field establishment of impressive size which has functioned as a European regional headquarters for the Economic Cooperation Administration.

By 1948 the need for combined military arrangements was becoming apparent to a number of the western European states. The Brus-

sels Treaty was signed by the United Kingdom, France, and the Benelux countries. Consideration of similar measures in which the United States might participate led to the North Atlantic Treaty, brought into force in August 1949 with 12 participating states. Shortly after, the Mutual Defense Assistance Act was passed and 1 billion dollars were appropriated for the first year of military aid to the Atlantic Treaty countries. Steps were taken early in 1950 to create the necessary field service organization abroad, including certain regional organizations, particularly of the Department of Defense, in London.

At the London meeting of the North Atlantic Council in May 1950, arrangements were made for expediting collective defense arrangements and for a body of deputies to maintain continuing activities with its headquarters in London. The United States provided a representative to the deputies with the rank of ambassador who became their chairman. He has gradually acquired significant supervisory functions of a regional character with respect to the military-aid activities of the United States in the various European countries. With the recent appointment of General Eisenhower as commander of the military forces of the North Atlantic Treaty Organization, a military headquarters has been established at Paris.

The various pressures in the direction of western European integration have impelled the United States to give increasing consideration to the problems of Europe on a regional basis. Although various establishments of the United States in London and Paris have taken on an increasingly regional aspect, the situation at present appears to be one of some organizational confusion with several lines of possible future development among which a choice has not yet been made.

The Department of State has had less occasion than the Economic Cooperation Administration or the Department of Defense to establish regional centers abroad, but the holding of regional meetings of ambassadors has recently become an established practice. Increasing emphasis is being given to the regional aspects of foreign affairs in the internal organization of the Department at Washington, but the assignment of countries among the four regional bureaus of the Department has changed relatively little from the groupings in effect 20 years ago. A grouping more in accord with the present patterns of regional political relationships in the world would appear to be possible and might result in a more balanced workload among the four bureaus.

KOREAN HOSTILITIES AND THE NATIONAL DEFENSE EMERGENCY

With the outbreak of hostilities in Korea at the end of June 1950, many activities previously considered urgent assumed crisis proportions. Administratively the immediate effect was to center the per-

sonal attention of the President upon military and foreign affairs in close association with his advisers in the Departments of State and Defense, the National Security Council, and the Central Intelligence Agency. Activities in the United Nations took on a new aspect.

Extensive use has been made of the formal machinery of the National Security Council, and steps have been taken to make it function more effectively. Working relationships between the Departments of State and Defense appear to have been improved, and the Central Intelligence Agency is understood to be undergoing an internal reorganization. But whether effective administrative arrangements have been devised, for example, to deal with coordination between political activities in the United Nations and military activities in Korea remains a question of some public interest and concern.

The repercussions on relations with the European states have been far-reaching. The mutual defense assistance program was expanded by the appropriation of an additional 4 billion dollars in August 1950. Pressures to put the arrangements of the North Atlantic Treaty Organization on a more orderly basis were intensified. The need for rationalizing the relationships between mutual defense assistance affairs and North Atlantic Treaty affairs in the Department of State was recognized, and after some months led to the appointment of a Director of International Security Affairs.

The general expansion of the Armed Forces was actively pressed, and the need for expanded defense production led to the approval of the Defense Production Act on September 8, 1950. The act authorized the President to delegate any authority conferred upon him under its provisions and to establish new agencies, other than corporations, to carry out the delegated powers. After a series of intermediate steps, the Office of Defense Mobilization was established in the Executive Office of the President on December 16, 1950. The Director of Defense Mobilization received a sweeping delegation of Presidential authority to direct, control, and coordinate all mobilization activities and to direct the various emergency and regular agencies engaged in carrying out mobilization policies and programs.

In view of the North Atlantic Treaty Organization program for defense production abroad and the activities of the Organization for European Economic Cooperation in facilitating the economic aspects of mobilization in Western Europe, the Director of Defense Mobilization is actively involved in foreign affairs and overseas operations. His first order, issued on January 19, 1951, was devoted to the establishment of a high level interdepartmental Committee on Foreign Supplies and Requirements, which is to advise on the allocation of nonmilitary materials and equipment needed to meet foreign requirements and to formulate guidance for representatives of the United States abroad dealing with such matters.

Events have made more and more clear the importance and the close relationship between the programs of military and of economic aid, particularly as they affect the European member states of the North Atlantic Treaty Organization. In his message transmitting the Budget for the fiscal year ending June 30, 1952, the President stated that:

In general, our assistance programs will continue to take two forms—provision of military equipment and provision of economic assistance. But the balance between these two forms of aid will shift very sharply, and will differ according to the strategic, political, and economic situation in each free world area requiring assistance.

In a later message, transmitted to Congress on May 24, 1951, the President recommended a newly designated mutual security program for the fiscal year ending June 30, 1952, consisting of:

- (1) Military assistance to other free nations in the amount of \$6,250,000,000.
- (2) Economic assistance to other free nations in the amount of \$2,250,000,000, primarily to support expanded defense efforts abroad.

REORGANIZATION AS A CONTINUING PROCESS

In the 5 years from August 1945 to August 1950, the emphasis in the administrative affairs of the government shifted from an extraordinarily rapid demobilization to an equally rapid mobilization, just as it had shifted from mobilization to demobilization during the previous 5 years. In many respects the situation has come full circle since 1940.

The impressive and continuing nature of the changes is indicated in summary form by the section titles of the present chapter. They make it clear that reorganization is indeed a continuing process and that under present conditions, the foreign affairs programs and agencies of the government are among those most subject to change.

As often as not, the individual changes give the impression of being merely a response to particular developments that have required some specific adjustment. It is only when the cumulative effects are reviewed that it becomes apparent how much the entire process is one of broad evolution in the structure of government to adapt it to the changing requirements of the world situation.

In the case of each specific change, there is likely to be a balance of pressures between short and long-range considerations. The short-range considerations are seldom overlooked, because they are the factors most likely to press for immediate attention. The long-range considerations may be temporarily disregarded, but their influence is persistent and continuing in its effect.

Two kinds of long-range considerations are of special pertinence and importance for major problems of governmental organization. One is reflected in the general evolution of the world situation; it was discussed in chapter I. The other arises from the nature of the American government and its special characteristics. Considerations of this sort are given attention in chapter III which follows.

CHAPTER III

KEY ELEMENTS OF ADMINISTRATIVE DOCTRINE FOR MAJOR GOVERNMENTAL UNITS

In recent years each of the major units of the Government has been the subject of much discussion and analysis as to its functions, responsibilities, and place in the scheme of government as a whole. Such discussion is crystallized from time to time in concepts that tend to be accepted as authoritative by those charged with making major administrative decisions.

The importance of the concepts that are so accepted is very real. They underlie the thinking of experienced legislators in the development of legislative provisions on administrative matters. They are taken for granted in the central offices of the government where the texts of executive orders and administrative directives are drafted. They are referred to as basic in the discussions that occur among administrative officials as the work of the Government goes forward.

The fact that such concepts as to the organization, jurisdiction, and interrelations of major units may become established and widely accepted does not necessarily demonstrate that any one concept is the only workable or possible concept in a particular case. Alternatives are usually available, at least in theory, and are often cited in the struggle for agency preferment. But when a particular solution has been proved workable and has been generally accepted, the affairs of government are immensely facilitated.

On the other hand, when there is fundamental cleavage of opinion within the government on major points of administrative doctrine, the effect is to retard greatly the speed and efficiency with which the governmental mechanism can be adjusted to new requirements. Jurisdictional bickerings impede concentration on substantive issues. Uneasy compromises are the rule and questions of authority are constantly reopened.

As previously noted, almost the entire Government has become involved in the administration of foreign affairs. This seems likely to continue to be the case. But the situation is far from stabilized as to where the various responsibilities shall rest, the relationships between major governmental units, and the general pattern of organization. Many fundamental issues of administration currently arise in their most acute form in connection with foreign affairs and overseas operations.

The purpose of the present chapter is to examine briefly certain key elements of administrative doctrine with respect to the President, the Congress, and the various executive departments and agencies. The questions are explored mainly from the point of view of the governmental practitioners. Problems of administrative theory are brought into focus only to the extent that they have become matters of concern in practice; no attempt is made here to summarize the voluminous professional literature in the field of public administration. The key elements of administrative doctrine obviously cannot be treated completely in any brief compass, but the present discussion is intended to provide a broad background against which to examine the major problems of agency jurisdiction and organization that are taken up later in the report.

THE PRESIDENCY

The President stands in the central position in the conduct of foreign relations because of his multiple functions as the head of the Nation, as the Chief Executive, and as Commander in Chief of the Armed Forces. His constitutional prerogatives have been repeatedly affirmed by the courts and in most respects can be taken as settled. The field of foreign affairs is distinguished from other phases of government in the extent to which it has been set apart constitutionally in a special executive category.

What is unsettled administratively as concerns the President lies mainly in three areas: (1) His relations to the Congress, (2) his relations to the heads of executive agencies, including the Secretary of State, and (3) his relations to his staff agencies in the Executive Office of the President. In each of the three areas the uncertainty relates mainly to what is wise or practical rather than to what is legal or constitutional.

In the case of Congress, the problem from the President's point of view is mainly one of how to obtain advice, consent, and assurances of support to the extent necessary without prejudicing unduly his own freedom of action. The problem has assumed new forms as the necessity increases for Presidential action in the field of foreign affairs that may later require specific congressional cooperation in the form of legislation and appropriations. It has therefore been necessary to experiment with new patterns of advance planning and consultation between the executive and legislative branches, but no pattern of cooperation between the President and the Congress on foreign affairs which would be completely satisfactory to each of them has so far been found because of the natural desire of each to maintain the freedom of action inherent in the separation of powers.

In the case of the heads of executive agencies, the President's problem is largely one of where to look for advice, where to delegate

responsibility for action, and how much responsibility to delegate. The Secretary of State is equipped through his Department with special resources of information and experience and has the general statutory duty of assistance to the President on matters respecting foreign affairs. A delegation to the Secretary of State on all questions of foreign affairs may therefore seem the obvious answer to the President's problem, but few Presidents have found it possible to accept completely so simple a solution. It becomes less possible to do so as other heads of executive departments become increasingly responsible for activities affecting foreign relations.

There is no question as to the authority of the President to take direct charge of any aspect of the conduct of foreign relations at any time if, in his own opinion, it is desirable to do so. He may meet, or communicate directly, with the heads of other governments, and has repeatedly done so, particularly in recent years. In important instances the Constitution requires him to act personally and not by delegation. He receives and thereby recognizes the representatives of other heads of state; with the advice and consent of the Senate, he appoints American representatives abroad and concludes treaties with other nations.

The heads of the nine executive departments are known collectively as the Cabinet. The practice of holding meetings of the Cabinet is historic, and at times such meetings have been the scene of important discussions of foreign policy and of great decisions. But the Cabinet is a purely Presidential institution with no collective governmental responsibility, and discussions in the Cabinet have only such importance as the President chooses to give them. The experience of recent decades indicates that under modern conditions, the Cabinet is not necessarily a useful place for the making of policy. Nevertheless, the fact that it is called to meet regularly suggests that it does have value as a place for informal communication of presidential views to the members of his administration and for related discussions that tend to unify the thinking of the group as a whole.

In the case of the President's relations to the staff units and agencies in the Executive Office of the President, the problems are various and complex. In view of the rapid growth of special Presidential staffs in recent years, the whole question of the functions of such staffs versus departmental staffs is reaching the point where it needs re-examination. Some of the complexities are indicated in the section of this chapter on the Executive Office of the President, which has been placed after sections on the other executive departments and agencies in order to have the benefit of that discussion for background purposes.

The heavy burdens that rest upon the President are often remarked upon. The sheer magnitude of the workload in terms of the personal time and labor required to handle it is more generally forgotten, and

still less often is there any real awareness of the acute tendency of the problem to grow with the passage of time. It was more difficult in the days of Hoover than of Harding, overwhelming during the Second World War but without much let-up after the war, probably worse in 1950 than it was in 1946. Processes of organization and staffing around the President are intended to compensate for this tendency. But the end is not yet, and the further growth in the President's personal workload must be taken into account in the consideration of future arrangements.

THE CONGRESS

The Congress has its own coordinate constitutional prerogatives in the administration of foreign affairs and the determination of foreign policy. These include the "executive powers" of the Senate with respect to treaties and appointments, the authority of the Senate and the House of Representatives to adopt advisory resolutions indicating their respective attitudes, the general legislative powers of the Congress as a whole, which have been applied in recent years in connection with authorizing and approving executive agreements, the appropriating power, in which the House of Representatives has its special position, and the power to conduct investigations. With these formidable powers at its disposal, the Congress can insist effectively on its right to be consulted, and in many instances it has the controlling voice in the end.

Historically two views have existed with respect to the extent to which the Congress should engage in the detailed supervision of administrative matters, one view holding that the President as Chief Executive should be accountable for results but should have great freedom as to the means adopted, the other holding that Congress has the duty of concerning itself closely with the efficiency and economy of administrative measures, particularly because of its responsibilities as an appropriating body.

The conflicts arising out of these broadly opposed views have been important in past decades mainly for domestic matters. They now arise in the field of foreign affairs because of the size, cost, and administrative complexity of existing foreign programs, as well as because of the domestic political importance of these programs. The detail with which administrative aspects of the programs have been specified by law has undoubtedly complicated administration, but may have relieved administrators to some extent of the necessity for mediating between conflicting domestic pressures that would have been present in any event. The tendency to reconsider annually the legislative provisions governing certain of the new programs, in addition to the annual consideration of appropriations, has been a sign of the current intensity of congressional interest in the details of foreign

program administration. It has also reflected the natural desire of the legislative committees to retain a central position notwithstanding the strategic role of the appropriations committees when money questions loom large in foreign policy.

Relations between the Congress and the Executive are obviously important for all aspects of the administration of foreign affairs and overseas operations. Arrangements for program planning and execution in the executive branch must take account of the internal organization and procedures of the Congress. Special administrative units must be provided to maintain liaison with Congress and committees thereof.

In a larger sense, however, congressional-executive relations go far beyond the field of administration and into the realm of political questions. Paradoxically enough, political relations can be at their worst even when the administrative arrangements for liaison have been greatly improved and are good. This in fact appears to have been the case during much of the last 2 years; and obviously the cure is not to be found in any administrative theory as to how the executive branch should be organized or administered.

THE DEPARTMENT OF STATE

The organic statute of the Department of State contains the following provision:

The Secretary of State shall perform such duties as shall from time to time be enjoined or entrusted to him by the President relative to correspondences, commissions, or instructions to or with public ministers or consuls from the United States, or to negotiations with public ministers from foreign states or princes, or to memorials or other applications from foreign public ministers or other foreigners, or to such other matters respecting foreign affairs as the President of the United States shall assign to the department, and he shall conduct the business of the department in such manner as the President shall direct.

This provision was enacted in 1789 and is still in effect. It has provided the basis on which, under the direction of the President, the Department has performed the traditional functions of most foreign offices: representation and negotiation, at home and abroad; the preparation and transmission of instructions; receiving, reviewing, and disseminating reports; the supervision generally of diplomatic and consular affairs.

Until 10 years ago, administrative doctrine as to the functions of the Department of State presented few problems. The President's Committee on Administrative Management (the Brownlow Committee), reporting in 1937, found it unnecessary to discuss the matter and merely recommended that the major purposes of the Department of State be as follows:

To advise the President with regard to foreign affairs.

To conduct international relations and have custody of documents of state.

The Brownlow Committee further recommended that every agency and activity of the executive branch, other than the central management services, be brought within one of the 12 executive departments that it recommended. The object was to limit the number of agency heads under the immediate supervision of the President and to provide for the direction of all executive activities through one or another of his major subordinates. This recommendation was not directly pertinent to the scope of the Department of State at the time, since the emergency agencies of that day were purely domestic in character, but the implication of the basic doctrine was clear and was in fact applied to the Department of State during the period in 1945 and 1946 when wartime agencies and activities were being transferred to it.

The Hoover Commission, reporting in 1949, followed the basic doctrines of the Brownlow Committee in many respects. In particular, it concurred in the desire to reduce the total number of executive agencies and to group them into a small number of major departments and agencies. It said:

The numerous agencies of the executive branch must be grouped into departments as nearly as possible by major purposes in order to give a coherent mission to each department.

When it came to the problems of foreign affairs, however, the Hoover Commission found difficulty in applying its general doctrine. The Commission was unwilling to recommend reversal of the decision so recently taken with respect to the creation of the Economic Cooperation Administration as a temporary agency in the field of foreign economic affairs. As to overseas operations generally, three members of the Commission favored the creation of an Administration of Overseas Affairs, additional to and separate from the Department of State and including the work of the Economic Cooperation Administration, but a majority of the Commission was not prepared to support the proposal and concluded that it required further study.

The Hoover Commission was able to reach agreement so far as its direct recommendations respecting the functions of the Department of State were concerned, and recommended as follows:

The State Department should concentrate on obtaining definition of proposed objectives for the United States in foreign affairs, on formulating proposed policies in conjunction with other departments and agencies to achieve those objectives, and on recommending the choice and timing of the use of various instruments to carry out foreign policies so formulated.

The State Department as a general rule should not be given responsibility for the operation of specific programs, whether overseas or at home.

The State Department should continue to discharge its traditional responsibilities of representation, reporting, and negotiation.

The specific provisions of these recommendations were supplemented by qualifying comment that should be read with the recommendations. In particular, although the first recommendation of the three was evidently in part an exhortation to the Department of State to do better what it had always attempted to do, it was primarily an attempt to recognize a new situation in which all of the Government is involved in foreign affairs, and in which the Department of State was urged to take the leadership in the formulation of foreign policy but to coordinate the other departments rather than to compete with them in the execution of foreign policy. The second recommendation was explained as being in accord with the continued separate existence of the Economic Cooperation Administration and of separate measures for the administration of occupied areas; but it was proposed that exceptions to the recommendation be made in the case of the educational exchange and foreign information programs. The third recommendation was spelled out in detail, and it was made clear that it was not intended to oppose the assignment of some part of the traditional representational and negotiating responsibilities of the Department of State to other agencies in certain "technical or special cases."

The Hoover Commission recommendations had the virtue of stating clearly and of bringing about broad appreciation of the fact that many other departments and agencies of the Government as well as the Department of State have definite responsibilities in the foreign affairs field. But the inability of the Commission to agree on the disposition of overseas operations left its basic recommendations in the form of a compromise which afforded no complete or logical scheme for the administration of foreign affairs.

The net effect was to make little change in the functions and activities currently assigned to the Department of State. The Department was to retain most of its traditional functions and to that extent would be a general purpose foreign affairs agency, responsible for all of the miscellaneous foreign affairs functions and minutiae that could not readily be assigned elsewhere; but it was not as a rule to be a program operating agency, even if the program was one involving important relations with other governments, except in certain major cases where no other satisfactory solution appeared to be available. It was to concentrate on policy and on coordination, acting as a staff agency of the President; but it was not to be relieved to any major extent of the many routine activities it had always carried on, and it was to be left in the same legal and administrative status as the other executive departments. The possibility of emphasizing a staff agency role by designating it as a portion of the Executive Office of the President was not suggested, probably because no way was seen of reducing it in size to a point where such a location would have seemed appro-

appropriate. Moreover, such a measure would doubtless have been considered drastic and impractical on various grounds.

As a result of these developments, it can perhaps be said that there are three major schools of thought as to the administrative doctrine that should be followed in the further development of the Department of State.

One school is descended from the thinking of the Brownlow Committee. Its point of view is clear but rigid, although proponents would doubtless be prepared to make adjustments when faced with practical decisions under given conditions of time and circumstance. It would concentrate in the Department of State all of the foreign affairs functions, activities, and programs that can readily be conducted separately from domestic affairs and military affairs. It would not willingly tolerate separate civilian agencies such as the Economic Cooperation Administration, operating exclusively or primarily in the field of foreign affairs.

A second school of thought emphasizes the important functions of the Department of State in the planning of foreign policy and in the conduct of political relations with other governments. It would favor a concentration upon these activities to the exclusion of all other functions that could be considered extraneous or unnecessary. This point of view is clear, but not necessarily practical in the absence of further doctrine as to where many traditional but relatively unimportant foreign office duties would be assigned in order to free the Department of State for exclusive attention to its most important functions.

The third school of thought follows an *ad hoc* approach. It favors a compromise line similar to that of the Hoover Commission, with efforts to retain traditional functions and a staff relationship to the President while avoiding unnecessary involvements in program operations, but with no complete scheme for the administration of foreign affairs that solves the problem of what to do with the things that are left out of the Department of State, and that cannot readily be assigned elsewhere among the established agencies of government.

Believers in the *ad hoc* approach find themselves troubled by the growing size of the overseas information program, which is becoming too large to pass as a merely incidental feature of the activities of the Department of State. Conversely, many of those who favor the approach of a single foreign affairs agency are compelled to grant the difficulties of organizing so many varied and complex activities in a single department. The result has been the increasingly frequent suggestion that the Department of State be organized at least in part as a holding company type of organization, in which the information and economic agencies would be parts of the Department but with great autonomy. In its extreme form, this proposal would go farther

and would also create a separate autonomous agency within the Department for what are called political affairs, putting all of the Department on a holding company basis and leaving the Office of the Secretary as a relatively small central establishment.

Despite the frequency with which proposals of this kind find mention in informal conversations, the details have seldom if ever been worked out for the application of such a scheme in any sweeping fashion. On a more limited basis, the approach was tested by the degree of administrative autonomy granted the Office of Foreign Relief and Rehabilitation Operations, 1942-43, and the Office of the Foreign Liquidation Commissioner, 1945-49. The results were apparently unsatisfactory in the first instance and satisfactory in the second.

THE DEPARTMENT OF THE TREASURY

It is not easy to form a unified concept as to just what the major purpose of the Department of the Treasury should be considered to be. Perhaps it can be said, however, that the principal purpose of the Department is to administer the general financial affairs of the Government, except those for which the President assumes direct responsibility, such as the budget, and in addition to administer such specific financial matters as may be assigned to it.

The specific assignments have been particularly important in relation to international financial and monetary matters. The Secretary of the Treasury is the Chairman of the National Advisory Council on International Monetary and Financial Problems, the secretariat of which is located in his Department, and he represents the United States as one of the governors of the International Monetary Fund and of the International Bank for Reconstruction and Development.

The Department of the Treasury took the lead within the Government in planning for the establishment of the International Bank and the International Monetary Fund. It largely negotiated and administers the British loan of 1946, and it chaired the conference in September 1949 on "trade and financial relationships between the sterling area and the dollar area." It has usually been responsible for such administrative activities within the United States as have arisen out of exchange difficulties and lack of balance in international payments.

Until the establishment of the Economic Cooperation Administration in 1948, it could usually be assumed that the Secretary of the Treasury would be the principal adviser of the President with respect to international financial and monetary affairs and the principal negotiator with other governments on financial matters, notwithstanding the rivalry between the Departments of State and Treasury that has persisted since the days when the Departments were headed respec-

tively by Thomas Jefferson and Alexander Hamilton. During its brief existence the Economic Cooperation Administration has performed a number of functions that might otherwise have been assigned to the Department of the Treasury. Nevertheless, the Department retains a position of great power.

Certain possible limitations are usually mentioned when consideration is given to the further development of the Treasury as a policy making and administering agency in the field of foreign economic affairs. There is the question as to whether its predominantly financial bias can be overcome in dealing with economic questions that are only partly financial. There is the question as to whether its domestic preoccupations, particularly its concern for reduction in the financial burdens of the Government, would not disqualify it for the even-handed consideration of foreign requirements; in this respect its professional biases are considered the opposite of those of the Department of State. Finally, there is the question as to whether any department as large as the Treasury, with more than 85,000 civilian employees and the Coast Guard establishment of approximately 25,000 additional personnel, can be effective as a policymaking agency. It is frequently argued in discussions of the administration of foreign affairs that large administrative burdens are incompatible with an effective political or policy role, but the experience of the Treasury, which has had the reputation of being effective with respect to both policy and administration over a long period of time, may seem to belie this.

THE DEPARTMENT OF DEFENSE

There is no single or simple statutory definition of the main functions of the Department of Defense as a whole, in part perhaps because of the drafting difficulties engendered by the controversies over unification. Nevertheless, the general administrative doctrine seems clear and noncontroversial: It is the function of the Department of Defense and its constituent elements to advise the President on military affairs, to administer the armed services, and, when so ordered, to conduct military operations.

The main area of uncertainty is precisely the one of most interest to this study. It arises out of the large area of overlap in those fields of human concern known respectively as military affairs, foreign affairs, and security affairs. The Department of Defense and the Department of State are the executive departments principally concerned with the national security and as such are both represented on the National Security Council. It is clear that they have many joint interests and problems. What is not clear is the extent to which each should be expected to inform itself concerning, and to take account of the considerations pertinent to, the policies of the other, particularly in the absence of presidential or congressional action laying down

policy in a form binding on both departments. There is also considerable question as to how the two departments can most effectively work together on matters of common policy concern, a question not fully resolved by the establishment of the National Security Council.

Under present conditions, there is some tendency in the Department of Defense to feel that it should participate actively in every major foreign policy decision, as well as in any minor decisions that impinge directly on defense considerations. This view is by no means fully accepted in the Department of State. Conversely, there is doubtless a tendency in the Department of State to feel that it should participate actively in certain major military decisions, particularly in connection with the political aspects of actual military operations. This is made difficult by the degree of autonomy characteristically vested in field commanders for military matters, and by the various separatist aspects of the military system. There is obviously a lack of agreement at least on the details of the administrative doctrine that should govern relations between the two Departments.

The Department of Defense is unique in its basic structure, differing from any other executive department as a result of the legislative history noted in chapter II. It has been called a super-department, and has some characteristics as such, since the three military departments retain unusual autonomy within the departmental structure as a whole and are headed by officials who retain the title of "Secretary," although no longer members of the Cabinet.

Nevertheless, the term "super-department" goes too far if it is interpreted as meaning that the Office of the Secretary of Defense represents a new echelon of command between the level of the President and the level of the heads of executive departments. That theory was in some respects tenable for the short-lived experiment with the National Military Establishment, in which the Secretary of Defense was not the head of an executive department and was legally established between the President and the heads of three executive departments. But with the revisions of 1949, the Secretary of Defense appears to have been placed in a relationship to the President not different from that of the Secretaries of State and the Treasury,

THE DEPARTMENT OF JUSTICE

In the formative years when the President's Cabinet was becoming established as an advisory body, largely under the pressure of foreign events, it consisted of four officers of the Government: the Secretaries of State, Treasury, and War, and the Attorney General. The Attorney General still retains a special relationship to the field of foreign affairs as the President's chief legal adviser. This relationship was illustrated in the case of the destroyers for bases agreement of 1940,

on which occasion the favorable opinion of the Attorney General was of some importance.

Under ordinary conditions the participation of the Department of Justice in the legal aspects of foreign affairs is seldom of outstanding importance, although continuing contacts between the Department of Justice and the legal adviser to the Secretary of State are a matter of routine. Increasingly, however, the Department of Justice has been brought into active participation in matters affecting the international and regional organizations, the drafting of treaties, international agreements, and proposed legislation, and the determination of aspects of foreign policy that require domestic action.

The Hoover Commission considered the possibility that the passport and visa functions of the Department of State might be assigned to the Department of Justice and concluded that this in fact should be done in the case of the visa function, except as to diplomatic visas. Both passport and visa functions could be considered somewhat allied to the law enforcement and other activities of the Department of Justice; on the other hand, it can be argued that individual passport and visa cases are frequently involved in larger questions of foreign affairs. The point has received little further attention in administrative studies or public discussion and would seem to turn largely on concepts as to the further development of the Department of State and the extent to which it should be relieved of administrative duties that might be transferred elsewhere.

OTHER EXECUTIVE DEPARTMENTS

The five executive departments other than those so far discussed include Post Office, Interior, Agriculture, Commerce, and Labor. The Post Office Department is distinguished from the others by the specific nature of its major operating task. Like other agencies in the fields of transportation and communications, it is actively concerned with the physical mechanisms of international relations. The Postmaster General is responsible by law for postal treaties and for relations with the oldest international organization, the Universal Postal Union.

The Departments of Interior, Agriculture, Commerce, and Labor may be grouped with the Federal Security Agency and for some purposes with the Department of Justice as multipurpose agencies carrying on a wide variety of activities. In each case the activities are mainly domestic, but many of them impinge on the conduct of foreign relations.

The responsibilities of the Department of the Interior with respect to the petroleum industry, for example, give it a special position in the affairs of a great international industry and a special interest in certain parts of the world. The Department of Agriculture has

always had an important interest in the markets abroad for food and fiber, and has a major voice in world food policy under conditions of war and peace. The Department of Commerce has responsibilities of great importance in the field of export control, while the major interests of the Department in commerce and in transportation are as much foreign as domestic. The Department of Labor has primary responsibility for United States participation in the International Labor Organization and is concerned with the international development of labor standards.

In the case of each of these departments, its interest in foreign affairs is in part broadly functional and in part arises out of specific activities. On the functional side, for example, the President would presumably be as likely to seek the advice of the Secretary of Agriculture as that of the Secretary of State on a matter of foreign agricultural policy. The functional interest in all of these fields has tended to grow in recent years as the United States has extended its governmental interests and activities to all parts of the world. To some extent these interests have been channeled through the new specialized agencies of the United Nations system, but they have also involved an extensive development of bilateral relationships with individual countries in which the functional agencies of this Government have taken an active part.

The activities of the various functional departments are usually carried on under specific grants of statutory authority. These grants usually go directly to the department concerned rather than through the President, are sometimes made even to bureaus or divisions within departments rather than to the heads thereof, have usually resulted from consideration in the committees of Congress other than Foreign Relations and Foreign Affairs, and are usually found in statutes that have been drafted with considerably more attention to domestic than foreign affairs criteria. The natural result is a frequent recurrence of situations in which a department with specific statutory authority is attempting to proceed on a matter involving partly domestic and partly foreign affairs considerations and finds itself working at cross purposes or to some extent inconsistently with related activities of the Department of State.

This problem has recently become far more acute than ever before with increase in the number of activities in which conflicting domestic and foreign affairs pressures are important and almost equally balanced. In considering the problem, the Hoover Commission was evidently of the opinion that activities mainly functional in character and within the field of an existing functional department or agency should not be carried on in the Department of State and if found there should be transferred to the agency of primary functional interest. Most students of administration would probably agree, but the detailed application of any such rule is a matter of great complexity.

Questions as to the wisdom of applying the rule may become particularly great if the agency of primary functional interest is responsive to pressures from a strong domestic clientele, with the possibility that such pressures will be inconsistent with the public interest as a whole with respect to the foreign affairs aspect of the functional task.

OTHER EXECUTIVE AGENCIES

The Hoover Commission reached agreement with the Bureau of the Budget on a list of 74 agencies that were considered as reporting to the President and requiring in some degree his supervision. The list included 9 regulatory agencies and 47 other agencies independent of the executive departments and presidential staff offices. Most of these agencies were found to be involved in some aspect of the conduct of foreign affairs.

The first and major question of administrative doctrine as to the independent executive agencies is that of whether they should exist at all. The question was posed bluntly by the Brownlow Committee in 1937, which advocated a return to the settled administrative doctrine of the first 94 years under the Constitution, recommending that all existing executive establishments be brought within the scope of a limited number of executive departments and the President's office. In some cases varying degrees of autonomy were recommended, particularly as to the judicial sections of regulatory agencies.

The Hoover Commission was unprepared to go so far, but it favored a reduction in the total number of executive agencies to about 30, including the 9 independent regulatory commissions and 6 Presidential staff offices. It pointed out that the executive branch "is cut up into a large number of agencies, which divide responsibility and which are too great in number for effective direction from the top." It urged the necessity for giving the executive branch "the simplicity of structure, the unity of purpose, and the clear line of executive authority that was originally intended under the Constitution."

Three formulas for reducing the number of responsible officials to whom the President must give supervisory attention are sometimes given consideration. One formula would drastically reduce the number of executive departments and agencies under the President by a series of consolidations. A second formula would establish a number of supra-departmental offices of coordination similar to the office of the Secretary of Defense during the period of the National Military Establishment. A third formula would likewise interpose a new echelon of command between the President and the heads of executive agencies, but would locate the offices exercising such authority in the Executive Office of the President.

Argument as to the choice among these alternatives, if a choice should be made, is inevitably speculative but the pertinence of such

speculation to the present situation in the field of foreign affairs is obvious.

At present, three types of agencies independent of the departments appear to require some separate consideration of their merits as such; agencies heavily involved in foreign affairs can be found in each type.

The independent regulatory commissions are one type. Notwithstanding the strictures of the Brownlow Committee, the usefulness of the commission type of organization for major quasi-judicial and quasi-legislative functions appears to be widely accepted, with disagreement mainly concerned with questions as to the extent to which the commissions require coordination with other executive agencies and the manner in which it should be provided.

The autonomy of the commissions is obviously a problem in those cases where they participate in the conduct of foreign affairs. The Federal Maritime Board, the Civil Aeronautics Board, and the Federal Communications Commission, for example, are concerned respectively with shipping, aviation, and telecommunications. In each of these fields there is a recurring requirement for negotiation with other governments, bilaterally, multilaterally, and through the respective specialized international organizations.

In all three cases the commission type of organization necessarily complicates relations with the President, the Department of State, and the other agencies involved in the specific foreign affairs matters with which the respective commissions are concerned. The details of a completely satisfactory administrative doctrine appear never to have been worked out, but the problem has been sufficiently recognized to bring about various specific adjustments. These have usually taken the form of statutory provisions authorizing a greater degree of presidential intervention than would ordinarily be acceptable with respect to the domestic aspects of the work of the agencies.

The United States Tariff Commission differs from the regulatory agencies just mentioned in that it is sometimes considered primarily quasi-legislative rather than quasi-judicial in nature. It is concerned with activities that affect international commercial policy, since it has the primary responsibility for recommendations on import concessions to be offered foreign countries in trade agreement negotiations. It performs other related functions, as authorized or directed by the Congress.

A second type of independent executive agency is that headed by a full-time board, but which is nevertheless primarily concerned with administrative duties and is not regarded as quasi-judicial or quasi-legislative in character. For each of these agencies, questions arise as to why it should be headed by a board and as to why it should be established as an agency independent of the regular executive departments. The agencies within this group of greatest interest with

respect to foreign affairs include the Atomic Energy Commission, the Export-Import Bank, and the Displaced Persons Commission; in each case the questions just posed are pertinent.

The Atomic Energy Commission is an executive agency headed by five full-time members. It carries on a large-scale administrative program that appears to be of a permanent character and of high political and economic importance. The program involves questions civil and military, foreign and domestic; the agency is directed by law to conduct its activities with the objectives not only of "assuring the common defense and security" but also of "improving the public welfare, increasing the standard of living, strengthening free competition in private enterprise, and promoting world peace."

At the time when the Commission was established, questions of civil versus military control of the agency were dominant, and the question as to the form of agency most appropriate was the subject of relatively little public discussion. The problem was also so new and in some respects so overwhelming that it tended to be regarded as exceptional and not necessarily subject to any ordinary rules as to organization and administration.

Most students of administration would probably be inclined to wonder now as to whether a single administrator might not be more appropriate than a board. Some would probably be prepared to urge that the atomic energy agency should be established as an executive department in its own right, headed by a civilian secretary on a par with other members of the Cabinet. They would argue that relationships with the President, the Congress, the Departments of State and Defense, and other executive agencies would probably be facilitated by such a course, and that in no other way could the head of the agency be given those responsibilities of public leadership in relation to the problems of atomic energy that would appear, under the President and within the executive branch, to attach only to Cabinet office or corresponding status.

The Export-Import Bank is an independent agency, managed by a board of five directors. The Secretary of State is a member ex officio of the board of directors; the other four are full-time officials as such and include the chairman of the board, who is designated by the President.

The Bank may be considered primarily as one of the lending agencies of the United States Government or as one of the agencies in the field of foreign economic affairs. In either case it is somewhat difficult to rationalize the position of the Bank in the structure of the executive branch. A majority of the members of the Hoover Commission recommended placing the Export-Import Bank in the Treasury, along with the Reconstruction Finance Corporation, but 4 of the 12 commissioners dissented. Three dissenters signed a separate

statement in which they argued that "lending" is not a "purpose," but instead is one of the means by which purposes may be achieved. Accordingly, they rejected the argument for putting the Bank in the Treasury, and concluded that it belongs in the Department of Commerce, which has among its purposes the promotion of foreign and domestic commerce, although pointing out that the loans of the Bank "have a very heavy foreign policy aspect."

The Hoover Commission was apparently united in the view that the Export-Import Bank should be brought within some one of the executive departments, even if unable to reach agreement as to which. The question as to whether the agency should continue to be headed by a board was not one to which the Commission addressed itself. Certain merits may attach to the board type of organization for the exercise of corporate banking powers, but recent reorganization of the Reconstruction Finance Corporation would appear to leave administrative doctrine on this point either unsettled or leaning in the direction of a single head even for such agencies as the Export-Import Bank.

The Displaced Persons Commission consists of three commissioners appointed for terms expiring in 1952; each of the three commissioners is a member of one of the three main religious faiths represented in the United States, in accordance with what appears to have been an informal understanding when the legislation was enacted. The Commission carries on activities both in the United States and abroad under the Displaced Persons Act of 1948.

The establishment of the Commission appears to have been the result of a situation in which neither the Department of State, nor the Department of Justice, nor the Federal Security Agency wished to assume administrative responsibility and in which the official recommendation to Congress was for a separate agency headed by a single administrator. The administrative results of the type of agency actually established appear not to have been completely satisfactory.

The third type of independent executive agency is that constituted under a single administrator. The larger agencies of this type, such as the Federal Security Agency, the Veterans' Administration, and the General Services Administration, are not essentially different from the executive departments in their nature or relationships to the President and the Congress. The head of one such agency, the Economic Cooperation Administration, has been given the same status as the head of an executive department, insofar as that can be done by law. In effect such agencies are additional executive departments by a different name and of a slightly lower status so far as official rank is concerned.

The Economic Cooperation Administration is by far the most important of the independent agencies in the field of foreign affairs.

It was established as such on a temporary basis on grounds primarily of program magnitude, urgency, and special character. It was thus a major application in the field of foreign affairs of a pattern of administration that had become familiar for emergency activities during the depression years of the 1930's and again during the Second World War.

The usefulness of the new agency approach in dealing with emergency programs is still a controversial subject in the field of administrative theory, but the approach is perhaps increasingly accepted as necessary in some cases under emergency conditions, notwithstanding wide recognition of the difficulties it creates. At the same time, it is usually assumed that special purpose temporary agencies should either be wound up as soon as possible, or else consolidated into the permanent structure of the Government.

In the case of the Economic Cooperation Administration, it was assumed until the outbreak of hostilities in Korea that the major program of the agency would be completed in 1952, that the occasion for the agency would then largely disappear, and that its residual functions would be absorbed into the Department of State. All of these assumptions became subject to re-examination during the later months of 1950, and sentiment began to develop for the establishment of a separate foreign economic affairs agency on a permanent or at least a continuing basis, a major question not yet resolved and which is considered further in this report.

The existence of the independent agencies as a group gives countenance to the practice of creating additional separate agencies even in those cases where the size of the job to be done is so limited and relatively so unimportant that a separate agency would appear unjustified from any point of view. In theory all such executive agencies, however small, are under the immediate supervision of the President, since they are not responsible to the head of any department; practically there are limits to the span of his attention.

The result is to leave the smaller independent agencies unsupervised except by particular congressional committees and for practical purposes to undermine the responsibility of the President for the execution of the laws in these cases. One may wonder how much attention the President has been able to give to the smaller agencies, and whether any attention he has been able to give them has not been at the expense of more important subjects. The smaller agencies have included, for example, the Philippine Alien Property Administration and the Philippine War Damage Commission, temporary independent agencies that were of considerable importance so far as relations with that country were concerned although relatively unimportant in the executive branch as a whole.

To summarize, it appears from this brief survey of the variety of

independent executive agencies and the status of administrative doctrine concerning them that the group may be in some danger of becoming in part a collection of governmental oddities. The attempt of the Brownlow Committee to turn back the clock to 1883 was unsuccessful, and doubtless inevitably so. The Hoover Commission was more cautious, and stated only indirectly how far it would go, but it evidently favored not more than 15 or 16 executive departments and large independent agencies in addition to the regulatory agencies and Presidential staff offices.

In principle, there appears to be general agreement that the elimination of the miscellany of numerous small agencies by consolidation into agencies larger and broader in purpose would clarify the structure of the government as a whole. Application of the principle would appear helpful in the conduct of foreign affairs, an activity in which many agencies seem likely to be engaged in any event.

THE EXECUTIVE OFFICE OF THE PRESIDENT

Various attempts to deal with governmental problems of central importance have taken form in the structure of the Executive Office of the President. The questions of administrative doctrine that are pertinent to the various aspects of the Executive Office are correspondingly significant. Such questions obviously go beyond the field of foreign affairs to the organization of the Government for all purposes, but they are so important and in many respects so unsettled that it becomes difficult to deal with any area as large and complex as the field of foreign affairs without considering them.

The significant units of the Executive Office for present purposes are as follows: The White House Office, Liaison Office for Personnel Management, Bureau of the Budget, Council of Economic Advisers, National Security Council, Central Intelligence Agency, National Security Resources Board, Office of the Special Assistant to the President, and Office of Defense Mobilization. Each of these units has a character of its own, but the collective aspects of the Executive Office that give it identity as an institution are much more difficult to define. They seem to inhere mainly in the special administrative relationship of the various offices to the President, in their physical proximity to each other and to the President, and in a sense of corporate identity that appears to be growing among them although not as yet widely recognized elsewhere.

The original plan for the Executive Office of the President was that of the Brownlow Committee, which conceived of the office as an establishment consisting mainly of the President's immediate staff in the White House Office, including a number of personal administrative assistants, and a group of presidential staff agencies concerned with the management of the Government as a whole. The concepts

of the Committee appear to have been realized in considerable measure with respect to the immediate staff, but less so with respect to the staff agencies.

The President's immediate staff of several assistants has become a central feature of the Executive Office. A large part of the time of this staff goes into the drafting of messages, addresses, policy statements, executive orders, directives, legislative proposals, comment on proposed legislation, congressional liaison, and consultation on such matters. These types of work arise for matters both foreign and domestic, and the staff may be equally involved in either case.

Utmost flexibility and anonymity of assignments are features of the work of the President's immediate staff, and deliberately so. Specialization is in no way related to the departmental or functional structure of the Government. Coordination is maintained primarily by close personal contacts within the group and with the President.

This arrangement is said to have two great advantages, one negative and the other positive. The negative advantage is that neither the staff as a whole nor individual members within it are in danger of becoming a layer between the President and the heads of agencies so long as the present basis of assignments is maintained. The positive advantage is that a staff which avoids functional or subject matter specialization, while constantly working with a variety of major problems of current interest, is best able to view such problems from the President's comprehensive point of view, and can thus be most helpful to him in the performance of the special tasks of the presidency.

The presidential staff agencies contemplated by the Brownlow Committee were three in number, one for personnel management, one for fiscal management, and one for planning management. Specifically, the committee contemplated the reorganization of the Civil Service Commission under a single administrator and its incorporation into the Executive Office, the transfer of the Bureau of the Budget from the Treasury Department, and the incorporation of the National Resources Planning Board.

The plans of the Brownlow Committee for the Civil Service Commission were not accepted by Congress, and provision was made instead for the designation of one of the President's administrative assistants as the Liaison Officer for Personnel Management. The Bureau of the Budget and the National Resources Planning Board were brought into the Executive Office in accordance with the plan, but the latter did not survive. In some respects, however, the place contemplated for it was later filled by the establishment of the Council of Economic Advisers.

The Bureau of the Budget has become established as a major part of the Executive Office. It assists the President primarily through

the performance of three major functions: (1) it reviews in detail the estimates of expenditure and prepares the Budget for submission to Congress by the President; (2) it reviews proposed legislation, coordinates departmental views, and, in the case of enrolled bills, recommends approval or veto; and (3) it studies critical problems of organization and administrative management throughout the Government, making recommendations to the President and the heads of agencies. It also performs certain functions directed toward the improvement of statistical services throughout the Government.

The Bureau thus has in its hands a series of basic and powerful functions that must be performed, that must cut across all other agencies, and that must involve it in the plans and decisions of all parts of the executive branch, including those dealing with foreign affairs, overseas programs, and the conduct of foreign relations. With the growing importance of foreign programs involving large expenditures, the Bureau has become increasingly concerned with the activities of the foreign affairs agencies.

The considerable professional literature on administrative doctrine for the Executive Office has been created in no small degree by the staff of the Bureau, although basic material for the purpose was provided in the debates that went into the legislative history of the Budget and Accounting Act of 1921. The tendency has been to extend to presidential staff agencies a series of concepts similar to those developed for the presidential administrative assistants: anonymity, avoidance of formal responsibility, action only in the name of the President, rejection of subject matter specialization as the agency basis, concern for coordination, emphasis upon integration of the program of the Government as a whole.

In general, concepts along these lines were accepted by the Hoover Commission. It put forward a number of recommendations concerning presidential staff agencies that it evidently considered applicable without distinction among them. In particular, it regarded them primarily as institutions "to assemble facts and recommendations upon which judgment may be made and to supervise and report upon the execution of decisions." It urged that they not be permitted to assume operating functions or to duplicate responsibilities of the departments, and was particularly opposed to any vesting of formal authority by which staff agencies would be authorized to act in their own name rather than that of the President.

The existing units of the Executive Office, however, differ so widely in work, functions, and basic organization that the attempt to apply any single body of doctrine to all of them encounters certain difficulties. This can be made apparent by a brief review of the present status of the units not previously discussed.

The Council of Economic Advisers is a board of three full-time members; as such it can conform to the staff agency concept only with some difficulty, although the attempt is apparently being made.

The National Security Council as a council of the President, the Vice President, and other ranking officials, is not a staff agency in any appropriate meaning of the term. A Cabinet committee and an Executive Office staff reporting directly to the President would seem to be two quite different things, particularly since it is often necessary to consider the two types of units as alternatives to each other in setting up planning mechanisms. The executive secretary of the council and secretariat can, however, be regarded as a Presidential staff agency for some purposes as well as the servant of the Council, since the executive secretary reports directly to the President as well as to the Council.

The Central Intelligence Agency is a unit concerning which little is publicly known other than the statutory provision authorizing its establishment to perform the functions indicated by its title. It has a full-time director who reports to the National Security Council, of which the President is the chairman.

The National Security Resources Board, although called a board, is an agency in which authority has been vested in the chairman of the board pursuant to a reorganization in 1950. The program of the agency has been affected by the recent shifts of authority in the field of defense mobilization and is somewhat difficult to characterize for the purposes of the present discussion.

The Office of the Special Assistant to the President (the Harriman office) is officially a part of the White House Office but appears to maintain a separate identity. The Special Assistant does not attend the President's daily personal staff meetings, in this respect assimilating himself to the Director of the Bureau of the Budget, the Chairman of the Council of Economic Advisers, the Chairman of the National Security Resources Board, and the Executive Secretary of the National Security Council, all of whom head units separate from the President's immediate staff. The Office of the Special Assistant also differs from other parts of the President's personal staff in the extent to which it is identified with a particular function or area of government, namely, foreign affairs. Perhaps because of this continuing assignment, the group does not await specific assignments from the President before moving into action; it follows developments in the foreign affairs area continuously and intervenes on its own initiative when it considers it necessary to do so.

The Office of Defense Mobilization is clearly a Presidential agency in that the head of the office derives his powers from a formal delegation of Presidential authority. It is not a staff agency in the sense that it is apart from the line of command, concentrates on advice to the President, and acts only in his name. The pattern is the opposite on

all three points. It is clear that previously recognized doctrines as to the appropriate nature and powers of units in the Executive Office of the President have been disregarded to some extent in this case, presumably at the instance of the President. The powers of the office appear to be as overriding for matters of foreign affairs as they are for domestic, and the potential impact is obviously considerable.

About the most that can be said by way of generalization in terms of this brief review of the units actually established in the Executive Office is that in each case there may be special reasons for establishing them in the Executive Office rather than elsewhere. Clearly they should have a special relationship to the President in terms of an undivided loyalty, a sharing of his task, and an intimacy of contact that sets them apart from the other executive departments and agencies. The relatively unsettled future of a number of these units, however, appears to emphasize rather than to minimize the number of major questions of administrative doctrine that remain open.

Among these questions, two seem particularly important. One is whether some point of coordination or control of all work going on in the Executive Office should be established below the level of the President himself, there being no such point at present. The other is whether the work of the various officials, units, and agencies should be limited to staff work in the narrow sense or whether alternatively certain officials of the Executive Office should be brought into the chain of command by specific formal delegations of Presidential authority, which they would then exercise with respect to other parts of the Government.

On the question of coordination within the Executive Office, it is frequently suggested unofficially, although not often officially, that there should be a designation of some one person as chief of the entire staff of the President in the Executive Office. The Brownlow Committee withheld any suggestion on the point from its report after talking with the President. The Hoover Commission cautiously suggested the establishment of a "staff secretary" to the President with limited functions of a general character. The difficulties of coordination within the Executive Office presumably increase with every new autonomous unit reporting directly to the President.

On the question of the extent to which the President should delegate formal authority for action to any official of the Executive Office, the adverse views of the Hoover Commission have been previously noted. Probably most students of administration would have agreed with the Hoover Commission a few years ago, but there may be question as to whether they would do so now in view of the responsibilities of decision on matters small and large that fall to the President under present conditions.

The Director of the Bureau of the Budget has long acted as an

executive officer for the President, making the final decision on many details within the framework of Presidential policy as previously ascertained, and advising other officials of the Government authoritatively as to the program of the President with respect to legislation and appropriations. In addition, there have doubtless been occasions on which the President has delegated authority informally to members of his immediate staff to settle particular matters after investigation.

The instances, however, in which there has been a general delegation of formal Presidential authority to an official of the Executive Office have so far been few in number. Until the present emergency the leading precedent of this character was the wartime delegation to the Director of War Mobilization. Matters of military policy and of diplomacy were the notable exceptions in practice to the scope of that delegation. In the present emergency similar delegations have been made to the Office of Defense Mobilization.

The questions just discussed would exist if the President had full freedom in every respect to organize the Executive Office as he saw fit. Different but related questions arise out of the relations of the President and the Congress.

The congressional tradition has been one of seldom refusing the President anything he has asked for his immediate staff in the White House Office. But Congress has obviously not been prepared to consider other units of the Executive Office as being beyond congressional interest and possible intervention. There have been several recurring points of possible difference.

Confirmation of major Presidential assistants has sometimes been waived and on other occasions insisted upon. Confirmation is not required for any of the assistants in the White House Office. The staff concept as the basis for waiving confirmation of the Director of the Bureau of the Budget was spelled out in the congressional debates of 1921 and was accepted. In recent years confirmation has been required for members of the Council of Economic Advisers, the Chairman of the National Security Resources Board, and the Director of Defense Mobilization, but not for the executive secretary of the National Security Council.

The question of statutory delegations of authority has been another troublesome point. In the legislation establishing the Office of War Mobilization and Reconversion, powers were vested in the director that could be regarded as essentially Presidential and the director was furthermore made subject to confirmation. The legislation was considered by some students of government an invasion of the prerogatives of the President because of the combination of the two features, but the President himself accepted the arrangement in approving the enrolled bill.

Proposals for full-time boards and for ex officio committees recur frequently in congressional discussions of organization and have found their way into the Executive Office structure in the case of the Council of Economic Advisers and the National Security Council respectively. Both types of organization unquestionably limit the freedom of the President in carrying on his own administrative work when they are required by law for organizations bearing a close relationship to him.

The future development of the Executive Office will undoubtedly be affected by the nature of the relations between the President and the Congress, the personal views of the President in office at any given time as to how his own office should be organized, and the extent to which emergency conditions persist over a long period of time.

Nevertheless, the subject is one that appears in need of organized attention with the objective of clarifying a body of administrative doctrine on which there could be greater agreement than has been attracted by previous efforts. The political struggle over the problem of the unification of the armed services had important overtones with respect to the nature of the Presidency and of the Executive Office. The continuing political issues with respect to the nature and form of organization in the field of foreign affairs may prove no less difficult than those in connection with military affairs. It seems unlikely that the decisions of the next few years for the organization of the Government in the field of foreign affairs can be taken without giving special consideration to the problems of organization in the Executive Office of the President.

CHAPTER IV

ORGANIZATION FOR THE CONDUCT OF FOREIGN ECONOMIC PROGRAMS

STATEMENT OF THE PROBLEM

Foreign-aid programs have involved grants and credits of over 30 billion dollars since the end of the Second World War, most of which has been in the category of economic assistance. Continuing activity on an extensive scale is promised by the heavy demands for economic assistance related to the military build-up abroad and the need for strategic raw materials from the underdeveloped areas. The present foreign economic programs follow in the wake of extensive wartime activities and a number of emergency undertakings engaged in immediately after the war.

The extent of these foreign economic activities and the speed with which they expanded have resulted in makeshift organizational arrangements and trial and error methods of administration. These have created administrative inconsistencies and conflicts that must be resolved if the maximum effectiveness of foreign economic programs is to be realized.

The most urgent questions relate to the role of the Economic Cooperation Administration and the Department of State, particularly since the former agency is scheduled for termination as of June 1952. A clear administrative choice would be to carry out major foreign economic programs either through an independent agency for foreign economic affairs or through the Department of State. These basic alternatives involve further questions of degree, however, and they also introduce questions concerning the role of other agencies of Government as well as international organizations. Whatever decisions are reached as to agency responsibility for program administration, there are further administrative problems with respect to the formulation of foreign economic policy, its coordination with over-all foreign policy, and the reconciliation of domestic policy with foreign commitments.

The present chapter presents a brief picture of the foreign economic programs in which the United States is now engaged, the agencies of Government participating in these activities, and the organizational evolution through which foreign economic programs have passed in recent years. Several major issues are then discussed, including what

agency arrangements would provide for the most effective administration of foreign economic aid; what other economic activities should be carried on in conjunction with foreign economic aid; and how certain basic problems of economic policy coordination might be resolved.

The problem is to determine the basic structure of organization in the executive branch most suitable for the conduct of foreign economic programs.

BACKGROUND AND DEVELOPMENT OF THE PROBLEM

Today the principal programs in the field of foreign economic affairs include activities concerned with long-range economic development, reconstruction of war-disrupted economies, relief, the economic aspects of occupation, and provision of the economic means of achieving military strength among the allies. They involve loans and grants, technical assistance programs, the acquisition of strategic materials, export controls, and the development of adequate economic intelligence to provide a basis for operations abroad and foreign policy decisions generally.

In addition, the general field of foreign economic affairs includes many important and permanent activities that are given only limited attention in this report. A substantial part of United States foreign economic policy since the end of the Second World War has revolved around such problems as the reduction of trade barriers in world commerce, the development of an international monetary policy consistent with the expansion of world trade, the development of international commodity agreements that meet the needs of producers and consumers, and the conclusion of agreements to facilitate the progress of shipping, aviation, and telecommunications on a world-wide basis. These activities have required much intergovernmental negotiation both bilaterally and multilaterally, and have been an important concern of the Department of State, as well as of the Departments of the Treasury, Interior, Agriculture, Commerce, and Labor.

Such activities have seldom involved large direct expenditures of public funds or large-scale administrative operations, but in their policy aspects have important interrelations with the foreign economic programs with which this chapter is mainly concerned.

Description of foreign economic activities

From the standpoint of administrative requirements, the most important foreign economic activities today are the several programs of economic assistance being conducted by the Department of State and the Economic Cooperation Administration. At present, the Economic Cooperation Administration is carrying out the remaining tasks of the European recovery program and at the same time reorienting

its program in Europe in the interest of facilitating rearmament while maintaining living standards achieved under the Marshall Plan. The European recovery program is emphasizing the expansion of basic service facilities such as power and transportation, along with greater output of steel, petroleum products, food, and other prerequisites of military strength. Technical assistance activities are being adjusted to assist in achieving maximum utilization of manpower and materials.

The Economic Cooperation Administration is also handling the military production program abroad for the Department of State under terms of the Mutual Defense Assistance Act. Under the mutual defense assistance program, aid is being provided not only in the form of weapons and training, but also in materials and equipment to assist foreign countries in producing their own military supplies.

Other economic activities being given primary emphasis in current emergency programs are the procurement of strategic materials, and exploration and development programs designed to promote new sources of needed raw materials. Economic development programs are under way through the Economic Cooperation Administration in Burma, Indochina, Indonesia, Thailand, Formosa, and the Philippines, where economic aid is being directed to food production, sanitation, the improvement of roads, harbor facilities and communications, and the development of new sources of materials. Relief for Yugoslavia is being administered by the Department of State with financing by the Economic Cooperation Administration; the loan to Spain is being handled through the Export-Import Bank on behalf of the Economic Cooperation Administration. In occupied Japan the Department of the Army is responsible for economic affairs.

Extensive lending activities are carried out by the Export-Import Bank, and technical assistance programs are also being conducted by the Department of State through the point 4 program as well as the Institute of Inter-American Affairs. The United States likewise supports a large part of the technical assistance activities of the United Nations and its specialized agencies; and it is the major contributor to the International Monetary Fund and the International Bank for Reconstruction and Development.

In addition to its participation in the current programs of economic and military assistance, the Department of State has long had important and permanent responsibilities in the conduct of foreign economic affairs. It is the headquarters agency for the economic sections of the embassies, legations, and consulates of the United States, which are responsible for reporting continuously on economic developments abroad and are generally the channel for the representation of the economic interests of the United States and for economic negotiations with other governments. The economic staffs of the Department of State in Washington are concerned with and partici-

pate in the development of all phases of foreign economic policy. They have specific responsibilities for leadership in securing coordinated interdepartmental planning and action in the fields of commercial policy, commercial treaties, and trade agreements. They also have special responsibilities for international negotiations in the field of telecommunications, aviation, and shipping.

The Department of State and the Economic Cooperation Administration account for a major part of foreign economic activities, but a large number of departments and agencies assist in carrying out foreign economic programs, including Treasury, Interior, Agriculture, Commerce, Labor, the Federal Security Agency, and the Export-Import Bank. Some of these departments and agencies maintain representatives abroad; and all have some voice in foreign economic policy formulation.

The principal responsibilities of the Department of the Treasury in the international financial field are the administration of the United States stabilization fund and the Anglo-American financial agreement and acting in an advisory capacity to agencies such as State and Defense on matters concerning the financial aspects of occupation policy, currency reform and stabilization, and other financial matters. The Department of the Treasury chairs the National Advisory Council on International Monetary and Financial Problems, through which international financial policy is determined. It maintains representatives in several foreign capitals, where they also act as chief financial advisers to United States diplomatic missions and the Economic Cooperation Administration.

The Department of the Interior operates technical cooperation and research programs in the fields of natural resource conservation and development, and it formulates and carries out international agreements in this area. It also is responsible for the administration of the overseas territories of the United States.

The Department of Agriculture shares responsibility for international allocations relating to food, fertilizers, and agricultural raw materials; furnishes statistics and technical advice to foreign governments; handles some of the procurement, storage, and shipping of food and agricultural products involved in foreign aid programs; and has acted as the principal point of contact between the United States Government and the Food and Agriculture Organization. It assists in determining schedules of agricultural commodities to be included in trade agreement negotiations; and it participates with the Department of State in negotiating and administering commodity agreements.

The Department of Commerce administers export and import controls, performs certain foreign claimancy functions, promotes United States business and commercial interests abroad, operates technical assistance programs at the request or upon approval of the Economic

Cooperation Administration or the Department of State, and participates in the formulation of United States international trade and commercial policy and in the promotion of ocean shipping and international aviation.

The Department of Labor has primary responsibility for United States relations with the International Labor Office, and acts in an advisory capacity on labor policy in occupied areas and in European recovery program nations. The Department participates with the Departments of State and Defense and the Economic Cooperation Administration in technical assistance and point 4 programs, and with United Nations agencies in various programs involving labor considerations.

The Emergency Procurement Service of the General Services Administration occupies an important position in planning and administering programs relating to the purchase, storage, transportation, and development of strategic and critical materials. Other foreign economic affairs include the activities of the Maritime and Civil Aeronautics Boards in ocean shipping and international air carrier operations; the international telecommunications functions of the Federal Communications Commission; the negotiation of postal treaties and conventions by the Post Office Department; the economic research programs of the Board of Governors, Federal Reserve System; and the international trade responsibilities of the United States Tariff Commission. Many other agencies also share in the conduct of foreign economic affairs, including the Office of Defense Mobilization and other defense emergency agencies.

Evolution of administrative arrangements

Not many years ago, foreign economic affairs were limited for the most part to the negotiation of trade and commercial arrangements, the collection of information on prospective markets for American business, international financial affairs, transportation and communications, and a limited program of technical assistance to Latin America. These activities generally involved no comprehensive or continuing consideration of economic problems on a global basis.

Experience in the Second World War.—During the months preceding Pearl Harbor, therefore, the United States Government was ill-prepared for its ultimate role as the supplier of vast quantities of materials and equipment to Allied countries, and as a principal participant in world-wide economic warfare. A major step in the direction of providing central machinery for the conduct of foreign economic activities was taken by the President in July 1941, when he established the Economic Defense Board. This board comprised the Vice President as chairman, the secretaries of departments involved in foreign economic activities, and later the Coordinator of Inter-American Affairs, the Chairman of the War Production Board and the Lend-

Lease Administrator. The board was responsible for coordinating the activities of all agencies engaged in such international economic activities as exports, imports, acquisition of materials from foreign countries, preclusive buying, foreign exchange and property transactions, international aspects of patents, communications pertaining to commerce, and other foreign economic matters. Later in 1941 the Office of Export Control was merged with the Economic Defense Board. Also, the Lend-Lease Act had been passed in the spring of 1941, and the President had established the Division of Defense Aid Reports to process requests for lend-lease aid. Later the President appointed a Special Assistant to act as Lend-Lease Administrator.

Ten days after Pearl Harbor the President changed the name of the Economic Defense Board to the Board of Economic Warfare, and several months later he authorized it to direct the obtaining of strategic and critical materials from foreign sources. Up to this time the Reconstruction Finance Corporation had carried out this function. The Board of Economic Warfare functioned for a year and a half, during which time it carried on an intensive procurement program.

In mid-1943, the President terminated the Board of Economic Warfare and established the Office of Economic Warfare to which were transferred the activities of the Board along with the United States Commercial Company, the Rubber Development Corporation, the Petroleum Reserves Corporation, the Export-Import Bank of Washington, units of the Reconstruction Finance Corporation and foreign activities of its subsidiaries.

The Department of State was meanwhile experiencing considerable administrative change. A Board of Economic Operations was established in October 1941 to carry out the functions of the Department in connection with the "economic defense of the United States." This was later terminated and the Office of Foreign Economic Coordination was established in mid-1943 to carry out its responsibility for the coordination of economic affairs in liberated areas and the foreign policy aspects of wartime economic controls and operations. The Office of Foreign Relief and Rehabilitation Operations was also established within the Department in late 1942.

In the fall of 1943, the Foreign Economic Administration was established by executive order. Nearly all the wartime foreign economic functions of the Government were included in this new organization, which represented the most far-reaching consolidation of government agencies during the war.

Postwar administrative readjustments.—With the end of hostilities in 1945, it was assumed that the extensive foreign economic activities which called for establishment of the Foreign Economic Administration no longer existed. As noted in chapter II, a large number of economic activities were then transferred to the Department of State,

including the administration of the Lend-Lease Act, participation in the United Nations Relief and Rehabilitation Administration, surplus property disposal, and responsibility for all United States Government activities with respect to supplies for liberated areas. The Reconstruction Finance Corporation took over the functions of the Rubber Development Corporation, the Petroleum Reserve Corporation, and foreign procurement functions of the Foreign Economic Administration, except that functions involving food were transferred to the Department of Agriculture. The Department of Commerce was given responsibility for export control and industrial intelligence, and it became the clearing house for foreign transactions and reports.

Developments in the international field, however, were such that the foreign economic affairs of the Government began almost immediately to resume their wartime magnitude. The first major postwar economic aid program undertaken directly by the United States was the loan to Britain under the Anglo-American Financial Agreement concluded in late 1945. No appropriation was made for this purpose but a credit was established with the Department of the Treasury in order that United Kingdom importers might draw on these funds for procurement. The chief administrative responsibility of the Department was to make a continuing survey of the financial position of the United Kingdom in order to determine to what extent the purposes of the loan were being fulfilled.

Other postwar programs were made the responsibility of the Department of State, including the interim aid program for Europe in 1947, and the Philippine Rehabilitation and Greek-Turkish aid programs. In 1948, however, initiation of the European recovery program led to the establishment of new machinery for the conduct of United States aid. The Economic Cooperation Administration was established to carry out the Marshall Plan in Europe and to administer aid to China. The Economic Cooperation Administration also assumed responsibility for economic aid to Greece, Turkey, and Korea in 1948, Germany in 1949, and Austria and Southeast Asia in 1950.

Notwithstanding this consolidation of economic programs in the Economic Cooperation Administration, the Mutual Defense Assistance program, established in 1949, was entrusted to the Department of State; and in 1950 the Department of State was made responsible for point 4 activities under terms of the Act for International Development. The actual purchase of strategic materials has been primarily the responsibility of the General Services Administration, but the Economic Cooperation Administration has also participated in this activity.

These administrative shiftings and reversals are symptomatic of the absence of a permanent organizational solution for the conduct of foreign economic affairs that would be capable of handling the new

responsibilities in this field. The result is that with each new requirement a new decision must be made as to how the program should be handled because no precedent is regarded as controlling.

The Economic Cooperation Administration-Department of State problem

In view of the evolution just traced, it is apparent that the most critical administrative issue in the field of foreign economic affairs relates to the role of the Department of State and the question of whether the Economic Cooperation Administration or an agency like it should be continued.

Prior to the passage of the Foreign Assistance Act of 1948, which established the Economic Cooperation Administration, nearly as much discussion appeared to be centered on the administrative set-up for the program as on the program itself. Although Greek-Turkish aid and interim aid to Europe during the previous year had both been administered by the Department of State, in the case of the European recovery program there was considerable sentiment from the outset in favor of creating a separate agency to be responsible for administration. But wide differences of opinion developed over what status the new agency should be given within the Government, and what organization form it should have.

Provisions of the Foreign Assistance Act of 1948.—During the preparation of the proposed legislation, some opinion within the executive branch favored an administration within the Department of State, but the Secretary of State was strongly opposed to the idea. The proposed bill as drafted by the Department provided for a new separate agency which would be under the jurisdiction of the Department of State on foreign policy matters. Congress also appeared to favor placing administrative responsibilities outside the department. The prevailing view was expressed by Senator Vandenberg:

* * * there was general feeling throughout the (Senate) committee as well as throughout the Senate, and probably throughout the country, that since the bill was economic in character, administration and control of the program should be under business management rather than diplomatic management.

The Economic Cooperation Administration is headed by an Administrator appointed by the President and confirmed by the Senate. The Administrator is responsible to the President and has status comparable to that of the head of an executive department. In setting up this independent agency, however, it was recognized that a close relationship exists between the work of the Department of State and the conduct of an economic assistance program which would have many foreign policy ramifications. The statute provided, therefore, that the Administrator should cooperate closely with the Secretary of State. It was stipulated that the Administrator and the Secretary

of State should inform each other of operations and plans coming within the scope of their respective duties. The Secretary of State was required to consult with the Administrator whenever the Administrator's actions were not consistent with United States foreign policy. On the other hand, when the Administrator believed that actions taken by the Secretary of State were inconsistent with the purposes and provisions of the European recovery program, he was to consult with the Secretary of State. Differences were to be settled by the President.

In accordance with legislative permission for the Administrator to use the services and facilities of various Federal agencies, joint memoranda of understanding have been drawn up between the Economic Cooperation Administration and such agencies as Treasury, Agriculture, Commerce, and the Export-Import Bank. The Department of Agriculture acts as an agent for the Economic Cooperation Administration in acquiring agricultural commodities through the Commodity Credit Corporation. It arranges for shipping, storage, inland transportation and processing of the commodities supplied. Arrangements have also been made with the Department of Commerce to gear the aid program into the export licensing responsibilities of that agency to facilitate the delivery of aid. If assistance is furnished on credit terms, the Administrator allocates funds to the Export-Import Bank, which administers the loans on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Economic Cooperation Administrator is authorized to guarantee the convertibility into United States dollars of the proceeds of private investments, provided these are made for approved projects, and these guarantees are also administered by the Export-Import Bank.

The Foreign Assistance Act authorized the Secretary of State, after consultation with the Administrator, to conclude the basic agreements with participating countries. These agreements call for certain actions on the part of the aided nations, such as stabilizing currencies, balancing budgets, reducing trade barriers, furnishing information to the United States, facilitating United States stockpiling, and depositing local currency counterpart funds. The Secretary of State was also authorized, on the recommendation of the Administrator, to employ members of the foreign service reserve and staff for service in the Economic Cooperation Administration missions overseas. The embassies were made responsible for providing administrative and technical services to the agency on a reimbursable basis.

Overseas, a United States special representative with the rank of ambassador represents the Administrator in Europe, and is chief representative of the United States Government to the Organization for European Economic Cooperation. It is his duty to coordinate

the activities of the chiefs of the special missions in each of the countries receiving aid. These mission chiefs, although second in rank to the chief of the diplomatic mission, report directly to the Economic Cooperation Administration rather than to the ambassadors.

Experience under the Economic Cooperation Administration.—Review of the record during the past 3 years appears to indicate that advantages of speed and effectiveness were probably gained by the establishment of the Economic Cooperation Administration as an autonomous agency. The record also suggests, however, that this autonomy has made it hard to establish a proper dividing line between the responsibilities and functions of the Department of State and the Economic Cooperation Administration. It has been charged, for example, that Economic Cooperation Administration officials have too often taken positions and made them public on delicate controversial matters in the field of foreign relations without prior consultation with the Department of State. It has been claimed on the other hand that undue concern over foreign sensibilities on the part of the Department of State has prevented economic aid programs from developing their maximum effectiveness.

It has not been possible on the basis of limited investigation to draw firm conclusions about the various difficulties found to exist, or to assign responsibility for them with a proper degree of certainty. Nevertheless, the conclusion seems warranted that from the standpoint of getting the job done the decision to assign the task of the European recovery program to the Economic Cooperation Administration rather than the Department of State was probably justified under the circumstances prevailing at the time.

Dispersion of technical assistance and development activities

There are several areas in which the weaknesses of present arrangements for the conduct of foreign economic programs are particularly noticeable. One of these is the field of international development and technical assistance, in which the division of responsibility between the Economic Cooperation Administration and the Department of State, and the separation of these activities from other closely related economic affairs, are formidable obstacles to the "bold new program" envisaged in the point 4 formulation.

Technical assistance activities, in the general sense of programs designed to disseminate technical knowledge and promote capital investment abroad, have had a complex administrative history. The President, in his 1949 Inaugural Address, outlined four courses of action which he advocated that the United States should pursue in its international relations. The fourth of these, which has since come to be generally known as the point 4 program, was to make available the benefits of scientific advances and industrial progress in the

United States for the improvement and growth of underdeveloped areas. The President said:

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.

To carry out the point 4 program, the Act for International Development was passed in 1950, authorizing the United States to participate in multilateral technical cooperation programs carried out by the United Nations, the Organization of American States, or other international bodies, and, in addition, to plan and execute bilateral programs. The President delegated administrative responsibility to the Department of State, within which the Technical Cooperation Administration was established. The Administrator of this organization is authorized to direct and supervise such bilateral projects as he approves and for which he allocates funds. In the Department of State the four regional bureaus, the Bureau of United Nations Affairs, the Office of Financial and Development Policy, the Office of Educational Exchange, the Office of Transport and Communications Policy, and the UNESCO relations staff assist in carrying out the point 4 program. The Interdepartmental Advisory Council on Technical Cooperation facilitates government-wide coordination.

The Department of State also administers the 10-year-old program of the Institute of Inter-American Affairs. When the Office of Inter-American Affairs was terminated in 1946, authority to continue its activities was transferred to the Department of State, and in the following year the Congress reincorporated the Institute of Inter-American Affairs. Life of the institute now extends to 1955.

Additional technical assistance activity in the Department of State was provided under the Philippine Rehabilitation Act of 1946. General responsibility for coordination of the several programs authorized in the act was vested in the Secretary of State; these included work in the fields of roads, fisheries, sanitation, harbors, shipping, geodesy, and aviation. Eight Federal agencies providing the technical assistance received funds from the Secretary of State. Authority under this act expired June 30, 1950. In 1951 the Economic Cooperation Administration initiated its program in the Philippines, using funds available for aid "in the general area of China."

During the past 3 years, the Economic Cooperation Administration has developed the most extensive technical assistance program yet undertaken by the United States. Technical assistance backed by grants and loans has been carried out both in Europe and in the European colonial territories of Africa and Asia. These programs, together with aid to open up new sources of strategic materials have raised problems of relationship with the Technical Cooperation Administration of the Department of State.

The conduct of the same types of activity by both the Economic Cooperation Administration and the Department of State provides a setting for geographic and functional overlaps. In addition there are problems of coordination with the technical assistance financed through the International Bank and other specialized agencies of the United Nations. Technical assistance activities in the Department of State are largely separated from the broader program of investment that may be required to achieve real progress in underdeveloped areas. There is also question as to whether administration of the strategic materials program separately from technical assistance and other economic aid programs can achieve maximum results in the procurement and development of essential materials abroad.

The problem of scarce resources

Basic to the conduct of foreign economic affairs today is the task of obtaining the necessary raw materials to meet civilian and military requirements at home and at the same time to support programs of economic recovery, development, and military build-up abroad. To achieve an adequate supply of needed raw materials and their effective distribution among various demands calls for a series of related steps: The maximizing of domestic production and the development of substitutes; procurement of supplies abroad and development of new foreign sources; establishment of priorities and allocations at home and internationally; and the operation of a system of export claims, quotas, and licenses that will protect domestic objectives and at the same time assure that foreign commitments are met.

Several measures have thus far been taken to carry out these requirements. The Export Control Act of 1949, which gives the President export control authority, declares it to be the policy of the United States to use export controls:

* * * to the extent necessary (a) to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demands; (b) to further the foreign policy of the United States and to aid in fulfilling its international responsibilities; and (c) to exercise the necessary vigilance over exports from the standpoint of their significance to the national security.

Most of these powers have been delegated to the Department of Commerce.

Second, the Defense Production Act of 1950 declares it to be the intention of the United States to develop the military and economic strength necessary to oppose aggression and promote peace, and that "this task requires diversion of certain materials and facilities from civilian use to military and related purposes. * * *" This act accordingly provides the President with authority to make needed adjustments in the economy and "to promote the national defense, by meeting, promptly and effectively, the requirements of military

programs in support of our national security and foreign policy objectives. * * *” Among other authorities, the Defense Production Act conferred upon the President authority to institute a system of priorities and to allocate materials and facilities. These priorities and allocations powers were delegated by the President to the Defense Production Administration by executive order of January 3, 1951.

Another step in the direction of assuring the availability of materials needed for the defense program at home and the fulfillment of foreign commitments was the appointment by the President in January 1951 of a Materials Policy Commission to study the longer range aspects of the material needs of the nation. This commission will review United States requirements and supplies, as well as the needs and resources of the nations with which the United States is cooperating.

The immediate problems arising out of the present mobilization effort are being considered in a Committee on Foreign Supplies and Requirements under the chairmanship of the Administrator for Economic Cooperation. This committee was formed in the Office of Defense Mobilization to advise on problems relating to the economic aspects of foreign requirements, including policies on allocation of materials to meet foreign aid programs. Members include representatives of the Department of State, Treasury, Defense, Interior, Agriculture, Commerce, and Labor, the Defense Production Administration, Economic Cooperation Administration, General Services Administration, and the Special Assistant to the President, Mr. Harriman. In addition to this arrangement, international materials boards have been established for a number of commodities, representing the principal consuming and producing nations, and concerned with a number of critical materials such as wool, zinc, and manganese.

Arrangements for stockpiling strategic and critical materials were made prior to the present emergency through the Strategic and Critical Materials Stockpiling Act of 1946. Under this act at least 16 executive agencies have had a share in the stockpile program, but planning and follow-up were made the responsibility of the Munitions Board which in turn depends for advice on an interdepartmental stockpile committee comprising the major participating agencies. Operations are under the jurisdiction of the Emergency Procurement Service in the General Services Administration, and this agency performs not only as the procurement agency but also takes the initiative to obtain action on the part of other agencies to increase production or development of new supplies. The Economic Cooperation Administration is also engaged in the purchase of deficiency materials as well as the development of new enterprises to increase

production of materials abroad; and the Export-Import Bank grants long-term loans for developing foreign resources.

Claims for materials that are subject to priority and allocation control and that are needed to carry out foreign economic aid programs are the responsibility of several different agencies. The Economic Cooperation Administration claims for countries in which it now conducts programs; the Department of Agriculture claims for agricultural products going to the countries not included in the Economic Cooperation Administration activities; and the Department of Commerce claims for all other materials. There are also several agencies which set export quotas, including the Departments of Agriculture, Commerce and Interior. Issuance of export licenses, except for munitions, is the responsibility of the Department of Commerce.

At present, there is no one place where aggregate foreign claims are centered; a comprehensive view of what is needed for these programs cannot be obtained. Moreover, the establishment of export quotas and the exercise of export control are in different agencies. Once quotas have been decided, however, decisions on individual export applications involve considerable discretion.

The absence of centralization has created obstacles to meeting foreign commitments and carrying out foreign economic policies. With export control in the Department of Commerce, that agency has been in a position to hold up the shipment of materials needed to achieve recovery and rearmament objectives in western Europe. Being concerned primarily with domestic interests, the department may be inclined to give more weight to the effect of individual exports on the domestic economy than to the need to promote the objectives of the United States abroad.

The need for improved economic intelligence

An adequate factual basis on which to make decisions is essential to the satisfactory conduct of foreign economic affairs. In recent years this need has grown with the increasing significance of the economic aspects of international activities.

The functions which economic reporting should fulfill today cover a wide range. Broad knowledge of the economic requirements and potential of foreign countries is needed in connection with programs of technical assistance and investment. Introduction of the principle of mutual aid has highlighted the importance of a thorough understanding of local economic problems; and the importance of directing economic aid to achieve the most effective regional economic development requires factual background covering extensive geographical areas. Economic trends must be evaluated to forewarn of impending economic crises and to furnish a basis for estimating the political effects of economic conditions. Information is also needed on scarce mate-

rials and the possibilities of developing new material sources; and economic appraisal is necessary to determine the actual or potential strength of other countries.

Foreign economic reporting has not kept pace with these needs and the vastly expanded responsibilities of the United States in foreign affairs. It has neglected strategic interests in favor of commercial interests. It has not adequately pointed up the relation between economic phenomena and political conditions, and has failed to provide realistic analysis of the problems and potentials of foreign countries.

The inadequacies of the foreign economic reporting system can be attributed in part to the unnecessary requests of Washington agencies, the limited control so far exercised by the Department of State over this activity, and the resulting volume of routine work which occupies the time of staffs abroad. Some agencies apparently seek to obtain all possible information on every conceivable subject within their official jurisdiction without regard to its immediate or ultimate usefulness. This situation derives in turn from the pressures exerted on Washington agencies, especially by business interests, to obtain such coverage. In the Department of State there has been relatively little success in evaluating requests, weeding out unnecessary demands, and developing methods and objectives. The function performed by the department has been one mostly of providing a central processing and communications service rather than functional guidance. Both in the embassies and the country missions of the Economic Cooperation Administration there was found to be widespread agreement that foreign economic reporting is to a large degree geared to requirements far removed from today's issues. The volume of detail and devotion to the inconsequential found in economic reports, however, would be difficult to defend under any condition.

The most frequent charge leveled against present foreign economic reporting is that embassy work is confined to reporting after the fact and does not analyze trends and anticipate events. An obstacle to such analysis and forecasting lies in the fact that personnel assigned to economic reporting in the embassies abroad often have neither the training nor the interest necessary for broad-gauged performance.

Under these circumstances the factual basis on which the United States must build its foreign economic policies is not a strong one. Much of the trouble appears to lie in the organizational arrangements for the recruitment and assignment of personnel for service abroad, as well as in the planning and execution of reporting activities. The fact that economic reporting has been largely on a narrow commodity basis reflects the fact that in the past the approach to foreign economic affairs has not been sufficiently comprehensive to require broader economic analysis.

Relations with international economic agencies

The problem of organizing the United States Government for the conduct of foreign economic affairs has increased in complexity in recent years in part because of the development of the new international organizations, as noted in chapter II. The discussions of economic policy that have been carried on in the conferences of the international organizations have required extensive interdepartmental preparatory work in support of the United States delegations, while the question of whether to carry on operating programs through the international organizations has been a recurring one.

The organizations that have functioned to an important degree as centers of economic policy discussion on a world-wide basis have been the Economic and Social Council of the United Nations, the International Monetary Fund, the International Bank, the Food and Agriculture Organization, and the International Labor Organization. The conferences devoted to the establishment of the International Trade Organization and the adoption and revision of the General Agreement on Tariffs and Trade, as well as the meetings of the contracting parties, have likewise been important, even though the International Trade Organization has not come into existence.

The United Nations Relief and Rehabilitation Administration and the International Bank for Reconstruction and Development were the first international organizations to be created with major responsibilities for the administration of large-scale programs. The first of these organizations encountered political difficulties that led to termination of its program in 1947, but since then the International Refugee Organization has carried on a substantial temporary program within a more limited field and with financing provided mainly by the United States. The lending program of the International Bank began slowly but has gathered momentum from year to year, and it has become a substantial factor in dealing with the problems of the underdeveloped areas of the world.

The general problem of international development has received much attention in the United Nations in recent years. Approximately one third of the United States appropriation for point 4 is currently being channeled through the United Nations and the specialized agencies, and an additional portion is being channeled through the Organization of American States.

A recent example of a multilateral approach to the conduct of foreign economic activities is provided by the operations of the Organization for European Economic Cooperation. Through this organization the several participating nations have reached agreements with respect to the allocation of American aid, the stimulation of intra-European trade, machinery for international payments, and western European economic development as a whole. More recently there has

been increasing discussion of economic problems related to mobilization and defense in the North Atlantic Treaty Organization, in which Canada and the United States are full members and which has a somewhat more limited European membership than the Organization for European Economic Cooperation.

The strategic factors involved in distributing economic aid under existing world conditions tend somewhat to inhibit the use of the international organizations. At the same time, it remains true that economic program developed bilaterally frequently give rise to charges of undue self-interest on the part of the United States. Even though such charges may be unjustified, it appears desirable wherever possible to work through the international organizations in order to allay suspicions and to promote the type of cooperative endeavor that can result only from the teamwork of a group of nations.

So far as the European area is concerned, the relationships with and between the North Atlantic Treaty Organization and the Organization for European Economic Cooperation were recently somewhat simplified by reorganization of the international committees of the North Atlantic Treaty Organization. The Defense Financial and Economic Committee of NATO, composed mainly of treasury ministers and with headquarters at London, was abolished. A new Financial and Economic Board (FEB), subordinate to the North Atlantic Council Deputies, was established with headquarters at Paris. It is expected that governments, including the United States, will be represented on the new board by senior members of their delegations to the Organization for European Economic Cooperation. This should go far to assure close coordination between the respective activities of NATO and OEEC while maintaining the latter as a permanent institution with interests broader than those of purely defense economics.

Coordination problems arising out of foreign economic affairs

It has been noted that a large number of agencies share the responsibility for conducting various aspects of foreign economic affairs. Despite this fact there now exists no single place in the Government short of the President himself, where responsibility for the coordination of United States foreign economic policy as a whole is effectively lodged; and the same may be said for the coordination of foreign economic policy with policies governing domestic affairs.

Coordination of foreign economic policies.—Effective coordination in the field of foreign economic affairs is vital so long as there is wide interagency dispersal of functions in this field. Close relationship among agencies is required not simply as a means of assuring adequate interchange of information, but to bring together points of view which need to be harmonized if removal of conflicts and formulation of any semblance of unified national policy are to be possible. Re-

ardless of whether principal foreign economic activities were consolidated, either in the Department of State or in a separate foreign economic affairs agency, there would still remain a government-wide problem of foreign economic policy coordination because of the large number of departments which in any event will continue to have responsibilities in this field. The Department of Agriculture, for example, will presumably continue as the principal agency concerned with agricultural activities both at home and abroad, just as the Department of the Treasury will maintain its position of leadership in domestic and foreign monetary and financial matters. Decisions as to foreign economic policy, then, will involve joint efforts on the part of a number of government agencies. There will also be a continuing problem of coordination to relate foreign economic policies to over-all foreign policy considerations.

Various mechanisms for the coordination of foreign economic policy have been tested during recent years. During the Second World War, the Economic Defense Board provided a Cabinet-level committee to coordinate the various international economic programs in which the United States was engaged. A later approach to achieving unified economic policy was the creation of the wartime Foreign Economic Administration. Later the Executive Committee on Economic Foreign Policy was set up under the chairmanship of the Department of State to assist in performing the coordinating function, and it in turn created numerous subcommittees on specific problems and issues of relatively limited scope. This committee was followed by the creation of a number of other specialized interagency committees, including the National Advisory Council on International Monetary and Financial Problems. These arrangements as a group cover a large part of the foreign economic field, but mechanisms of this sort cannot provide an over-all view or the direction and leadership required for a unified approach to foreign economic problems.

The Department of State as an agency has the same general responsibility for leadership in securing coordination in the field of foreign economic policy that it has for other phases of foreign policy and foreign affairs. It attempts to meet that responsibility in many ways. The economic staffs under the Assistant Secretary of State for Economic Affairs follow developments on a global basis, carry on advance planning to meet emerging situations, and are active in all phases of preparation for and conduct of intergovernmental negotiations on economic matters, particularly such matters as are handled on a multilateral basis. The economic staffs attached to the regional bureaus are similarly concerned with foreign economic policy for the world regions and individual foreign countries assigned to each bureau. The Office of European Regional Affairs in the Bureau of European Affairs, for example, has been actively involved in the economic policy

aspects of the European recovery program and is currently giving much of its attention to the economic aspects of mutual defense assistance to the North Atlantic Treaty countries.

The work of the Department of State as a leader in securing coordination of foreign economic policy has been most effective in connection with the trade agreements program, other matters of commercial policy, and generally for the matters in which decisions take the form of formal intergovernmental agreements. In other matters, where statutory powers of decision have been vested in other agencies of the government and particularly in the case of programs where other agencies have operating responsibility, the position of the Department of State has been relatively weak. Policy often tends to be made through the sum total of operations from day to day, particularly in the case of programs involving large expenditures and for which financial control tends to become decisive.

The present dispersion of responsibility for policy decisions as well as for day to day operations in large part reflects uncertainty and disagreement as to the proper role of the Department of State in the operation and coordination of foreign programs. That problem will be discussed further in chapter VI, as well as later in this chapter.

Coordination of foreign and domestic economic policies.—Closely allied to the problem of achieving coordination among agencies concerned with foreign economic policy is that of arriving at consistent and effective economic policies from the standpoint of both domestic and foreign implications.

The Report to the President on Foreign Economic Policies by Mr. Gordon Gray has emphasized that the present economic outlook makes increasingly untenable the inconsistencies between domestic and foreign economic policies. For example, with labor and material shortages possibly continuing over a long period, and with further shifting of resources from civilian to military production, the continuation of high tariffs, burdensome customs procedures, and discriminations against foreign goods are clearly in conflict with the national interest. The attempt to achieve economic strength in the United States and among its allies makes these policies with respect to international trade wholly inconsistent. The need for reconciling foreign and domestic policies is also to be found in the field of agriculture, where the present price support program has had widespread repercussions abroad that are in direct contradiction to United States foreign policy objectives. Such domestic policies are damaging not only to specific objectives but to the reputation of the United States for sincerity in the effort to promote world cooperation.

The obstacles to resolving some of the most important inconsistencies rest mainly in the strength of domestic special interests. But the extent to which domestic and foreign aspects of national policy

can be reconciled depends in part on the availability of machinery by which fuller understanding of the issues is possible.

MAIN ISSUES AND ALTERNATIVES

In the preceding section it has been seen that the existing foreign economic activities have taken on a variety and complexity that has introduced new and difficult problems of organization and administration. Four principal issues must be resolved. It must be decided where the administration of foreign economic aid should be lodged; to what extent other economic activities should be included in any centralization of foreign economic aid; what measures should be taken to coordinate the activities of the several agencies of the Government that in any event will continue to share responsibility for foreign economic activities; and what procedure or mechanisms should be established for the coordination of foreign with domestic economic policy.

In considering all of these issues, it is important to bear in mind the major changes in emphasis that are occurring with respect to economic aid. The European recovery program has been largely completed so far as its original objectives are concerned although a number of the individual countries included in the program remain in a difficult economic situation. On the other hand, the economic aspects of what has so far been known as the mutual defense assistance program have constantly grown in importance in recent months. The President's message to Congress of May 24, 1951, presenting proposals for economic assistance in the amount of 2.25 billion dollars during the next fiscal year as a part of the 8.5 billion dollars proposed for the entire mutual security program, makes it clear that future appropriations for economic aid will be mainly determined by the extent to which such aid is directly related to the requirements of the national defense emergency.

Issue 1: Administration of foreign economic aid

In what agency or agencies shall the administration of foreign economic aid be lodged?

During the past few years the agency issue with respect to foreign aid programs has been under consideration in several official reports on foreign affairs. Three members of the Hoover Commission favored the creation of a separate Administration of Overseas Affairs to administer occupied areas, the European recovery program, and the administration of island possessions and trust territories. The Report to the President on Foreign Economic Policies by Mr. Gordon Gray recommended a foreign economic programs agency which could achieve the necessary administrative centralization. An Overseas Economic Administration was recommended to the President by the

International Development Advisory Board under the chairmanship of Mr. Nelson Rockefeller. In the studies preceding establishment of the Economic Cooperation Administration, several reports to the President and the Congress recommended the establishment of an independent agency to administer foreign economic assistance.

Consideration of where economic aid should be centered for administrative purposes does not imply that the foreign role of the various agencies of the Government such as the Departments of the Treasury, Interior, Agriculture, Commerce, Labor, and others, should be terminated. It is assumed that under any administrative arrangement these agencies will continue to participate in the formulation of foreign economic policy, and that any centralization of administrative responsibility would still call for operating assignments to the agencies having special competence in their respective fields.

The six major alternatives with respect to the administration of economic aid programs in Washington which we consider are: (1) to continue the existing arrangement of having both the Department of State and the Economic Cooperation Administration participate in the conduct of major economic aid programs, (2) to bring about a closer partnership between the two agencies, (3) to concentrate the administration of economic aid in a special purpose executive agency: the Economic Cooperation Administration, a new Overseas Economic Administration, or a Department of Foreign Economic Affairs, (4) to transfer Economic Cooperation Administration activities into the existing structure of the Department of State, (5) to transfer the Economic Cooperation Administration to the Department of State as a unit, and (6) to create a new Department of Foreign Affairs, replacing the Department of State, in which there would be a foreign economic affairs agency as one of several coordinate parts of the Department.

It is possible, of course, that some other existing agency or agencies might assume central responsibility for economic aid; for example, the Department of the Treasury, the Department of Commerce, or the Export-Import Bank. It is believed that while an assignment to one of these agencies might be feasible, the nature of their present responsibilities and the importance of their domestic clientele interests eliminate them as practical alternatives.

Most of the issues involved in the recent Gordon Gray and Rockefeller board administrative proposals will be discussed in connection with the alternatives we have selected for consideration. The Gordon Gray proposal is apparently a variant of alternative three, although the possibility that it is a variant of alternative five is not excluded by the language of Mr. Gray's report. The Rockefeller board proposal is a variant of alternative three, since it is a proposal for the creation of a new permanent foreign economic affairs agency separate from the Department of State.

The Hoover Commission proposal for an Administration of Overseas Affairs was not a proposal for an agency that would have the administration of foreign economic affairs as its primary purpose. Rather it was a proposal for a general purpose foreign program administering agency. It will accordingly be discussed mainly in chapter VI, although the present discussion will be pertinent to the problem as it arises in chapter VI.

Alternative 1 is to continue the existing division of responsibility between the Department of State and the Economic Cooperation Administration.

A principal argument in favor of continuing the present division of responsibility for foreign economic aid programs is that the existing arrangements have resulted in successful accomplishment. The fact that two or more agencies have been engaged simultaneously in the conduct of economic aid programs has apparently not had damaging consequences. It is also argued that the Economic Cooperation Administration has provided a convenient administrative arrangement capable of accommodating temporary economic aid activities without disturbing other permanent program administration in the Department of State.

A different view is that the present separation of economic aid between the Department of State and the Economic Cooperation Administration on the basis of long-term versus emergency operations is in many respects an artificial distinction. The type of economic development that has been sponsored by the Economic Cooperation Administration in its overseas development program, and in its technical assistance and strategic materials activities, has been similar in many respects to technical assistance rendered through the Institute of Inter-American Affairs and similar aspects of the work of the Technical Cooperation Administration in the Department of State. As the point 4 program becomes more closely associated with the procurement of scarce materials and the development of raw material sources, there will be a further similarity between these activities and major aspects of technical assistance as conducted by the Economic Cooperation Administration.

More significant opposition to the existing separation arises from the charge that the impact of different aid activities cannot be confined to any particular area of the world or to any particular aspect of economic activity. Two separate agencies for economic assistance, therefore, are said to lead inevitably to overlap and conflict, with failure to realize the advantages of over-all strategy, selection of the best tools and timing, and the best place to accomplish the desired objective. For example, economic assistance by the Economic Cooperation Administration in Europe has important repercussions on Latin American countries. The view has accordingly been taken that

a point 4 program of any magnitude should be related to economic country programs elsewhere.

The belief has been expressed that the need for a unified approach will become more obvious as time goes on. This may be especially true if the point 4 program becomes in fact a "bold" program and therefore of sufficient magnitude to make untenable a separation of this program from the activities in which the Economic Cooperation Administration and the Institute of Inter-American Affairs are now engaged. With the exception of strictly relief activities such as the delivery of food to Yugoslavia or emergency relief to Korea, it is said that the approach to economic aid programs, whether they are termed technical assistance, point 4, reconstruction, or economic development, needs to be made on the basis of a country program which provides the master plan.

These longer-range considerations are said to be reinforced by the requirements of the national defense emergency. Under the existing pattern, the relationship between the Economic Cooperation Administration and the Department of State is one of substantial autonomy so far as the European recovery program is concerned, but one in which the Economic Cooperation Administration acts as the agent of the Department of State so far as economic aspects of mutual defense assistance in the same countries are concerned. These arrangements introduce inconsistencies that seemingly should be cured in some way.

Alternative 2 is to create a closer partnership of the Department of State and the Economic Cooperation Administration by assigning responsibility for the negotiating and policymaking functions of the economic aid programs to the Department of State and the programing and operating responsibilities to the Economic Cooperation Administration.

This arrangement would be similar to the existing situation but would provide a more specific role for the Department of State in defining the objectives to be achieved through economic aid and in the negotiating phases of economic aid programs. The Economic Cooperation Administration would be responsible for actual conduct of the day-to-day operations, including those of point 4 and the Institute of Inter-American Affairs. This solution has in its favor the argument that if misunderstandings concerning the respective roles of the two agencies could be prevented, existing arrangements would be preferable to any large-scale reorganization, with resulting confusion and loss of momentum during the present critical period. Under such an arrangement both agencies would combine their capabilities and seek to achieve a greater degree of teamwork. In practice there are already numerous formal and informal coordinating arrangements, and joint use of overseas personnel and joint financing of projects have been common.

Despite these current relationships, it is argued that much closer teamwork could be developed. The master agreements concluded by the Department of State, for example, enable the Department to set forth only general conditions on which aid will be forthcoming. Details of agreement as to the actual aid to be extended are reached in the day-to-day negotiations conducted by the Economic Cooperation Administration without formal Department of State participation. This situation, it is argued, should be corrected by making the Department of State responsible for all negotiations that are concerned with more than technical matters and which involve the higher officials of other governments. When powers of negotiation are divided, each team of United States negotiators may find itself at a disadvantage in not having all the pertinent facts; and foreign negotiators have an undue advantage if all considerations are not taken into account through the United States instrumentality which has general responsibility in the field of foreign affairs. To illustrate, all negotiations with other members of the North Atlantic Treaty Organization on matters of economic aid should take into account the related negotiations on military aid as well as the economic requirements for support of the common mobilization effort.

Alternative 3 is to establish a special purpose executive agency for foreign economic aid, by continuing the Economic Cooperation Administration, creating a new Overseas Economic Administration, or establishing a Department of Foreign Economic Affairs.

The original decision to establish the Economic Cooperation Administration was based on the belief that the scope and urgency of the economic aid program required strong direction by a special purpose executive agency; that a new temporary function had been added to the peacetime responsibilities of the United States Government. It was generally agreed that a new organization was needed which would have as its single purpose the successful conduct of the aid program, and which would not be influenced or hampered by a variety of different and possibly conflicting purposes. Such an agency would have a highly specialized task to perform, involving procurement, transportation, financial arrangements, and various aspects of industrial economics. As stated at the time by Secretary of State Marshall: "In most matters it will be purely business, which we in the State Department do not have to concern ourselves with."

It was felt, too, that the aid program should not in fact or appearance take the form of an added duty imposed on an already busy official. In addition, it was said that a separate executive agency would provide the degree of responsibility required to attract the most capable leadership; and being free of the hiring restrictions and red tape of established government agencies, it would provide the drive and flexibility needed to assure prompt and effective action.

Some of these arguments favoring an independent agency for the administration of foreign-aid programs may no longer carry the weight that they did 3 years ago, and some of them pertain to a temporary agency and not a permanent establishment for foreign economic affairs. It is argued, for example, that the Economic Cooperation Administration cannot continue indefinitely to be a new agency with its special advantages, such as they are. Those who oppose a special purpose economic agency point also to the increased burden that such a solution imposes on the President and on the machinery for interagency coordination. They also raise the objection that economic aid is an important part of foreign affairs and as such must be closely integrated with over-all policy. Removal of economic aid activities from the responsibility of the Department of State, they say, opens the door to conflicts between foreign policy as a whole and this highly important segment of foreign policy. Although it may be granted that the accomplishments of the Economic Cooperation Administration have so far outweighed the difficulties created by the independent status of the agency, it is contended that recent experience arising out of divided authority between the two agencies has had a damaging effect on relations with foreign countries and should not be tolerated on a permanent basis.

Others take the position, however, that while the problem of achieving a unified foreign policy is a real one, it exists not only in the area of economic aid but also with respect to defense activities and a number of other agency programs. It does not follow from the existence of this difficulty that no foreign activities can be entrusted to agencies outside the Department of State. On the contrary, it is argued, the concentration of foreign economic activities in the Department of State would not guarantee that the problem of coordinating economic programs with foreign policy objectives would be more readily solved.

Considerations favoring a special purpose agency to administer aid programs under present conditions are also said to be found in the lessons of the Second World War, when many of the same problems were encountered. At first responsibility for foreign economic activities was widely divided among several permanent and several newly established agencies. By late 1943, however, the functions of these separate agencies were consolidated outside the Department of State in the Foreign Economic Administration. Today problems of foreign aid have become comparable in magnitude to those of the war years. Already there has been some centralizing of economic aid activities in the Economic Cooperation Administration. Major foreign economic aid programs, with the exception of point 4 and the Export-Import Bank, are now lodged in that agency. The analogy to the Second World War experience, it is contended, will become increasingly apparent if the scale of economic assistance expands to

meet the requirements of the military build-up and economic strengthening of friendly nations.

How many years it will be necessary to bolster the military and economic strength of friendly nations remains in doubt, but the maintenance of large military forces in Europe over a considerable period of time would undoubtedly require heavy commitments for economic assistance, and in the underdeveloped areas anything approaching an effective program of technical assistance and investment will involve greater sums than those authorized to date.

In his report to the President on Foreign Economic Policies, Mr. Gordon Gray concluded that in addition to aid for military build-up abroad, it would be necessary to rely heavily on grants and loans for a vigorous development program in large areas of the world. It was recommended that the lending authority of the Export-Import Bank should be increased from 3.5 to 5 billion dollars; that grants of up to 500 million dollars a year would be required for several years for development and technical assistance programs apart from emergency requirements arising from military action. Since that time large demands have also arisen for emergency relief assistance, including aid to Yugoslavia, India, and the Philippines.

The size of the known foreign-aid requirements and the strong possibility that greater demands will be made on American resources in the future indicate that a large-scale administrative task may have to be performed over an indefinite period of time. This outlook, it is said, reinforces the contention that a continuing foreign economic agency is an essential addition to the Government structure.

If the argument is thought to favor a special-purpose agency for foreign economic affairs, the question of the kind of agency introduces a further problem. To meet the immediate requirements of current aid programs, an extension of the present Economic Cooperation Administration for an indefinite period would provide one possible solution. If this solution were to be adopted, it would probably be desirable to maintain the present name of the organization and the basic legislation establishing it, and merely to eliminate the present termination date. The creation of a new independent agency, as suggested by several recent studies, does not appear warranted at this time unless there is a strong feeling that the original recovery program objective is so firmly implanted in the existing agency and its staff that a complete change is necessary to provide the proper reorientation in the light of current foreign aid objectives. In any event, it would seem that if a new agency were to be established, the Economic Cooperation Administration would of necessity be drawn upon for basic organization and much of the staff.

In the event that a permanent organizational solution in the form of a new agency separate from the Department of State is desired,

there may be a case for a new executive department, namely, a Department of Foreign Economic Affairs headed by a Secretary of Foreign Economic Affairs, especially if it is believed that foreign economic activities will continue indefinitely at anything near their present scope and magnitude. Whether under conditions of less extensive foreign economic activity it would be desirable to maintain a separate executive department for the purpose, however, is open to serious question. These matters are discussed further in a later section of this chapter.

Alternative 4 is to transfer the activities of the Economic Cooperation Administration into the existing structure of the Department of State.

This alternative finds considerable support in the fact that foreign economic aid programs are potent instruments of foreign policy and, therefore, need to be closely tied in with other foreign activities to assure the furtherance of United States foreign policy objectives. The Department of State is now the focal point for general questions of foreign economic policy and for a number of specific foreign economic aid activities, including point 4 and technical assistance under the Institute of Inter-American Affairs. It is also in charge of the military assistance program, which in its production aspects abroad is intimately related to other economic aid.

The scope of these activities is frequently cited in support of expanding the responsibilities of the Department of State to include other economic aid programs. It is also contended that the Department performed a creditable job in the conduct of the Greek aid program, and that the charge that it is a poor program operator cannot be substantiated. A further reason given for centralizing economic aid in the Department of State at this time is that establishment of the Economic Cooperation Administration was never intended as a solution to the long-range problems of foreign economic affairs, but only as a temporary means of meeting emergency postwar reconstruction requirements.

Another point possibly favoring control by the Department of State is the changing nature of the problem of economic assistance. Since economic aid is now being directed to strengthening the military resources of friendly governments, or to compensating for the diversion of resources to military build-up, it is argued that these aid measures should be under the supervision of the Department of State for close coordination with the mutual defense assistance program.

Another reason for suggesting administration of economic aid by the Department of State is that the Department must of necessity continue to concern itself with economic activities regardless of other agency arrangements because economic questions are involved in the greater part of all foreign affairs. If the Department of State is to

continue such activities as economic reporting and the negotiation of commercial and trade agreements, there would be two agencies with a primary concern with foreign economic affairs unless aid programs were also lodged in it. It is contended that waste and confusion would result from having two major agencies responsible for the administration of foreign economic affairs.

An argument frequently cited in support of the Department of State solution is that reasonably satisfactory relations between the Department of State and the Economic Cooperation Administration have been possible in part because of the assumption by the Department of State that the Economic Cooperation Administration was temporary, and therefore that the Department of State would eventually be delivered from the independent attitude of the new agency. The contrary view is also argued, however; that if an independent agency were made permanent, there would be an end to major jurisdictional uncertainties and therefore fewer conflicts. Those favoring a shift of the Economic Cooperation Administration activities to the Department of State also point out that a basic reason in favor of creating the new economic agency was the belief that the Department of State would be unable to get the European recovery program under way promptly. After 3 years of activity, the program and organization have been established, and the Department of State could readily take over.

Opposition to concentrating economic aid programs in the Department of State is sometimes expressed on the grounds that human limitations have already been exceeded in the assignment of functions to the Secretary of State, although this argument may also be thought to apply with equal or greater force to other Washington officials, including the President. According to this view the Secretary of State has become so overburdened that many highly important responsibilities cannot be given the attention they need. Much more time, it is said, should be available for over-all policy formulation, for the development of satisfactory relations between the Department of State and the Congress, and for the creation of public understanding and support for foreign policies. These tasks, which are basic to the success of foreign relations, require particular effort because the Department of State lacks any powerful group support for its position such as can be counted on by most agencies of the Government dealing in domestic affairs.

Under these circumstances, the argument goes, it is a mistake to burden the Secretary of State with massive administrative tasks that will allow him still less time for more basic functions. The Secretary should not be forced to appear before Congress as a claimant for large sums of money in competition with other agencies, since this undermines his position as a policy leader, arbiter, and coordina-

tor. Nor should he be placed in the position of defending real or alleged irregularities of expenditure in a vast and ramified organization. With such extensive foreign economic aid activities under way and contemplated, it is essential to allow for some "spreading of the heat" in this highly explosive field instead of concentrating responsibility and therefore criticism on one target.

Another argument against making the Department of State responsible for foreign economic aid is to the effect that the complexities of the aid program require the services of experts trained in many specialized fields. It is argued that there is danger of ineffectiveness in assigning to a multipurpose agency such as the Department of State the specialized tasks that have arisen in recent years in the administration of foreign economic aid.

Alternative 5 is to transfer the Economic Cooperation Administration as a unit to the Department of State and to consolidate the economic programs of the Department of State in this unit, which would be given semi-autonomy within the Department.

This alternative is designed to meet the criticism directed against Department of State control over foreign economic aid by creating a foreign economic administration within the structure of the Department which would have its own administrative and personnel services but which would receive foreign policy direction from the Secretary of State. It would involve transfer of the Economic Cooperation Administration as a unit to the Department of State, and the inclusion of point 4 and Institute of Inter-American Affairs activities in the new agency within the Department.

Support for this arrangement lies basically in the fact that in the opinion of many of those who have studied the problem closely, it offers the most practical solution to the dilemma which would result from attempting to choose between an independent foreign economic affairs agency outside the Department of State and the absorption of the activities of the Economic Cooperation Administration into the present structure of the Department of State. The compromise solution of consolidating foreign economic aid activities in a separate and for most purposes autonomous unit of the Department of State is thought to offer reasonable assurance both of effective program operations and of close relationship between economic aid and the conduct of foreign relations generally. It would provide a natural administrative setting for the consolidation of present Economic Cooperation Administration missions overseas with the economic sections in the embassies; and the combined overseas economic activities would be staffed by and report directly to the foreign economic administration within the Department of State in Washington.

In opposition to this proposal, however, it is contended that it would fail to meet a number of the objections noted under the last

alternative. Moreover, if the Economic Cooperation Administrator were no longer to report directly to the President, the elimination of this statutory relationship might relegate the administration of foreign economic aid to a secondary position in the field of foreign affairs. It is argued also that the present independent status of the Economic Cooperation Administration has been a major factor in attracting personnel of high caliber in the top levels and that transfer of the agency into another department would reduce considerably the attractiveness of Government service in this area.

Alternative 6 would be to create a new Department of Foreign Affairs, replacing the Department of State, within which there would be a Department of Foreign Economic Affairs as one of several coordinate units.

This alternative would be modeled somewhat on the existing organization of the Department of Defense. The new Department of Foreign Affairs would be an executive department; it would probably contain three subordinate administrative departments. In addition to the Department of Foreign Economic Affairs, these might include a department of diplomatic and consular affairs and a department of overseas information affairs. Major aspects of policy planning and direction would be centered in the office of the Secretary of Foreign Affairs; operations would be conducted through the three administrative departments.

Under this arrangement foreign economic aid administration would remain at something like its present position in the administrative structure of the Government as a whole rather than being placed under the existing Department of State. A new top management for foreign affairs would be established which would provide unified direction and coordination, and which would establish integrated policies for the effective use of all available instruments for the conduct of foreign affairs.

Favoring such a set-up is the belief that in this way a consolidation of economic activities could be effected without submerging them in the present Department of State organization or withdrawing them from the administration of other aspects of foreign affairs. By thus preserving the separate administration of Economic Cooperation Administration affairs and adding to these programs other economic activities now in the Department of State, the importance of foreign economic programs would be maintained without sacrificing the overall foreign policy direction required to make the best use of these programs.

Against the proposal is the drastic nature of the changes that would be required and the unsolved complexities involved in working them out, particularly with respect to the functions of the Department of State other than those pertaining to economic and information affairs.

Presumably there would be three sets of regional bureaus with action authority going directly to their respective parts of the missions overseas. Many of the objections cited under the previous two alternatives would again be raised, and it would be said that the inherent problems of the Department of State could not be changed merely by renaming it the Department of Foreign Affairs.

Issue 2: Administration of other foreign economic activities

If the administration of foreign economic aid is centered in a specialized agency, to what extent should the administration of other foreign economic affairs be assigned to that agency?

In addition to economic aid programs are such related foreign economic activities as negotiation of trade and commercial agreements, economic reporting, the procurement and development of strategic materials, lending operations, and export-import controls. The question of whether or to what extent these activities need to be administered in conjunction with economic aid programs is one on which a choice among the alternatives under the preceding issue depends to a considerable degree.

When the Economic Cooperation Administration was created, its operations were limited to the specific function of carrying out the European recovery program and more limited economic aid activities in certain other areas. The decision to separate these foreign economic activities from the conduct of other economic affairs was based partly on the large-scale operating requirements in connection with the European program. These requirements distinguished large-scale aid activities from the negotiating, reporting, and policy-making aspects of some of the other foreign economic responsibilities of the government. Furthermore, the European recovery program was an emergency undertaking, and therefore could presumably be conducted as a temporary and relatively isolated one-time program outside the regular channels of government. When the desirability of a foreign economic aid organization on a continuing basis is considered, however, it is argued that this artificial separation which appeared feasible for a short-term program cannot be defended as a long-term arrangement. In the long run, it is contended, the solution must be found in correcting such deficiencies of the Department of State as may interfere with the effective conduct of economic programs.

Those who favor limiting an economic affairs agency to the conduct of foreign-aid programs, with no permanent responsibilities in the field of foreign economic affairs, do so largely on the grounds that if further foreign economic activities were transferred to such an agency the Department of State would be stripped of a large part of its powers. Such a move would accentuate the problems arising from separation of foreign economic activities from over-all foreign policy considerations. The suggestion that a separate agency take over all

economic functions might be regarded as an effort to create another foreign office.

On the other hand it may be argued that to divorce related economic activities from the conduct of economic aid programs is unrealistic. With respect to economic reporting, for example, the agency having the responsibility for foreign economic aid programs may be in the best position to report on economic conditions and trends. Thus, if the decision were to concentrate aid activities in an independent agency the question raised would be whether economic reporting should be transferred to such an agency from the Department of State. In favor of such a transfer is the fact that economic reporting under existing arrangements is inadequate, whereas the intimate contacts developed through the activities of the Economic Cooperation Administration may point to the desirability of allowing the aid organization to handle such activity.

The logic of relating the procurement and development of strategic materials to aid programs, it is pointed out, has already been demonstrated by the Economic Cooperation Administration, which has participated in purchasing such materials with counterpart funds. This operation ties in closely with the overseas development program of the Economic Cooperation Administration and with its technical assistance programs. It is now recognized that the objective of obtaining further supplies of scarce materials and of developing new sources of supply can be furthered by using economic aid programs for this purpose.

It is obvious that the time, place, amount, and type of purchases made and the prices paid have important effects on the economic condition and development of any country that is a major source of such materials. The agency primarily concerned with foreign economic conditions should therefore make or supervise such purchases. It is apparent, too, that the development of new sources of strategic materials can be accomplished through aid activities designed to open up new areas and provide the necessary transportation facilities, capital equipment, and technical assistance. With the closing of the dollar gap and with the increasing scarcity of goods in the United States, the mere offer of dollars in return for strategic materials is insufficient inducement for the procurement of critically needed supplies from foreign countries. The agency negotiating for delivery of materials to the United States must also be in a position to offer and guarantee delivery of needed capital and consumer goods to countries supplying raw materials.

It is contended, too, that the function of controlling exports is an administrative task which must be performed in conjunction with aid programs. This function is not simply to prevent shipments which will be of aid to enemy countries, but to assure the carrying out

of foreign aid commitments. Once it has been decided how much of a given material will be allocated to foreign markets and what priorities will be assigned, export control is a positive means of acting in conformity with the general plan. The specific licensing function is a matter of judgment which can best be carried out by the organization with the best understanding of international economic goals. It is contended, therefore, that the organization conducting aid programs, rather than an organization concerned primarily with domestic affairs, would be best equipped to issue export licenses.

Issue 3: Foreign economic policy coordination

What procedure or mechanisms should be established for foreign economic policy coordination among the Department of State, a separate foreign economic affairs agency if one exists, and other departments and agencies concerned with foreign economic affairs?

Continuing problems of coordination are posed by the large number of agencies sharing responsibilities in the field of foreign economic affairs. The difficulties are reflected in the proliferation of committees and other coordinating devices that have developed in recent years. The necessity for keeping the several economic agencies adequately informed and for resolving issues arising out of divided authority stems from both the wide dispersal of the activities and the specialized nature and complexity of relationships among the various facets of foreign economic policy.

A final decision on this issue depends on what the role of the Department of State should be in effecting coordination of foreign programs generally. This question of Department of State responsibility will be taken up in chapter VI. Here the concern is with certain mechanisms that have been used to carry out coordinating functions and about which there has been considerable controversy. Four alternatives are considered, including continuation of the existing situation, expansion of the present scope of the National Advisory Council on International Monetary and Financial Problems, revival of the Executive Committee on Economic Foreign Policy, or the fixing of responsibility for coordination in the Executive Office of the President.

Alternative 1 is to continue the existing arrangements for coordination.

Major coordinating problems arise from the division of responsibility between two agencies, namely the Department of State and the Economic Cooperation Administration. At present many of the difficulties arising out of this situation are resolved through day-to-day contacts between the two organizations and adherence to the legislative provision in the Economic Cooperation Act which calls for the exchange of pertinent information between the two agencies.

It is argued in criticism of the current situation, however, that policy coordination between the Department of State and the Economic Cooperation Administration has in fact left much to be desired and that adequate coordination cannot be achieved until related activities in the field of foreign economic affairs are grouped together in a single agency. As long as there are two agencies performing major related tasks, the difficulties of coordination are bound to persist. Even if these agencies were consolidated, however, the large number of other agencies involved in foreign economic affairs would still require effective interdepartmental devices for coordination.

The coordinating problem will vary in complexity according to the decision as to which agency or agencies should be responsible for the administration of foreign economic affairs in Washington. To the extent that these functions are grouped in one agency, coordination can be achieved to an increasing degree through arrangements made within the agency. In addition, the National Advisory Council on International Monetary and Financial Problems is generally considered to have been moderately effective in coordinating financial and monetary matters, and technical assistance activities involving participation by a large number of agencies are being handled by the newly created Interdepartmental Advisory Council on Technical Cooperation.

With respect to coordination between the Economic Cooperation Administration and such agencies as Treasury, Agriculture, and Commerce, letters of agreement between the Economic Cooperation Administration and these agencies will continue to play an important coordination role.

Alternative 2 is to expand the present scope of the National Advisory Council on International Monetary and Financial Problems.

At present the National Advisory Council on International Monetary and Financial Problems is the principal interdepartmental committee reaching positions concurred in by several agencies concerned with foreign economic activities. The council was established in order to coordinate the policies and operations of the representatives of the United States on the International Monetary Fund and the International Bank, and of all agencies which participate in making foreign loans or which engage in "foreign financial, exchange or monetary transactions." The language of the act thus gave the council powers considerably broader than merely those of bringing together governmental views for the guidance of the United States representatives on the fund and bank. Other subjects reviewed by the council have included the foreign loan program, the British Loan Agreement, Export-Import Bank credits, and German financial problems. Also, the Foreign Assistance Act of 1948 directed the Economic Coopera-

tion Administration to act in consultation with the council with respect to the nature and terms of foreign aid activities.

In addition to the already broad interests and responsibilities of the National Advisory Council on International Monetary and Financial Problems, a further argument in favor of expanding the council's authority is that its record as a coordinating device has been good. The council from the beginning has had top-level representation from the constituent agencies. The specialized basis on which it has been developed, however, has created opposition to expanding it to carry out over-all economic coordinating responsibilities. It is contended that the changes in membership and outlook required to adapt the council to a more general role in economic affairs would require its complete reconstitution.

Alternative 3 is to revive the Executive Committee on Economic Foreign Policy.

This alternative raises the question of the possible revival of the Executive Committee on Economic Foreign Policy which was established under the chairmanship of the Department of State in 1944. Creation of this committee carried the implication that agencies with interests in foreign economic affairs should participate with the Department of State in the formulation of foreign economic policy, with responsibility for leadership residing in the Department. The suggestion that this committee be reconstituted has been opposed on the grounds that it was never able to carry out effectively the functions for which it was designed, and that it became inactive for this reason. It is pointed out, however, that this unfortunate experience can be traced to a number of external factors. Despite these factors, considerable use has been made of the subcommittees of the Executive Committee on Economic Foreign Policy, such as those on petroleum, taxation of American business abroad, and United Nations economic backstopping. A principal accomplishment of the Committee itself was the development of the International Trade Organization Charter.

Rather than attempting to re-establish the Executive Committee, however, it is argued that the present proliferation of committees and other coordinating devices requires only that the committee structure be expanded to fill the void left by the collapse of the original committee. This position was taken by the Department of State in 1950, when it placed before the Bureau of the Budget a proposal for the establishment of a special-purpose Interdepartmental Committee on International Trade and Commodity Policy to replace the Executive Committee on Economic Foreign Policy.

Against this solution of the coordinating problem it is argued that the multiple-committee structure now available for foreign economic policy coordination defeats over-all coordination of the many in-

dividual aspects of foreign economic activities. It attempts to substitute a series of separate coordinating devices for specific parts of the total task which themselves remain uncoordinated. Reconstitution of an over-all committee such as the Executive Committee on Economic Foreign Policy, it is contended, provides the only means of accomplishing the purpose of bringing together the agencies involved in foreign economic activity on a basis sufficiently broad to provide a means of resolving issues arising out of divided authority in this field.

Alternative 4 is to fix responsibility for coordination in the Executive Office of the President.

The belief is widely held that the task of reaching policy agreement among agencies having equal status, either as departments or as independent agencies such as the Economic Cooperation Administration, cannot be successfully carried on under the leadership of the Department of State because the primacy of that department in the field of foreign affairs is not recognized to the extent that it has been in the past. Coordination in the sense of reaching policy decisions, it is argued, must be achieved at the Executive Office level. A further consideration limiting the potentialities as a coordinator of the Department of State is said to be the fact that the Department, as an operator of economic programs, is in competition with other agencies and therefore should not be an arbiter.

Against this proposal it is argued that all possible coordination should be achieved at levels below the Executive Office; that the Executive Office should be relieved of routine and continuing coordination responsibilities in order to reserve it for final decisions when they cannot be made elsewhere.

Issue 4: Coordination of foreign and domestic economic policy

What procedure or mechanisms should be established for coordination of foreign and domestic economic policies?

The need for closer relations between domestic and foreign economic affairs rests on three fundamental facts. First, economic strength at home is a prerequisite to the conduct of foreign aid programs; without a highly productive and expanding economy the United States could not afford to divert its resources to building up the economic and military strength of its allies. Second, even with a high level of economic activity at home, the demand for the resources of the United States is so great that a conscious decision must be made between the use of these limited resources for domestic purposes and their allocation among foreign claimants. Third, effective conduct of foreign economic affairs cannot be achieved if domestic economic policies are in conflict; in numerous instances failure

to weigh both domestic and international considerations in arriving at national policies leads to damaging inconsistencies.

Two alternative arrangements are discussed as means of achieving greater coordination: Placing the responsibility for coordination on the several agencies of government having domestic and foreign responsibilities in their particular fields; and fixing responsibility in the Executive Office of the President.

Alternative 1 is to place the responsibility for coordination of foreign and domestic economic policy upon the several agencies of government having domestic and foreign responsibilities.

It is argued in favor of this alternative that inasmuch as a number of Government agencies concerned with foreign economic activities have both domestic and foreign responsibilities, these agencies should be in the best position to coordinate the domestic and foreign aspects of economic activities within their special fields of competence. Thus, for example, the Department of Agriculture might weigh the impact of domestic farm price support programs on foreign agricultural development programs; and the Department of Commerce would be in a position to determine the repercussions of United States import restrictions on programs of foreign aid designed to develop exports to the United States.

It is pointed out, on the other hand, that many of the inconsistencies between domestic and foreign policy result from programs operated by two or more agencies. For example, United States tariff policy may make it impossible to develop agricultural resources in foreign countries, so that the problem of achieving consistency between import duties and technical assistance programs in the agricultural field cannot be settled in the Department of Agriculture. Likewise, merchant marine subsidy policies adopted to promote the national defense objectives of maintaining a minimum fleet and shipbuilding industry are in conflict with the goals of the European recovery program of achieving a more favorable balance of payments for European nations. In any event, the major statutory conflicts between domestic and foreign economic policy cannot be resolved by effective agency action but only through action of Congress.

Another argument against relying on individual agencies to reduce the inconsistencies between foreign and domestic economic policy lies in the fact that individual agencies having both foreign and domestic responsibilities generally have their major responsibilities in the domestic field, and have specific statutory obligations to meet. For this reason their domestic responsibilities must of necessity be emphasized at the expense of foreign policy objectives. This is also a natural consequence of the fact that such agencies are influenced by political pressures to act in favor of domestic interests, whenever there is a choice between foreign and domestic claimants.

Alternative 2 is to place the responsibility for securing the coordination of foreign and domestic economic policy in the Executive Office of the President.

In support of this alternative it is argued no one agency is in a position to coordinate domestic and foreign economic policy, and that since the resolving of these issues is a basic responsibility in connection with the program of the President, this function should be performed in the Executive Office. Moreover, since solutions in this area depend as much on congressional action as on action in the executive branch of the Government, it is argued that action to achieve greater consistency must to a large degree consist in making recommendations to the Congress. The President is in the best position to view from an over-all standpoint both the domestic and foreign aspects of the Government program, and to make necessary recommendations for remedial legislation.

It is argued against this arrangement, or any other arrangement for coordinating domestic and foreign economic policy, that consistency will be impossible as long as the American people as a whole are relatively disinterested in foreign affairs and concerned primarily with immediate domestic considerations. The attempt to bring about greater consistency will therefore be basically a long-range problem of education.

In the immediate defense emergency period the responsibility for securing coordination of foreign and domestic economic policy lies clearly within the jurisdiction of the Office of Defense Mobilization which, in order to carry out its general responsibilities, must of necessity take a comprehensive view of economic problems from the standpoint of both domestic and foreign availabilities and requirements. From a longer-run viewpoint, the President is staffed by the Council of Economic Advisers, which is responsible for reviewing national economic policies from both their domestic and foreign aspects. An advantage of utilizing this staff lies in the fact that under the legislation which established it there was also set up in the Congress a joint committee which was made responsible for reviewing the annual report of the Council of Economic Advisers. This Joint Congressional Committee on the Economic Report, it is said, might become an important means of bringing these matters to the attention of the Congress as well as the President. While such an arrangement might not at first be sufficient to overcome many of the conflicts and inconsistencies which have developed in national policy, it would provide a means by which these inconsistencies could be pointed up and their implications examined as a first step toward their ultimate reduction.

FURTHER ANALYSIS AND CONCLUSIONS

The present shortcomings of Government mechanisms in the field of foreign economic affairs have resulted from a combination of the rapid expansion of foreign economic responsibilities, the absence of peacetime administrative precedents, the belief that these programs were temporary, and the assumption that organizational arrangements could therefore be improvised as successive emergencies arose. Recent events and the current world outlook now make it apparent that a more comprehensive organizational solution is required to bolster the economies of friendly nations and to administer effectively the various economic programs necessary to maintain and expand economic strength at home and abroad. Just as military security has called for global-military strategy and a unified approach to military goals, central control of economic measures is required to carry out global economic objectives.

Factors governing a permanent solution

It is clear from the nature of current foreign economic activities that emergency requirements are conditioning the major part of these activities today. With respect to permanent administrative solutions, therefore, the fundamental question is whether the present nature and magnitude of foreign economic responsibilities can be expected to continue over a long period, or whether these conditions are temporary.

In reviewing the present outlook there appears to be no reliable indication of the answer to this question, and no attempt is made, therefore, to arrive at a permanent organizational solution in this report. Some of the factors involved in reaching an effective long-run solution are noted, however, before turning to the immediate problems of the defense emergency situation.

If general war is avoided and there is a general relaxation of international tension within the measurable future, the effect may be to eliminate a large part of present foreign-aid efforts, as well as to reduce greatly the scope of such related problems as the procurement and development of strategic materials abroad and export control. Under these conditions it might be expected that foreign economic responsibilities would call for somewhat greater activity than in the period prior to the Second World War by reason of the leadership assumed by the United States since that time. Nevertheless, the extent of United States operations would presumably be far less than under the current large-scale assistance programs. On the other hand, a prolonged period of large-scale foreign economic activity might result under either of two other sets of circumstances. First, it may be that preservation of peace will prove possible only by continuing large-scale aid in support of military and economic strength in Europe and elsewhere. Second, in the event that it is not possible to avert the

tragedy of general war, responsibilities in the field of foreign economic affairs would be extensive and would be unlikely to cease at the conclusion of such a war.

In view of these unknowns, an answer to the question of what long-run arrangements should be made to achieve the most effective conduct of foreign economic affairs involves two major possibilities: either foreign economic affairs will involve continued extensive activity, or activity in this field will be greatly reduced from current levels within a few years.

Three alternatives with respect to a permanent organizational solution for the conduct of foreign economic affairs appear deserving of consideration in relation to the possibilities just noted: (1) focus responsibility in the Department of State by consolidating major economic programs and activities in that Department; (2) continue a separate foreign economic agency by expanding the Economic Cooperation Administration and making it a permanent executive Department of Foreign Economic Affairs; or (3) establish a Department of Foreign Affairs within which economic activities would be brought together in a department of foreign economic affairs, which would be one of several subordinate administrative departments. The basic choice presented by these alternatives is between separating the administration of foreign economic affairs from the general foreign affairs agency, or alternatively including these activities in the Department of State or a new Department of Foreign Affairs.

A choice between these alternatives is important because until it can be made, the existence of a foreign economic agency such as the Economic Cooperation Administration, with limited scope and non-permanent status, will probably mean continuing unsettled jurisdiction and resulting administrative difficulties. There will always be a running battle for jurisdiction as long as the Department of State maintains a detailed interest in the same aspects of foreign economic affairs in which a separate agency is concentrating at the same time.

Factors suggesting a Cabinet Department.—Establishment of a Department of Foreign Economic Affairs to provide specialized attention in this field would assume that extensive foreign economic programs of some sort will be continued on a relatively permanent basis. Otherwise the activity would not be sufficiently important in the Government as a whole to warrant the status of an executive department. On this assumption, the departmental arrangement would provide for the type of public leadership in this field that can be provided only by a member of the Cabinet or someone who is recognized as having substantially the same status. Such leadership involves the ability to speak with authority as the head of a major department of Government on the basis of specialized knowledge such as the President cannot be expected to have.

Such an organizational arrangement might clarify in some respects the role of the Secretary of State by permitting him to concentrate on the more general aspects of his present task and also on those aspects of it that are not shared with the other departments of Government. The Secretary might also be relieved to some extent of administrative burdens, and more importantly, of personal burdens in presenting economic programs and appropriation requests to Congress and in leading public discussion of foreign economic activities.

Since it is the function of the Secretary of State to advise the President and to provide leadership under him in the development and execution of the foreign policy of the United States, the Secretary is inevitably cast in the role of the generalist in the field of foreign affairs. He can seldom afford to attach himself to any specialized interest, since he must be in a position to appreciate the claims of all. There may be question, accordingly, as to whether he should seek to be a specialist in foreign economic affairs, although that appears to be a part of his present duties.

The problem of the Department of State.—But the concentration of specialized economic activities in a separate Department of Foreign Economic Affairs as a means of relieving the Secretary of State would have adverse effects on the Department of State. A general foreign affairs agency divorced from the particular activities involved in the economic aspects of foreign affairs would have difficulty in carrying out its responsibilities effectively. The removal of economic work from the diplomatic service would also lessen the opportunity of bringing a more realistic note into the training and experience of many foreign service officers.

An alternative possibility as a permanent administrative solution would be the transfer to the Department of State of all foreign economic activities that could readily be separated from the domestic and military agencies of the Government. This arrangement, however, also gives rise to serious misgivings. If it were assumed that the foreign economic programs were large, the question would be whether large-scale economic activities could be given proper attention by a department submerged in so many major problems. But more impressive is the question of whether, regardless of the magnitude of economic activities, specialized economic affairs could be handled satisfactorily in a department which often seems to be dominated in its action bureaus by personnel who have come up through the Foreign Service during a period when conditions were quite different from those prevailing at present.

Incorporation of foreign economic activities into an agency having general foreign affairs responsibilities has much to commend it from a general administrative point of view. Despite the contention that so-called political affairs are the principal concern of the Depart-

ment of State, in reality the economic aspects of foreign affairs must be given major attention in any consideration of the political relations between states. To withdraw from the Department of State the economic policy activities which it now has and to join them with existing economic programs in a new agency would in effect create a second and possibly more potent foreign affairs agency. It is for this reason that the attempt to remedy the weaknesses of the Department of State in the field of foreign economic affairs by withdrawing responsibility from it is open to most serious question.

The basic organizational dilemma.—Although several factors point to a solution outside the Department of State, such a solution fails to recognize that economic affairs are an integral part of foreign affairs. One possible solution to this dilemma of choosing between the Department of State and a permanent independent agency for foreign economic affairs might be to arrive at an organizational arrangement which would seek to embody the advantages of both solutions. Such a compromise solution could conceivably be accomplished by extensive reorganization of the Department of State and the Foreign Service, and the ultimate provision of a separate unit for foreign economic affairs in the revamped department. Or a solution might be more readily accomplished by the establishment of a Department of Foreign Affairs as an executive department within which there would be a department of foreign economic affairs as a subordinate administrative department.

Which of these possibilities offers the more promising solution from the standpoint of the conduct of foreign economic affairs depends not only on the future size and nature of the programs, but also in part on how the organizational and personnel problems of the Department of State and the Foreign Service are to be resolved. Other considerations than foreign economic activities must be taken into account, in arriving at a final solution. In any event, the emergency nature of foreign economic activities today requires that immediate decisions be taken regardless of whether they provide the most desirable ultimate arrangements.

Organization for the defense emergency

The first step toward a better organization of foreign economic programs in the current emergency is the consolidation of related activities into one program. The basis for such consolidation rests on the fact that maximum results from the standpoint of global economic strategy require central direction of the use of limited material resources and skills. When similar programs are separately operated, there is bound to be overlap and duplication, conflicts between program objectives, and failure to realize maximum results. The impacts of economic aid in one part of the world have inevitable repercussions elsewhere, and make it imperative that all efforts be directed

to the same over-all objective. Moreover, with the development of military aid, it has become equally important that consideration be given to a unified program of military and economic aid. This requirement is discussed in chapter VI.

Consolidated administration of economic aid.—From the standpoint of immediate administrative expediency, it appears desirable to continue the administration of major economic aid activities in the Economic Cooperation Administration and to utilize that agency as a means of consolidating related economic activities. This conclusion is reached on the twofold basis that for the present an extensive economic aid operation must be carried out, and that in part the organization and facilities to carry on related operations already exist in the Economic Cooperation Administration. Wholly aside from questions as to the desirability of maintaining a permanent independent agency for this purpose, termination of the Economic Cooperation Administration at this time would be damaging to the prosecution of immediate foreign aid responsibilities.

Centralization of foreign economic affairs of special importance in the defense emergency would require first a continuation of the major present activities of the Economic Cooperation Administration. These include the completion of the activities of the European recovery program in such countries as require further assistance to achieve original Marshall Plan objectives. Other aid programs to be continued under Economic Cooperation Administration direction presumably are those in the general area of China, southeast Asia, and the Philippines, and certain miscellaneous responsibilities in connection with the loan to Spain and aid to Yugoslavia. A further Economic Cooperation Administration responsibility is found in the economic aspects of the mutual defense assistance program. These activities require positive assistance in the development of productivity for both military and civilian end products in western Europe, in order that military production may be expanded without gravely impairing the basic supporting economy.

Further consolidation of economic aid activities requires the following steps:

1. The point 4 program now administered through the Technical Cooperation Administration in the Department of State under provisions of the International Development Act of 1950 should be transferred to the Economic Cooperation Administration. Unless this is done, technical assistance will be administered in one group of countries by the Economic Cooperation Administration and in another group of countries by the Department of State. This division of the technical assistance function between the two agencies on a purely geographic basis appears unwise in itself and has a further unfortunate tendency to result in the division on a similar geographic

basis of other economic functions that should preferably be planned and administered on a global basis.

2. The Institute of Inter-American Affairs, now under the Department of State, should also be transferred to the Economic Cooperation Administration as part of the consolidation of economic and technical assistance activities.

3. Adequate arrangements should be made to insure full consistency between the lending activities of the Export-Import Bank and the other elements of foreign economic assistance. The minimum requirement is full consultation between the Export-Import Bank and the Economic Cooperation Administration, with an opportunity for the Administrator to have a voice in the determination of the policies of the Bank. Beyond that, if necessary, consideration might be given to such possibilities as making the Administrator for Economic Cooperation chairman of the board of the Bank, giving the Administrator supervisory authority over the lending activities of the Bank, and even merging the Bank with the Administration for the duration of the emergency.

Some of these agencies and activities are permanent. Their transfer to the Economic Cooperation Administration, if it is continued as an emergency agency, as we recommend, should be without prejudice to their future status and administrative location.

Inclusion of related economic activities.—If economic strategy is to be carried out with maximum effectiveness on a global basis, there must be central control over operations in this field that can contribute significantly to the desired result. Economic activities to be consolidated in the Economic Cooperation Administration along with the consolidated economic aid programs would for purposes of immediate defense mobilization objectives include the following:

1. Procurement of strategic materials abroad for stockpiling, from the General Services Administration. The agency negotiating for delivery of materials must also be in a position to offer and guarantee delivery of needed capital and consumer goods to supplying countries; and there is obviously a close relation between economic development programs and policies with respect to raw material purchases or development of new sources of supply.

2. Claims for materials to be allocated to foreign countries, a function now divided among the Economic Cooperation Administration and the Departments of Agriculture and Commerce. The necessity for providing a complete picture of foreign requirements and for determining the most effective assignment of scarce goods and equipment to foreign countries requires a central focus.

3. Export control activities, from the Department of Commerce. Under present administrative arrangements, separation of the highly important function of issuing export licenses from the responsibility

for claimancy and economic aid programs prevents an over-all view and places unnecessary obstacles in the way of carrying out United States objectives and commitments. Once foreign allocations have been determined, the issuing of specific export licenses is in many important cases a matter of judgment involving policy decisions which the agency charged with foreign economic program operations is in the best position to make.

A temporary agency solution.—The possibility of concentrating emergency foreign economic programs in the Department of State was considered but is rejected. Theoretically, this solution has the appeal of making available to the agency primarily concerned with foreign affairs the economic means through which in increasing degree foreign policy objectives are achieved. This solution would likewise remove the difficulties that have resulted from the existence of two agencies with major responsibilities in the field of foreign economic affairs. Despite the attractions of such a solution, however, the reasons which militated against its acceptance in 1948 are still largely applicable today.

Several considerations favor the alternative of concentrating responsibility for foreign economic activities during the defense emergency in the Economic Cooperation Administration, with the existing terminal date of that agency being removed for the purpose. The successful conduct of the European recovery program and the effectiveness of the independent agency solution under the wartime Foreign Economic Administration suggest this type of administrative arrangement in order to meet the requirements of the present situation.

Inevitably, however, there would be considerable change in the nature of the agency. Hitherto the Economic Cooperation Administration has been a relatively small and compact organization so far as its headquarters staff is concerned. It has relied very largely upon other agencies of the Government for those parts of its task that have required large-scale operations within the specialized competence of those agencies. This no longer appears to be possible in the degree that has so far prevailed; current experience indicates the need for greater centralization of authority and operations in the foreign economic activities of the present emergency.

The Economic Cooperation Administration has demonstrated its ability to attract competent personnel and the enthusiasm to get the job done. It is also important in terms of immediate solutions that the Economic Cooperation Administration has much of the organization here and in several areas abroad that would provide the basic structure for consolidation and unified administration of emergency foreign economic affairs with a minimum of confusion and dislocation.

In the current emergency, the merits of continuing a specialized economic agency such as the Economic Cooperation Administration,

subject to the foreign policy guidance of the Department of State, can be argued under either of two sets of conditions which may develop in the future. While the present situation of less than full-scale war continues, the possibility of averting war by taking the fullest advantage of the economic and other means of preventing it takes the highest priority. With this objective in mind, it is essential that foreign economic activities be given the full support and undivided attention they deserve. Refusal to continue an independent agency for this purpose might hamper at a crucial period the possibilities of achieving world peace. If this hope proves futile, the tragedy of another world war would probably create an even more pressing demand for a separate foreign economic affairs agency both during and following hostilities.

On balance, then, the argument favors continuation of the Economic Cooperation Administration for the time being.

The problem of coordination

The issues as to coordination taken up earlier in this chapter involve relationships with other problems still to be discussed. Accordingly, only limited conclusions on the matter can be reached at this point.

Foreign economic policy coordination.—When and if it is possible to put into effect any one of the permanent organizational solutions previously discussed, the result should be to clarify questions of jurisdiction and to simplify problems of foreign economic policy coordination. The responsibility for leadership in securing coordination on a government-wide basis will presumably rest wherever the general responsibility for foreign economic affairs is centered.

For the period of the defense emergency, however, the arrangements previously suggested will leave a division of major foreign economic activities between the Department of State and the Economic Cooperation Administration, with other agencies also continuing to perform a variety of functions. The burden of routine coordination with other agencies in carrying on the activities for which it is given responsibility will obviously rest upon the Economic Cooperation Administration, but the Department of State should continue to be responsible for leadership in the formulation of foreign economic policy and in the coordination of foreign economic policy with general foreign policy. It should remain responsible under the President for providing foreign policy guidance for programs of economic aid. The further problems that will arise in the event that a unified program of military and economic aid is established are considered elsewhere in the report, particularly in chapter VI.

Foreign and domestic economic policy coordination.—The coordination of foreign economic policy with domestic economic policy is a further complex task and one which cannot be performed in an authoritative manner by the Secretary of State insofar as changes in domestic

economic policy are necessary in any process of mutual adjustment. Such adjustments can be brought about only with difficulty and not completely even by the President. Much depends on public education and understanding, with public support for legislation that rejects the domestic favoritism that often does violence to foreign policy objectives. The goal of reconciling domestic and foreign economic policies to assure economic strength at home as well as the fulfillment of international responsibilities cannot be attained overnight. .

Responsibility for studying and clarifying the points of major conflict appears to rest in the Executive Office of the President. The Executive Office should also take the lead in bringing to the attention of both the executive agencies and the Congress the nature of conflicts in national policy and the possible avenues toward resolving these conflicts. As a permanent arrangement this responsibility should probably rest, under the President, in the Council of Economic Advisers. Under present conditions of defense emergency, however, the central responsibility under the President for the coordination of economic policy and programs has been lodged in the Office of Defense Mobilization. Leadership in securing the coordination of foreign and domestic economic policy should accordingly be the responsibility of that office for the present.

Conclusions

1. The problem of how the executive branch can best be organized for the conduct of foreign economic aid and related foreign economic activities involves a basic organizational dilemma. Several factors point to the desirability of centralizing foreign economic affairs in a permanent agency separate from the Department of State, particularly if it can be expected that large-scale foreign economic programs will continue for a long period of time. But such a solution would fail to recognize that economic affairs are an integral part of foreign affairs; a general foreign affairs agency divorced from the economic aspects of foreign affairs would have difficulty in meeting its most important responsibilities.

The continued existence of a foreign economic agency with limited scope and nonpermanent status, such as the Economic Cooperation Administration, will inevitably be accompanied by administrative difficulties arising from unsettled and potentially conflicting jurisdiction. Accordingly, in due course it may be necessary to decide between the permanent establishment of a Department of Foreign Economic Affairs, which would have full status as an executive department, and a concentration of foreign economic programs in the Department of State. The imponderables include not only questions of the nature, extent, and duration of foreign economic programs, but also of the status and role of the Department of State in the operation and coordination of foreign programs generally. Consideration would

also need to be given to the extent to which changes may be effected in the internal organization and performance of the Department of State and the Foreign Service.

2. A further organizational possibility should be considered that would seek to meet both points of view as fully as possible without detriment to either through the establishment of a new executive department modeled somewhat on the pattern of the Department of Defense. This would be a Department of Foreign Affairs, an executive department, within which there would be a department of foreign economic affairs as one of a number of subordinate administrative departments.

3. These questions regarding permanent organization cannot be wisely settled at this time in view of the uncertainties resulting from the present national defense emergency, and especially the uncertainty as to how long the United States Government will continue to carry on large-scale programs of foreign economic aid. Accordingly, organization for the administration of foreign economic programs during the emergency should be determined on the basis of short-range considerations. Present action should be taken in such a way as to prejudice later permanent decisions no more than necessary; but the requirements for effective organization under present conditions must be given overriding consideration as long as the conditions persist.

4. We conclude that the Economic Cooperation Administration should be continued as an emergency agency for the administration of the economic aspects of foreign assistance and for such other closely related foreign economic activities as are of special importance during the emergency. The agency should not be considered permanent, but for efficient operation it will be essential to remove the statutory terminal date of June 30, 1952. We do not favor the substitution of any other terminal date in view of the unpredictable duration of the emergency, but the emergency status of the agency should be made clear in the legislation.

5. We believe that the activities to be continued in or to be newly assigned to the Economic Cooperation Administration should include the following:

- (a) Completion of the European recovery program.
- (b) Economic aspects of the mutual defense assistance program, and of any successor program, such as the proposed mutual security program.
- (c) Aid to southeast Asia and the Philippines, and other programs of economic assistance currently administered by the Economic Cooperation Administration.
- (d) Technical assistance, including the point 4 program currently administered by the Technical Cooperation Administration of the Department of State and the Institute of Inter-American Affairs.

- (e) Procurement and development of strategic materials abroad.
- (f) Export controls.
- (g) The foreign claimancy function.

In addition, adequate arrangements should be made to insure full consistency between the lending activities of the Export-Import Bank and the other elements of foreign economic assistance. The minimum requirement is full consultation between the Bank and the Economic Cooperation Administration, with an opportunity for the Administrator for Economic Cooperation to have a voice in the determination of the policies of the Bank. If necessary, further steps should be taken.

6. The Department of State should continue to be responsible for leadership in the formulation of foreign economic policy and in the coordination of foreign economic policy with general foreign policy. It should remain responsible under the President for providing foreign policy guidance for programs of economic aid. The further problems that will arise in the coordination of a more fully unified program of military and economic aid are considered in chapter VI.

7. Leadership in securing the coordination of foreign and domestic economic policy is a complex assignment of the greatest importance. Responsibility for such leadership within the executive branch should be centered in the Executive Office of the President. The permanent assignment to the President's Council of Economic Advisers of a more specific responsibility than it has at present should eventually be considered. Under present conditions of defense emergency, the Office of Defense Mobilization in the Executive Office of the President is concerned with these matters and should continue to have major responsibility.

CHAPTER V

THE DEPARTMENT OF DEFENSE AND THE CONDUCT OF FOREIGN AFFAIRS

STATEMENT OF THE PROBLEM

The inadequate liaison that existed between American foreign policy and national military power in 1948 was a source of grave concern to the Eberstadt Task Force of the Hoover Commission. It referred to the "fatal gap which so often in the history of nations has led to their undoing" and commented that

Within slightly more than a score of years, at great cost of life and property, we have won two wars, only to lose the peace both times through lack of clear and consistent national policy objectives * * *. Our foreign and military policies are not yet firmly tied together.

In the making of major decisions on foreign policy, the military voice should be heard even if it cannot always be heeded. For unless the military have an opportunity to advise, foreign policy commitments and military support for them may get dangerously out of balance. It is equally important that the civilian voice be heard in the formulation of strategic plans and of military policy generally. Otherwise military policies may be conceived without relation to the tasks set by national policy in which military strength may be required. There is a critical interdependence between foreign policy and military strength.

The Department of Defense has at least three major responsibilities that are directly pertinent to the formulation and execution of foreign policy. First, it advises the President, the National Security Council, and the Department of State on the military implications and feasibility of the policies they are formulating; second, it prepares strategic and tactical military plans in support of national objectives, taking foreign policy considerations into account; and third, it plays an active part in the execution of foreign policy when military operations are required, as in Korea, and in the operation of military aid programs and other foreign programs requiring military participation. All three of these responsibilities indicate the need for continuous relationships with other agencies of the National Government concerned with foreign affairs.

Within this general area, the present study has been focused primarily upon the relationships between the Department of Defense and

the Department of State. The mechanisms for providing liaison have been reviewed, together with the arrangements for the administration of foreign programs requiring the joint participation of the military and civilian agencies of the Government, notably military aid to other countries and the administration of occupied areas. Special attention has been given to the participation of the Department of Defense in the National Security Council and in relations with the North Atlantic Treaty Organization.

No attempt has been made to deal with questions of intelligence administration, military planning, military operations as such, or general problems of internal organization within the Department of Defense, these having been excluded from the terms of reference under which the study was undertaken. In examining the specific areas of experience that have been reviewed, however, consideration has been given to broader aspects of the situation in order to keep those areas in perspective, and the problem of the chapter has been stated accordingly.

The problem is to review the responsibilities of the Department of Defense in the field of foreign affairs and to determine the relationships it should accordingly maintain with other foreign affairs agencies.

BACKGROUND AND DEVELOPMENT OF THE PROBLEM

The United States has made a number of pledges in recent years to supply forces or military assistance for the maintenance of international peace and security. Legislation has also been enacted, authorizing military assistance programs for certain foreign nations.

The principal commitments have been contained in (1) the United Nations Charter (June 1945); (2) the Truman Doctrine of aid to free peoples resisting aggression (Greek-Turkish Aid, March 1947); (3) the Inter-American Treaty of Reciprocal Assistance (Rio Treaty, September 1947); (4) the North Atlantic Treaty (April 1949); and (5) the Mutual Defense Assistance Act (October 1949). Although these commitments form an over-all pattern reflecting American interests, they actually emerged out of varying situations and were designed to meet different requirements.

From these commitments have come a number of special activities in the area of politico-military affairs. The most important have concerned the United Nations, the North Atlantic Treaty Organization, and the mutual defense assistance program. Each of these activities in some manner or other has required the use of military strength, and each of them has therefore required the active participation of the Department of Defense. As a consequence the internal arrangements of the Department of Defense to deal with politico-

military problems are of major concern to any one considering the relationships that the Department is organized to maintain with other foreign affairs agencies.

The Department of Defense was established by the National Security Act of 1947 and the amendments of 1949, as noted in chapter II. The act of 1947 created the National Military Establishment and the position of Secretary of Defense. It also established the new Department of the Air Force, and gave it a status equal to that of the existing Department of the Navy and the War Department, whose name was changed to Department of the Army. Under the Secretary of Defense the law established a number of subordinate agencies, among which were the Research and Development Board and the Munitions Board. The Joint Chiefs of Staff (JCS), which had existed since 1942, was given a statutory position by the act of 1947 and is recognized by law as the principal military adviser to the President, the National Security Council, and the Secretary of Defense. The 1949 amendments replaced the National Military Establishment by the Department of Defense.

The Hoover Commission recommended in 1949, for the departments and agencies other than the Department of State, that—

The other departments and agencies which have important duties in foreign affairs should each establish an officer or office directly responsible to the department or agency head for coordinating its foreign affairs activities.

Previously the Secretary of Defense had assigned only a single member of his immediate staff to such matters on a part-time basis. After the Hoover Commission had reported, additional steps of considerable importance were taken to organize the Office of the Secretary of Defense for its functions in the field of foreign affairs.

A special consultant on politico-military matters was appointed by the Secretary of Defense in the summer of 1949 to give policy guidance to the units within the Department concerned with such matters. Subsequently, this consultant was made Assistant to the Secretary for Foreign Military Affairs and Military Assistance. After the Mutual Defense Assistance Act of 1949 had been approved, he was named to one of the statutory positions available under the act for administering military assistance. In January 1951, he was redesignated Assistant to the Secretary for International Security Affairs, as part of a reorganization agreed upon interdepartmentally and approved by the President.

Three staff officers now report to the Secretary of Defense through the assistant just referred to. One is the Office of Foreign Military Affairs, which was created in August 1949 and is described below. A second is the Office of Military Assistance, also established in 1949. The third is the new Office of North Atlantic Treaty Affairs, established in January 1951.

The Office of Foreign Military Affairs

The Office of Foreign Military Affairs (OFMA) was created to provide a center within the Department of Defense for handling what are known as foreign military or politico-military affairs. In early 1951, it had an authorized staff of approximately 24 people, including military officers serving as director and an assistant director. The nature of the work is indicated somewhat by the sections of the office: (Department of) State Liaison, Far Eastern Affairs, Near Eastern Affairs, European Affairs, Western Hemisphere Affairs, United Nations Affairs, Base Rights, and a member of the National Security Council staff. Personnel of the office consisted for the most part of military officers of field grade who had had experience in politico-military affairs. Two of the eight sections were headed by civilians.

The office handles any question of foreign military affairs in which the Department of Defense is involved that is not specifically assigned elsewhere in the Department. The business of the office includes National Security Council matters, together with the preparation of the Department of Defense share of position papers for United States representatives to international meetings, as well as the Department's comments on treaties and international agreements in the course of negotiation and on day-to-day foreign affairs problems. These may concern matters as varied as the evacuation of civilians from dangerous areas, the obtaining of base rights, and the landing of troops.

The office seeks to maintain informal contact with all major politico-military matters that are discussed by any unit of the Department of Defense with another agency or department of Government. The Office can then, in turn, keep the Secretary of Defense informed, when appropriate, of these activities within his Department.

Shortly after the creation of the Office of Foreign Military Affairs, it became the custom of its top staff members to meet informally each week with a similar group from the Department of State. The meetings were attended by the Assistant to the Secretary of Defense for International Security Affairs and the Operations Deputies of the Joint Chiefs of Staff as well as the Director of the Planning Staff from the Department of State and one or two other high officials from that Department. These meetings provided an opportunity for discussion of mutual problems and were thought to result in better direction of the respective departmental staffs. Such meetings have been infrequent since the Korean crisis, although attempts have been made to renew them.

Army, Navy, and Air Force politico-military offices

Each of the three military departments has its own equivalent of OFMA although not always in a single office. In the Department of the Army, the International Branch of the Plans Division under the

Assistant Chief of Staff for Operations is the office that performs the secretariat work in the field of politico-military affairs. The branch is divided into several geographical units which in general parallel the staff sections of the Office of Foreign Military Affairs, and its method of operation is similar. It acts primarily as a clearance center for substantive views prepared elsewhere in the Department and carries on staff work in that connection. It does not deal with military aid administration; this is handled under the Assistant Chief of Staff for Logistics.

For the Navy, the Division of International Affairs under the Deputy Chief of Naval Operations for operations coordinates politico-military affairs including military assistance within that department. Essentially a secretariat like its Army counterpart, this division includes four units organized partly on geographic and partly on functional lines. The Navy adviser to the National Security Council staff member is a member of this division.

The Department of the Air Force has a similar unit in the Office of the Deputy Chief of Staff, Operations. It includes a Department of State liaison officer and the Air Force adviser to the National Security Council staff member of the Department of Defense. It is not organized according to geographic responsibilities, and is not concerned with problems of foreign military assistance, which are under the office of the Director of Plans.

Each of the three offices is kept abreast of the actions of the others through informal exchange of information. This is facilitated by the closeness of the three military department advisers to the National Security Council staff member of the Department of Defense and to each other and by their deliberations as part of the Council's staff.

Other agencies concerned with foreign military affairs

The Munitions Board and the Research and Development Board provide assistance in regard to foreign affairs when it falls within the scope of their regular duties. The Munitions Board in particular advises on military assistance matters, especially as they pertain to industrial mobilization plans.

The foreign affairs responsibilities of the Munitions Board have increased considerably with the rising importance of the North Atlantic Treaty Organization (NATO). The chairman of the board was formerly the United States member of the Military Production and Supply Board of NATO, which had functions similar to those which the Munitions Board had in the American security organization. These included mobilization planning, standardization, allocations, cataloging, and uniform supply procedure. As western Europe undertook what was virtually an international industrial mobilization, in support of the military force which NATO proposed to raise, these functions became increasingly important and after November 1950 the

Military Production and Supply Board of NATO was replaced by the Defense Production Board, a self-contained unit within NATO. The Munitions Board, however, retains an interest in the instructions formulated for the chief of the ECA mission in London, Mr. William Batt, who is the United States representative in the new body and its chairman.

Another agency which in theory should have an important role in politico-military affairs is the Armed Forces Policy Council. Established by the National Security Act of 1947 as the War Council it was renamed by the 1949 amendments. It consists of the Secretary of Defense, the Deputy Secretary, the Secretaries of the Army, Navy, and Air Force, and the Chairman and members of the Joint Chiefs of Staff. Until recently, in addition to the statutory members, the chairmen of various departmental boards, the Assistant Secretaries of Defense, and other officials have also attended the meetings. It was intended that the council, having as its members the ranking civilian and military personnel of the Department, should be the principal advisory group for the Secretary of Defense. A directive of the Secretary of August 3, 1949, stated:

Politico-military problems of major importance, and particularly those which are before, or are to be submitted to, the National Security Council, will, whenever appropriate, be submitted to the War Council for consideration.

Unfortunately, the very size of the attendance of the Council apparently militated against its becoming an effective policy formulating instrument for politico-military affairs. Of late, the Council has been meeting regularly with only the statutory members present. It is understood, however, that meetings are informal and no formal decisions are disseminated. Thus the Council is not completely fulfilling the purposes for which it was originally created, and there may be question as to whether a body so constituted could do so.

The idea of the Joint Chiefs of Staff originated during the Second World War. By informal Presidential action in 1942, the group was charged with directing the strategic part of the war and was made responsible immediately to the President. As noted earlier, it was given a statutory position in 1947.

This in effect continued the wartime organization. In 1949, the amendments of the National Security Act provided for a Chairman for the Joint Chiefs of Staff, who was to be the presiding officer but not to have a vote. It is the duty of the Joint Chiefs to provide military advice to the President, the National Security Council, and the Secretary of Defense, to prepare strategic and logistic plans, provide for strategic direction of the Armed Forces, and provide United States representation on the Military Staff Committee of the United Nations. Ordinarily they meet several times a week. Formal papers are pre-

pared in advance of meetings in order that the views of each of the military services may be systematically prepared.

The Joint Chiefs of Staff in its function as principal military adviser to the National Security Council participates in the work of the Council's senior staff group through a representative, who can present a military view in the preparation of papers for later consideration by the Joint Chiefs prior to their further consideration in the National Security Council. The Joint Chiefs is not willing to allow any single person to speak for it, for it acts as a corporate body and feels that only those papers on which it has acted in a corporate capacity can accurately reflect its views. At the staff assistants level of the National Security Council, an assistant to the representative of the Joint Chiefs of Staff represents the body. The Department of Defense is also represented, as previously noted.

The Joint Chiefs of Staff is supported by the Joint Staff under a director. This continuous working body assists by carrying on the details of strategic and logistic planning. The 120 officers who make up the staff are taken from the 3 armed services in approximately equal numbers, and act through a series of committees as joint teams representing a unified approach of the 3 military services.

Another aspect of the activities of the Department of Defense is its world-wide information-gathering function through the military intelligence services. It is customary to assign military, naval, and air attachés to embassies and legations of the United States, whose duties include the collection of information concerning the countries in which they are stationed. In a number of other instances the United States maintains military missions whose main task is training the Armed Forces of a foreign power.

Participation in the National Security Council

The principal forum in which the Department of Defense works jointly with the Department of State and other agencies in the development of national policy is the National Security Council. The origins of this high-level committee in the Executive Office of the President were noted in chapter II, and it was the subject of further comment in chapter III.

It is important to recall that the original concepts for the Council were developed on the military side of the Government, specifically in the Eberstadt report for the Secretary of the Navy in 1945. Those who had worked closely with the development of committee work in the Joint Chiefs of Staff and who had had the opportunity to observe the work of the British Committee on Imperial Defense were of the opinion that similar devices should be developed interdepartmentally at the Cabinet level in the United States.

The Council, in its original form, was predominantly representative of the military departments with the Secretaries of the Army, Navy,

and Air Force as statutory members as well as the Secretary of Defense. The Hoover Commission criticized this overweighting and in the legislation of 1949 the membership was changed to the present statutory membership of the President, the Vice President, the Secretary of State, the Secretary of Defense, and the Chairman of the National Security Resources Board. In addition, the President has authorized regular attendance by the Secretary of the Treasury, the Director of Defense Mobilization, the Special Assistant to the President (Mr. Harriman), the Special Consultant to the President (Admiral Souers, the former Executive Secretary of the Council), the Chairman of the Joint Chiefs of Staff, the Director of the Central Intelligence Agency, and the Executive Secretary of the Council.

Early in the existence of the Council, it developed a definite concept of its basic role. Under this concept both what the Council was and was not to do were explicitly stated. On the positive side the Council was (1) "to formulate national security policy for the consideration of the President"—the policy decision always remained the President's prerogative; (2) to be "a channel for collective advice and information to the President" on national security matters; and (3) to consider only such matters as clearly required Presidential decision. The limited membership of the Council, moreover, was designed to "permit a focus at the highest level" on the national security aspects of the President's responsibilities. On the negative side, the concept was very definite. The Council was not to "determine policy or supervise operations" and was not to be "an implementing agency, since executive action and administration" were deemed to be "the responsibility of the respective executive departments and agencies."

This concept has been adhered to so far by the National Security Council with few exceptions. The Department of State regards the Council as a staff device to provide the President with systematic advice on high-level politico-military matters and appears to have accepted the concept as containing the guiding principles for its part in the Council's work. The military departments, while at times perhaps favoring a broader role for the council, particularly in the execution of policy decisions, have also in the main accepted the concept.

The Council has had three levels of organization from the outset: (1) the member level; (2) an intermediate level of departmental and agency representatives, originally the "consultants" and now the "senior staff;" and (3) a working staff level of employees in the secretariat of the Council and of personnel detailed from the participating departments and agencies. The secretariat of the Council has remained very small throughout its history, but with its personnel, and particularly the executive secretary, performing key functions at all three levels of the Council's activities.

The role of the Council as a whole and its performance at its three

levels of organization have varied considerably at different periods. This variation has been due in part to the different views of the men who have held high governmental posts that involved them in the work of the Council. In late 1949 and the first half of 1950, in particular, personality differences at the top level created an atmosphere of suspicion and distrust which extended to subordinate officials in many departments and agencies, particularly in the Departments of State and Defense, and resulted generally in less effective functioning of the Council during that time. At the member level, for example, a tendency developed in this period for Council members to bring increasing numbers of subordinates to the Council meetings. As a result the meetings became unwieldy and individual members became reluctant to express their views. This situation was corrected as part of a reorganization carried out under Presidential directive in July 1950. Thereafter regular attendance was confined to the statutory members and to the others who were specifically invited by the President.

In recent months, the President himself has presided at the Council meetings. With the Council members able to devote only a limited amount of time to its affairs, however, the effective functioning of the Council at the two lower levels assumes great importance, especially at the level of the senior staff.

The present group of representatives known as the senior staff was preceded by the consultant arrangement, which was created in 1947 to provide a source of expert advice and assistance just below the member level. It originally was made up of the chief policy and operational planners from the Departments of State and Defense and from the Joint Chiefs of Staff and the three service departments. Their chief function was to advise as to whether a given paper was both appropriate and adequately prepared for consideration by the Council.

In late 1949 and early 1950, the period of the Council's greatest difficulty, the consultant level was probably the weakest link in the organization of the Council. One special problem was to find a solution that would permit effective participation by the Joint Chiefs of Staff below the member level, because up to this point the Joint Chiefs of Staff's conception of itself as a corporate body seriously hampered coordination efforts between the Departments of State and Defense. As a result, in the reorganization of July 1950, following special study by the executive secretary of the Council and by a committee of the Council, the consultant arrangement was replaced by the present senior staff.

The senior staff is composed of one representative of each Council member or Presidential invitee at the member level. These senior staff members are appointed by the President on the nomination of the

various participating department and agency heads. At the present time these senior staff appointees are high ranking officials from the Departments of State, Treasury and Defense, the Joint Chiefs of Staff, the Office of Defense Mobilization, the Central Intelligence Agency, the National Security Resources Board and Mr. Harriman's office. On the whole these representatives are able to reflect the views of their departments and agencies. Even in the case of the representative of the Joint Chiefs of Staff, it is understood that there have seldom been major divergences between the views he presents in the senior staff and the final formal views of the Joint Chiefs of Staff as a corporate body. Most of the senior staff members are in the main stream of the work of their agencies, a factor that contributes to their effectiveness in the work of the Council.

The success of the National Security Council requires effective organization in the major participating departments. The reorganization of the Department of State in accordance with some of the Hoover Commission recommendations has greatly improved the completeness of staff work within the Department and speeded up arriving at departmental positions. In the Department of Defense the changes described earlier, especially the creation of the Office of Foreign Military Affairs, provided improved coordinating machinery within the Military Establishment and among the Department of Defense, the Department of State, and the National Security Council. As a result the representatives of the Department of Defense on the senior staff can usually resolve all but the most basic disagreements between the military services in connection with the matters under consideration in the Council.

The National Security Council process is such that ordinarily work on a policy paper will start at the working staff level and progress upward through the senior staff to the member level, after which a policy recommendation will be submitted to the President. Final action does not occur until the President writes "I approve" on the report later submitted to him by the Council, even in those cases where the President has presided over consideration of the matter. If there is disagreement along the way which cannot be resolved at the member level, a "split paper" goes to the President, in which case the dissenting elements are identified. In actual practice, however, few split papers have been sent to the President and in those few instances he has been able to make an immediate decision because all the necessary staff work upon which to base his decision has been completed.

When the Council has submitted its policy recommendation to the President, its activities are completed on the subject unless there is a need for reconsideration of a policy. If the President approves the policy recommendation, as he is said to have done in all except minor instances, it then becomes the policy of the Administration.

In accordance with its basic concept, the National Security Council is not responsible for the execution of policy. It does, however, receive periodic progress reports from the Secretary of State, to whose Department a coordinating function is usually assigned, on the execution of approved policies. These reports go on the agenda of the Council "to be noted," but action is not required. They contain a statement of major actions taken pursuant to a policy decision and an evaluation of the policy.

Departmental responsibilities in the United Nations

- Under the Charter of the United Nations, the member states of the organization conferred on the United Nations Security Council primary responsibility for the maintenance of international peace and security and agreed that the Council, in discharging this responsibility, acted in their behalf. Furthermore, the member states agreed under article 25 to accept and carry out the decisions of the Council. This latter obligation is subject to the provisions of article 27, under which the United States as one of the five permanent members of the Council has a "veto" power on all substantive decisions of the Council.

The Security Council was empowered to determine whenever a particular situation constituted a threat to the peace, breach of the peace, or act of aggression, and whenever it so determines it can "take such action by air, sea, or land forces as may be necessary to maintain or restore international peace and security." To this end, all member states agreed under article 43 to make available to the Council, on its call and in accordance with special agreements, "armed forces, assistance, and facilities, including rights of passage, necessary for the purpose of maintaining international peace and security." Also, the member states specifically agreed in article 45 to hold "immediately available national air force contingents for combined international enforcement action," such contingents to be covered by the special agreements under article 43. Plans for the application of armed force were made the responsibility of the Council with the assistance of the Military Staff Committee, of which the Joint Chiefs of Staff of the United States are members along with those of the four other major powers on the Council.

From this brief summary, it can be seen that, as originally planned, the United States might have a heavy military commitment under the United Nations, even when account is taken of the fact that because of the veto American armed forces could never be ordered into action by the Security Council without the consent of the United States. But five-power negotiations for the military agreements under article 43 of the Charter, which began early in 1946, were deadlocked by disagreement, particularly by the attitude of the Soviet Union. The result was that when the Korean situation arose in June 1950, the

Security Council had no forces at its disposal to order into action to deal with the situation. The Council could and did recommend, however, that the member states "furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore peace and security in the area." It is in response to this recommendation, plus the one establishing the unified command, that United States forces have since been operating in Korea.

The response of the member states to the mere recommendation of the Council in the Korean situation was sufficiently favorable to encourage the United States to take the lead in securing General Assembly approval of the "uniting for peace" resolution. Under this resolution, procedures are to be worked out whereby the member states—including the United States—will maintain within their national armed forces elements so trained and equipped that they could be made readily available for use under a recommendation of the General Assembly or of the Security Council. The Assembly has equal powers with the Security Council to recommend the use of armed force, but there is the advantage in the Assembly that its recommendation cannot be blocked by a Soviet veto, as can be the case in the Council. A recommendation by the Assembly, however, does not have the same weight as a recommendation of the Security Council, since the latter would have further measures at its disposal if able to reach agreement.

Responsibility for formulating over-all United States positions with reference to the United Nations for the approval of the President resides in the Department of State. As just noted, the Department of Defense is independently involved in the United Nations by virtue of the provision in article 47 of the Charter that the Military Staff Committee shall consist of the Chiefs of Staff, or their representatives, of the permanent members of the Security Council. The Joint Chiefs of Staff determine who shall represent them at the meetings of the Military Staff Committee, and they send their instructions to their representatives directly without prior clearance with the Department of State. The Military Staff Committee is under the direction of the Security Council, on which the United States representative is subject to instructions by the Secretary of State.

Should differences of opinion arise between the Departments of State and Defense over the policy to be pursued in the political and the military organs of the United Nations, the President would have the responsibility for resolving them. Aside from the liaison which exists in Washington between the Departments of State and Defense in planning, the Joint Chiefs representatives to the United Nations as members of the United States delegation function in a dual capacity as representatives on the Military Staff Committee and as advisers

to the United States ambassador at United Nations headquarters. There may be potential difficulties inherent in this duality, but they have not become evident to date.

The North Atlantic Treaty and the mutual defense assistance program

The North Atlantic Treaty brought together the United States, Canada, Denmark, Iceland, Italy, Norway, and Portugal with the five Brussels pact countries of the Western Union—the United Kingdom, France, Belgium, the Netherlands, and Luxembourg—in a mutual defense agreement under which it was declared that “an armed attack against one or more of them in Europe or North America shall be considered an attack against them all.” The treaty provides in such an event, for the possible use of armed force “to restore and maintain the security of the North Atlantic area,” as each member shall determine.

The Mutual Defense Assistance Act of 1949 and its 1950 amendments provided for military assistance to three categories of countries. Title I authorized grant aid to the North Atlantic Treaty nations who have requested such assistance from the United States; title II provided for the continuation of programs of military aid to Greece and Turkey, and included as well military assistance to Iran; and title III authorized the provision of military assistance to Korea and the Philippines. Title III also authorized a special emergency fund for the purpose of extending military aid to the “general area of China,” and was thus the basis for assistance to Indochina and other parts of the Far East.

Projects authorized under the mutual defense assistance program (MDAP) fall into four groups: Supplying finished components of military equipment, known as end items; training the personnel of foreign nations technically in the use of the equipment that is furnished; partially financing additional military production projects to be undertaken by the foreign countries, commonly known as additional military production; and supplying end items of military equipment on a reimbursable or outright-purchase basis.

The original interdepartmental organizational pattern set up for MDAP was changed in January 1951. The Director, Mutual Defense Assistance, in the Office of the Secretary of State was replaced by the Director of International Security Affairs, also in the Secretary's office, who was given significant additional responsibility within the Department and within the Government as a whole for North Atlantic Treaty and other regional arrangements concerned with mutual defense and supporting economic assistance programs. The Foreign Military Assistance Coordinating Committee (FMACC), composed of the Director of Mutual Defense Assistance from the Department of

State, the Director of the Office of Military Assistance from the Department of Defense, and the Director of Program Relations from the Economic Cooperation Administration, was replaced by the International Security Affairs Committee (ISAC) on which the same agencies are represented, together with representatives of the Department of the Treasury and the Special Assistant to the President (Mr. Harriman).

The new committee operates at a higher level than the former one and unites authority formerly held, not only by the FMACC but also its superior, the steering committee, composed of the heads of the three agencies most concerned. The Director of International Security Affairs in the Department of State is chairman of the new committee.

Under the reorganization, the Department of State continues to have primary responsibility for the administration of MDAP in order that the programs may be integrated into the total strategy of American foreign policy and to facilitate the use of the Foreign Service in negotiations with other governments on MDAP affairs. Most of the operational responsibilities continue to be assigned to the Department of Defense. The Economic Cooperation Administration, which previously had been drawn into the MDAP activity mainly in an advisory role to evaluate the impact of increasing military strength on the economy of the nations involved, is now given a more clearly defined role. This largely takes account of the increased emphasis upon the additional military production portion of the program, under which it is necessary to rebuild the armaments industry of western Europe. Since the Economic Cooperation Administration has considerable experience with rebuilding European industry under the Marshall Plan, it is being given added responsibility for European military production.

The recent interdepartmental reorganization required little change within the Department of Defense in the handling of MDAP matters. Its operational responsibilities continue to be carried out through the three military departments, the Joint Chiefs of Staff and the Munitions Board. The Office of Military Assistance is the top departmental coordinating staff for military assistance activities and also coordinates with the operations of the Department of State and the Economic Cooperation Administration. Responsibility for the development of program details, for supply and training, and for administrative support is decentralized to the three military services.

The Joint Chiefs of Staff is responsible in connection with military air for making recommendations to the Secretary of Defense regarding strategy and logistics, military objectives, matériel availability and military priorities as between countries and between services. As a further means of integrating the military assistance program in Europe, the Secretary of Defense appointed a military representative

in Europe who in turn established the Joint American Military Advisory Group (JAMAG), with headquarters in London. JAMAG has had two functions: Supervising the military assistance missions in the various western European countries and supplying the American portion of the NATO strategic planning staff. This latter function will probably be transferred to the staff of the Supreme Headquarters Allied Powers Europe (SHAPE), General Eisenhower's headquarters.

Detailed preparation of recommendations on the military assistance programs for each country continues to be the responsibility of the Military Assistance Advisory Groups (MAAGs), attached to United States diplomatic missions in the recipient countries. The MAAGs, in cooperation with the military representatives of the recipient governments, translate program proposals into specific details. These detailed proposals are intended to reflect the general terms for programming as set forth by the International Security Affairs Committee, as well as those of the European regional plans based on strategic concepts for mutual defense developed within the NATO machinery. In each country, the MAAG operates under the surveillance of the United States ambassador; in the European countries the ambassador has a special assistant for the military aid program.

The interdepartmental changes in organization for mutual defense assistance in January 1951 also included changes in the arrangements for participation in the work of the North Atlantic Treaty Organization, with the objective of bringing about a closer integration of NATO affairs and MDAP operations. A further stage in organization was reached at the beginning of May 1951, when the internal organization of NATO itself was changed.

The North Atlantic Treaty established the North Atlantic Council, which consisted originally of the foreign ministers of the treaty members. The Council early established two further agencies: The Defense Committee, normally consisting of the defense ministers of the member nations, to draw up unified defense plans; and the Defense Financial and Economic Committee (DFEC) normally composed of the finance ministers, with the responsibility for advising the Council on financial and economic matters. The United States representative on this latter committee was the Special Representative in Europe of the Economic Cooperation Administration. The North Atlantic Council also established the Council of Deputies as its continuous working body, as noted in chapter II.

The Defense Committee in turn established a number of subordinate bodies. Among them was the Military Committee, made up of the chiefs of staff of the member countries. This committee provided general policy guidance and made recommendations on military matters to the Defense Committee and other agencies. The Standing Group,

composed of military representatives from France, the United Kingdom, and the United States was established to serve as the working agency for the Military Committee. The Military Production and Supply Board (MPSB), replaced in the winter of 1950-51 by the Defense Production Board, was also created to review the military supply situation in the light of matériel requirements, current availability, and increased production needed, and to accelerate deliveries by promoting efficiency in production through standardization and conservation.

The United States has been represented on the North Atlantic Council by the Secretary of State; on the Defense Committee by the Secretary of Defense; and on the Defense Financial and Economic Committee by the Special Representative in Europe for the Economic Cooperation Administration. The same condition of diversity of representation on separate high level bodies existed for other countries and gave a third dimensional pattern to this international organization. The certainty with which a foreign minister may speak for his country depends in a large measure upon the internal coherence of the government of his country.

In Europe, the difficulties inherent in the third dimensional aspect of international military affairs were most clearly evident in those western European countries such as France, Italy, Norway, and the Netherlands, where coalition cabinets were necessary for a working majority in the parliament. Party differences within these cabinets undoubtedly accentuated the difficulty of securing agreement on security questions. These differences were not likely to facilitate the execution of decisions made by the respective ministers within the three NATO committees.

A proposal of the Canadian Government in the autumn of 1950 led to changes put into effect in May 1951. The North Atlantic Council was reorganized to incorporate the functions of the Defense Committee and the Defense Financial and Economic Committee, both of which disappeared as separate entities. It was agreed that heads of governments might attend meetings of the North Atlantic Council in person; ordinarily governments will be represented by their foreign ministers, defense ministers, or other competent ministers, according to the nature of the agenda. The full Council will usually meet once a year at the time when the General Assembly of the United Nations is in session. At other times, the work will be carried on by the Council Deputies, who will continue to have their headquarters in London.

The military structure of NATO was somewhat changed to take account of the disappearance of the Defense Committee. The Council Deputies will deal directly with the Military Committee, and, when it is not in session, with the Standing Group. The Standing Group will provide advice to the Deputies on military matters, while the

Deputies will provide the military bodies with political guidance upon which strategic decisions are to be based.

These changes should facilitate integration between the United States efforts in NATO and the administration of military aid through the mutual defense assistance program. Strategic plans prepared by NATO military planning bodies depend in large measure upon United States military aid.

Organizationally, the two activities will reach a focus abroad in the office of the Deputy United States Representative, North Atlantic Council, and in the interdepartmental regional arrangements in Europe which he heads. In Washington, the point of integration is the office of the Director of International Security Affairs in the Department of State and the International Security Affairs Committee (ISAC) of which he is chairman. The Department of Defense is represented on that committee by the Assistant to the Secretary for International Security Affairs, under whom there has been created, as noted earlier, an Office of North Atlantic Treaty Affairs in addition to the Office of Military Assistance.

As its title indicates, the Office of North Atlantic Treaty Affairs acts for the Secretary by following NATO affairs in which the Department of Defense has a concern. This involves preparing the views of the Department on various position papers for the direction of United States representatives on NATO bodies; advising the Secretary on the progress of matters pending before the NATO Council and its principal bodies; and providing representatives on interdepartmental committees concerned with NATO affairs.

Responsibilities for the administration of occupied areas

Responsibilities for occupied area administration were divided between the Department of State and the War Department in 1945, as indicated in chapter II. The Department of State had the responsibility for formulating policy while the execution of policy was the responsibility of the War Department, later the Department of the Army, operating through the Joint Chiefs of Staff and the theater commanders. This placed a burden on the military they admittedly were ill-equipped to assume. Army personnel, skilled in practicing military science, found themselves attempting to practice the "exceedingly troublesome art" of government. In situations where the function of government is to impose the will of the conqueror upon the conquered, the most skillful practice of the art of government is challenged.

The State-War-Navy Coordinating Committee (SWNCC) was established in 1944 for the purpose of coordinating civilian and military points of view with respect to various matters, including policy for civil affairs, military government, and occupied areas activities under

the military.¹ It was later replaced by the State-Army-Navy-Air Force Coordinating Committee (SANACC). This formalized inter-departmental coordinating mechanism was discarded in 1949 when the primary responsibility for the administration of the occupied territory in Germany was assigned to the Department of State. Thereafter the Bureau of German Affairs acted for the Department, and the High Commissioner in Germany (HICOG) was implementing officer. During the life of SANACC, a mechanism existed through which differences of opinion on policy matters between the Department of State and the Department of the Army could be resolved. After the coordinating committee was discarded there was no formal means for readily reaching an agreed policy position.

Although the Department of State has become the executive agent for administering occupied areas in Europe other than Trieste, the Department of the Army continues to participate very actively in the operation in both Europe and Asia. In Japan, where civilian employees of the occupation administration have outnumbered military in a ratio of 3 to 1, the occupation has been under the autonomous control of the Supreme Commander for the Allied Powers. In Germany, the High Commission has been responsible directly to the Secretary of State for administering the civil or nonmilitary functions of the occupation, but garrison and related military functions along with a significant amount of logistic support for the High Commissioner's establishment and staff have remained the responsibility of the Department of the Army.

The fact that during the Second World War, civil affairs and occupation problems received little serious consideration before military operations were proceeding in liberated areas, and that the preparatory work for the occupation was of necessity eclipsed by the pressing requirements of winning the war, gave rise to a great deal of confusion. Moreover, considerations of military expediency, tending to outweigh and distort basic factors of long-term foreign policy, militated against the establishment of effective and lasting arrangements.

Two major criticisms seem therefore to have arisen from the experience of the past five years in this area. The first applied to policy formulation. While the Department of State has been the agency primarily responsible for the formulation of policy even when administration has been in the hands of the Department of the Army, the need for policy determinations has arisen mainly from the day-to-day operations of the field headquarters overseas. Problems on which policy guidance was required were sent from the field through Army channels to the Department of the Army where a policy paper was developed and submitted to the Department of State for approval.

¹ The term "civil affairs" is applicable in friendly countries while "occupied areas" applies to enemy territory under military control.

In case of a dispute between the working staffs of the Army and the Department of State the problem under consideration went to the respective Under Secretaries, but, if the Under Secretaries failed to agree, the problem was not referred to any higher authority for resolution. Instead, the Department of the Army then informed its field commander that "no action has been taken upon your recommendation," whereupon the field commander was at liberty to proceed at his own discretion. While this procedure was not necessarily unsatisfactory to the Army, it has meant that on controversial issues the best solution has not always been reached.

The second criticism has applied to policy execution and principally concerns the proper location of civil affairs, military government, and occupied areas administration within the Army organization both in the Department and in the field. During the first part of the North African campaign, when General Eisenhower had attached to his command, but not yet subject to his orders, the civilian representatives of some 20 different Federal agencies, he is said to have remarked that he was not sure whether the civil servants working on civil affairs behind him, or the enemy forces operating in front of him caused him the most trouble. This situation was remedied when the civilian agency representatives were made subject to military command through a civil affairs unit, which was established as G-5 and made a separate part of General Eisenhower's general staff.

The Second World War thus reaffirmed previous experience that during actual military operations, and for at least a short time thereafter, civil affairs should be under military command. Civil government is too essential to military success during actual military operations to be located other than under the jurisdiction of a theater commander. Furthermore, the experience of the Second World War gave considerable weight to the conclusion that civil affairs, military government, and occupied areas administration should have separate general staff status according to the Eisenhower organizational pattern rather than a place down in the hierarchy within G-1, the personnel division of the staff. Unless it has separate general staff status, occupied area problems are unlikely to be given the attention of the top military command to the extent that they should be.

MAIN ISSUES AND ALTERNATIVES

As noted earlier, the Hoover Commission Task Force on National Security was particularly concerned about the inadequate liaison that existed in 1948 between the agencies concerned with foreign affairs and military affairs. The adequacy of liaison, however, is a matter of judgment. "Liaison," like "coordination," has a point of diminishing return; more liaison after that point has been reached may decrease rather than increase efficiency. Nevertheless the phrase "ade-

quate liaison" does imply that means exist by which the more important questions having mixed foreign policy and military aspects will be considered by both the Department of State and the Department of Defense.

A great many issues are inherent in a consideration of the problem of this chapter. Each issue presents a choice of several alternative courses of action. From the discussion of the responsibilities of the Department of Defense in foreign military affairs, it would seem that it participates mainly in two aspects of foreign affairs: the formulation of policy and the operation of programs. The first issue selected for attention here, consequently, concerns policy formulation, while the three following relate to operations.

Issue 1: Participation in the formulation of foreign policy

What is the proper role of the Department of Defense in the formulation of foreign policy?

In examining this issue, it is assumed that the Department of State is the primary adviser of the President in the formulation of the foreign policy of the United States, and that the Department of Defense may be called upon to furnish advice to the Department of State in that connection. On such occasions, it may be presumed that the Department of State has the responsibility for fixing the political terms of reference upon which it seeks the advice of the Department of Defense, although other alternatives may be considered. One of the difficulties in the past has been the frequent inability on the part of the Department of State to sharpen the questions upon which it has requested military opinion by stating clearly the political objectives and limitations.

The three major alternatives with respect to the proper role of the Department of Defense which will be discussed are (1) furnishing strictly military advice, (2) furnishing military advice but taking economic and political factors into account, and (3) having an equal partnership with the Department of State in the formulation of foreign policy.

Alternative 1 is the furnishing of strictly military advice without any attempt to state political or economic implications.

This alternative reduces the task of the Department of Defense to its minimum terms. There are no extraneous questions. Furthermore, the problem is kept within the area in which the military are skilled and upon which they have the most knowledge. While it is true that in recent years a great many of the senior military officers have been exposed to courses in international relations and economics at the National War College or to graduate work in civilian universities, at best these courses have been brief compared to the amount of military training that they have received. A little knowledge may be dangerous. The military man is not as likely to make errors

in judgment in his own field as he might in a field in which his formal knowledge is strictly limited. This alternative then would confine his advice to his own special field of knowledge.

It would make the Department of Defense the advocate of a purely military point of view. There is considerable advantage in having that point of view strongly and clearly expressed without its being watered down by any other considerations. It would leave to someone else, presumably the Department of State, the presentation of the political and economic implications of a particular policy. Furthermore, it would leave to the President or to the other members of the National Security Council the task of weighing the military against the political and economic considerations in reaching a decision. The issues, however, would be clearly presented, and there would be no doubt as to the position that the Department of Defense represented.

The alternative may have certain disadvantages. It raises the question whether military advice can be realistic and meaningful if it does not consider the economic and political implications at a very early stage in formulating military conclusions. For instance, on the question of what force would be necessary to effect a landing in an unfriendly area, it might be argued that political and economic conditions in that area would largely determine the size of the force and the equipment which must be delivered. Also military conclusions frequently carry within themselves political and economic implications that in turn have further military reactions. Military advice by its very nature includes strategic considerations, and today strategy is global in breadth and includes many political and economic factors. Is it advisable, therefore, to isolate military advice even though it be possible to concentrate on the military factors in a given situation? The restriction of military advice exclusively to military considerations would preclude broad and comprehensive study on the military side during the formative stages. Consequently, a problem might be forced to the top levels of the Government before the military, economic, social, and political factors involved could be woven together.

Alternative 2 is the furnishing of advice principally military in character with a conscious attempt to recognize economic and political implications.

Under this alternative the Department of Defense in offering military advice in the field of foreign affairs would consciously strive to state any economic or foreign policy elements that it might observe in the situation. It is assumed, of course, that the Department of State and perhaps other agencies of the Government would submit much more detailed political and economic appraisals. Thus the alternative does not presume that the Department of Defense would have sole or even principal responsibility for that type of advice, but only that it consciously takes into account all economic and political implications of which it is aware.

One argument for this position has been set forth under the disadvantages of alternative 1 above—the difficulty of offering realistic military advice without considering economics and international relations.

The objection that the military have only limited training in the field of political and social problems need not necessarily prohibit this approach. Civilians skilled in international affairs and economics can be provided in those offices in the Department of Defense dealing with foreign military affairs. In the past some endeavor has been made as noted above to maintain a balance between civilian and military personnel in these offices. Even though civilians have largely disappeared since the outbreak of the Korean crisis, the balance might be regained by the appointment of additional civilians.

This alternative also assumes the traditional theory of civilian control of the military departments and that the civilian secretaries and their staffs will be expected to contribute political and economic knowledge to the position of the Department. Under these conditions they would become more than merely spokesmen for the military arm of the Government and would have the task of keeping the military advice realistic in a broad sense.

It may be argued that this whole alternative would strengthen the position of the Department of Defense by making its advice more realistic and by reducing the possibility that the military would submit advice which would be clearly impossible to follow because of its implications.

Some of the disadvantages in this alternative position have by implication already been discussed in the affirmative argument under alternative 1. It is argued that a specialist should stick to his specialty. The military are experts in military affairs, therefore they should confine their advice to strictly military matters. On the other hand, it may be argued that the present alternative does not go far enough. That possibility is considered under the next alternative.

Alternative 3 is active participation as an equal partner with the Department of State in the formulation of foreign policy.

This alternative goes much further than the previous alternatives in giving the Department of Defense an active role, so much so that there could be some question as to whether it is compatible with the assumptions stated above in introducing issue 1. It proposes that the Department of Defense participate in the formulation of policy on all matters affecting national security on the basis of equal partnership with the Department of State.

It may be argued that this alternative seems to correspond to the existing situation since the Department of Defense participates in the National Security Council with the Department of State on a basis of full equality. Furthermore, the Department of Defense partici-

pates through the Secretary of Defense in the conduct of negotiations in the North Atlantic Council and is also represented in various subordinate bodies of that organization through the Joint Chiefs of Staff and other agencies of the Department.

The Department of Defense also has an active partnership at the present time with the principal economic agencies of the Government in the work of the defense mobilization organization. Many of the policies formulated in these bodies, notably in regard to the export of raw materials and manufactured products and the stockpiling of strategic materials, have important implications for foreign military affairs. Certainly these policies directly affect the ability of the United States to furnish aid to foreign countries.

In arguing against this alternative, it could be pointed out that the basic functional responsibilities of the Department of Defense and of the Department of State are quite different—one is charged with military matters; the other with foreign affairs. The fact that both participate in the National Security Council does not prove that they have identical responsibilities. The council simply provides a place where the two responsibilities may be brought together and woven into a balanced pattern for presentation to the President.

Equal partnership in foreign policy would mean that the Department of State would have a right to an equal voice in military policy, and thus it would tend to defeat the whole administrative theory of division of work according to training and specialization. The principle of organizing the agencies of the Government according to major function has long been accepted. This clearly implies that each agency should have a distinct major function as the basis of its organization.

Rejection of equal partnership for the Department of Defense in foreign policy may turn on the word “equal” rather than on partnership. This, at least, would be the position of those who would argue that the primary responsibility for the formulation of foreign policy should be vested in the Department of State and that the Department of Defense should not have an equal share in those responsibilities even if permitted to participate actively.

Issue 2: Administration of the foreign military aid program

What authority and responsibility should be assigned to the Department of Defense with respect to the administration of mutual defense assistance?

It is inconceivable that the military aid program could be carried on without placing large operational responsibility in the Department of Defense and the three armed services, in view of the many strictly military aspects of the program. Nevertheless, the basic objectives of the program are such that the Department of State must also have a close and detailed interest in many aspects of program policy and

operations. It would therefore be undesirable to place the military aid program completely under the jurisdiction of the Department of Defense, and none of the alternatives considered under this issue proposes such a course. Moreover, as noted in the last chapter, mutual defense assistance has come to include a significant element of economic aid, and other forms of economic assistance are being increasingly directed to the support of military aid. The interrelationships between military and economic aid and the problems of coordination that arise in consequence will be the subject of further discussion in the next chapter.

Here we are concerned primarily with the responsibilities of the Department of Defense in relation to those of the Department of State, and the alternatives to be discussed should all be understood as referring primarily to aid in the form of military equipment and training. Supporting economic aid is excluded even though financed from mutual defense funds. In defining responsibilities between the two departments within these terms of reference, the problem is to establish clear organizational relationships for handling military aid while at the same time maintaining equally clear channels for determining and communicating the policies under which the program as a whole should operate.

The major alternatives which will be discussed are (1) delegation on a day-by-day basis, (2) delegation on an approved program basis, and (3) full delegation of authority and operational responsibility with the Department of State furnishing only general foreign policy guidance.

Alternative 1 is delegation of responsibility for operations to the Department of Defense on a day-by-day basis with fiscal and operational controls retained in the Department of State.

This alternative assumes that complete fiscal and operational controls for all parts of the program would be retained in the Department of State, which would merely delegate responsibility on a day-by-day basis to the Department of Defense. The defense establishment would act as the administrative agency for the Department of State in providing items of military equipment to aided countries as directed.

The presumed advantage of this arrangement would be that one agency alone would have the predominant responsibility for all program operations. It would center responsibility and insure that funds provided by Congress for foreign aid were used for the purposes for which appropriated. It would also insure close coordination of the program with major foreign policies.

There are disadvantages, however, in this alternative. It would require both the Department of State and the Department of Defense to process a great quantity of routine work through channels within both Departments. This would cause delay because of the number

of persons involved and also because the technical nature of most of the work would be completely unfamiliar to the Department of State. The decisions as to the weapons to be supplied should be based upon strategic and tactical considerations, as well as upon availabilities. Such technical questions by their nature would be beyond the competence of Department of State personnel.

It might be argued further that the maintenance of effective controls would not require such detailed processing of individual items through the Department of State. Foreign policy governing relations with each of the countries receiving military aid can be broadly conceived. The attainment of foreign policy objectives on a country-by-country basis does not require such detailed control of operation.

Alternative 2 is delegation of operational responsibility on an approved program basis with fiscal controls retained by the Department of State.

Substantially this arrangement is in effect at present. Its continuation would assume that within the authorized appropriation, the Department of Defense would have the responsibility for preparing a detailed military aid program for each country based upon strategic plans and broad objectives. Once the Department of State approved these programs the Department of Defense would have the responsibility for carrying them out with little day-to-day oversight by the Department of State. This alternative would involve a post audit to determine whether the operating agency had indeed fulfilled its programs. Fiscal control would be retained by the Department of State.

A distinction would be made between policy determination and policy execution. The Department of State would have primary responsibility in determining policy with the participation of the Department of Defense, but the execution of the program would rest with the Department of Defense. The Department of Defense would be restricted within a comprehensive policy framework which it had helped devise, but within that framework it could apply its resources to the problem of efficiently and effectively translating the program into operation.

The disadvantages of this alternative are that it would divide administrative responsibility between two agencies, the Departments of State and Defense. It might be argued that there is a certain risk in permitting the Department of Defense so much operational freedom once a program has been approved. This disadvantage would have to be weighed against the advantages of flexibility.

Alternative 3 is full delegation of authority and operational responsibility with the Department of State furnishing only general foreign policy guidance.

Funds for aid in the form of military equipment and training would go directly to the Department of Defense, with no fiscal control on the

part of the Department of State. The Department of Defense would be in a position of administrative autonomy similar to that of the Economic Cooperation Administration for the European recovery program.

It has been argued that the Department of Defense should program and administer all parts of military aid (other than supporting economic aid), with the Department of State furnishing only general foreign policy guidance. Under this alternative the Department of State would establish and set forth policies under which the military assistance program could operate. The Department of Defense would have full authority to determine the type, character, and extent of the military equipment and training to be furnished to meet approved policies. It would have complete administrative and operational control consistent with the foreign policy fixed by the Department of State.

The advantages are put forward in terms of maximum program flexibility. It is suggested that conditions both internationally and within a given foreign country change quickly, and the Department of Defense ought to have the authority to adjust the military assistance program with a minimum of red tape to meet these changing needs. Rearmament of the free world already has been overlong delayed. Speed is of the utmost importance. The military problems inherent in rearmament are in themselves numerous and complicated. The purely administrative aspects of the program, consequently, should be kept as simple as possible. Full delegation of authority to the operating agency is the best means to this goal.

Such an arrangement, it might be argued, would have a number of disadvantages. The Department of Defense is far from certain that it wishes complete responsibility or that it would be able to operate effectively under this alternative. Military assistance is not purely a defense problem. It is one of executing policy to attain national objectives. Foreign policy is not a static body of doctrine, either in general or for particular countries. It changes with the times and may require constant adjustment in varying degrees in the operation of foreign aid programs. Like the first alternative, this one seems to have the advantage of simplicity since substantially all authority and responsibility would be lodged in one department. Such a pattern, however, may seem to reflect an oversimplification of the problem that would place responsibilities in a department unable to fulfill them effectively.

Issue 3: Participation in the administration of occupied areas

What should be the responsibility of the Department of Defense and the armed services for the government and administration of occupied areas?

An examination of this issue must be conducted in the light of a variety of problems that have arisen in the administration of occupied areas since the Second World War. The nature of the occupation in both Germany and Japan has been tempered to a great extent by the international, multilateral cooperation required, the personalities involved, the absence of predetermined courses of action, and the lack of experience in conducting large-scale nonmilitary operations abroad on the part of the United States Government. The policies followed may not necessarily have been the most desirable solutions to the problems faced.

The present issue is closely related to the parallel issue in the next chapter on the responsibilities of the Department of State for administration of occupied areas. The treatment in both chapters recognizes that the total job of administration of occupied areas, as stated in chapter II, is in part military, in part diplomatic, and in part governmental in the general sense. Because of the nature of the total job, parts of it must inevitably be performed by the military agency, the Department of Defense, and parts of it by the diplomatic agency, the Department of State. It does not follow that either Department should necessarily be responsible for those parts of the job that are analogous, for example, to state and local government within the United States, although at present responsibilities of that nature are assigned to the Department of Defense for Japan and to the Department of State for Germany.

In the present chapter, the preoccupation is with the responsibilities of the Department of Defense. The principal objective here is to clarify the line between the parts of the task that should be under the military agency and the parts that should be assigned to a civilian agency or agencies, including the Department of State. In the next chapter, attention will be devoted to the distinctions between those parts of the task which would appear necessarily to be the business of the Department of State and those that might alternatively be assigned elsewhere if it is concluded that they should be administered under civil auspices.

So far as the possible responsibilities of the Department of Defense are concerned, the main alternatives would appear to be three in number, namely, (1) the principal responsibility for a limited time, (2) a limited responsibility throughout the period of the occupation, and (3) the principal responsibility throughout the period of the occupation.

Alternative 1 is to limit all responsibilities of the Department of Defense to the period during and immediately following hostilities and to transfer those responsibilities as soon as possible to a civilian administrative agency.

The experience during the Second World War with both civil affairs and occupied areas administration offers a strong argument for full delegation to the theater commander of responsibility for controlling civilians during actual hostilities. The success of a military action, in fact, is inextricably related to the movement, housing, feeding, and governing of the local population, whether they be friendly or enemy nationals. The mobility and flexibility inherent in modern warfare, coupled with the complexity of the logistic support make it imperative that functions of civilian life be fully integrated with military operations in a theater of war. Integration, it is argued, cannot be achieved unless the military commander has the power and authority to exert such controls as are required.

Once the enemy is defeated and active warfare ceases, the function of administering the affairs of defeated peoples falls naturally to the military since they are the United States representatives in the area at the time. It can be argued, however, that they need assume responsibilities only so long as it takes to transfer functions to a civilian agency whose personnel would in part be sent abroad for the purpose, but would also be largely obtained by "civilianizing" military personnel with previous civilian experience who would already be at work in the area.

In a large sense the disadvantages of this alternative become the advantages of those that follow. The necessity for some continuance of military controls beyond the period of actual hostilities or shortly thereafter, it is believed, depends on the extent to which the maintenance of order will be difficult and is an important concern of the occupying country. This is a military function which might conceivably extend to control over the local civil administration. The degree of control necessary will be argued in the alternatives below.

Alternative 2 is to continue limited operational responsibilities throughout the period of occupation, including garrison and police duties, and logistical support for the entire United States establishment in the country, but with the principal responsibility for government and administration vested in a civilian agency.

No matter what agency carries the principal responsibility for occupied area administration, proponents of this policy suggest, there will be certain operational responsibilities which the military should continue to assume. The maintenance of civil order, the prevention of insurrection and internal revolt, the occasional show of military strength, these and related functions are primarily military in nature, and to transfer them to an inexperienced civilian agency, it is argued, would force on it requirements that it inevitably would be ill-equipped to fulfill. Logistical support under conditions likely to prevail, moreover, may be beyond feasibility in the case of a civilian agency, even for its own immediate establishment. On the other hand, this argu-

ment continues, responsibilities of the military should be limited to clearly defined logistical and operational duties and be directed and controlled by the resident representative of the civilian agency.

In favor of limited responsibilities, it might be said that the arrangement fits closely the pattern of the democratic tradition. Whenever the military set out to assist in securing the foreign policy objectives of the United States, they should do so within an operational frame of reference established and maintained under civil control. An occupied area administration built on such a principle would increase the likelihood of instilling by example in the peoples of the occupied area the democratic processes it is thought should be adopted by the occupied state into its own governmental framework.

Opponents of the alternative argue that the power and responsibility delegated from Washington to the field should be contained within a single hierarchy, free from coordinate authorities and patterned as a single chain of command. If both civilian administrator and military commander perform their duties assiduously, the need for constant and extremely close coordination, the possible duality of function, and the threat of indecision, conflicts, and personality clashes might well negate the strength inherent in direct civil control over the military aspects of occupation.

Alternative 3 is to continue principal operating responsibility for governing and administering occupied areas in the Department of Defense for the duration of the occupation, subject to the policy directives of the Department of State.

This situation obtains at present in the administration of the occupied areas of Japan and the Ryukyu Islands. In arranging the peace treaty, renegotiating trade agreements, administering the information and education programs, and on other similar problems, however, the Department of State is actively participating.

The advantage of simplicity in some of the administrative arrangements is offered in support of this alternative. All activities in the occupied area, military and civil, lead up to a single chief. It should be possible to reach local decisions more speedily and with less red tape.

Against this alternative, it is necessary to consider the difficulties that arise when one agency operates under policy directives issued by another. It might also be said that continued military government can hardly incline the defeated power to adopt and practice democratic principles, for such a government is necessarily undemocratic. Democratic life, this argument would contend, cannot be poured into a people by military pressure from the top, it must grow up from an educated and responsible citizenry, and democratic institutions can be adopted only as rapidly as the people know how to progress within them. Such a procedure of enlightenment is outside

the sphere of military habits and could best be achieved under civilian leadership and administration.

Furthermore, continued administration of occupation by the military requires their participation in an activity so extensive that the question might arise as to the advisability of dispersing their operational efforts beyond their primary defense mission. In fiscal year 1950, the Department of the Army expended approximately 700 million dollars on government and relief in occupied areas, making this activity one of the largest single projects carried on by the Department that year. On the other hand, continuing experience with occupied areas administration may be thought to have assisted in maintaining the military skills and experience that have been required in connection with the civil affairs aspects of the present operations in Korea.

Issue 4: Coordination of programs

What should be the means for coordination between the Department of Defense and other agencies, especially the Department of State, with respect to the operation of foreign programs in which they are jointly concerned?

Various aspects of the problem of interdepartmental coordination have already been discussed in chapter IV in somewhat the same terms as considered here.

There are certain aspects, however, of the problem of coordination between the Department of Defense and the Department of State in the operation of programs of mutual interest that are unique and different from those that frequently arise in the coordination of programs between other Government agencies. The problem is essentially one of integrating military and civilian interests. This involves the coordination of groups of people with different points of view, different background, and different training. Much has been written about the military mind and probably a great deal more could be written about the civilian mind and the attitudes that each group unconsciously tends to reflect. Certainly in considering the coordination of interests between the Departments of Defense and State, this aspect of the situation cannot be avoided.

Furthermore, both departments are established as permanent parts of the Government. There is no question of their being temporary agencies and consequently no need to consider whether they could be merged into a single agency. The problem is to find satisfactory machinery for coordinating their work on the assumption of continued independence.

The four main proposals for coordination between the Department of Defense and other agencies with respect to the operation of foreign programs are (1) by direct contacts and negotiation between opposite numbers in the two departments, (2) by interdepartmental committees,

(3) by the National Security Council, and (4) by special staff in the White House. These proposals can be regarded as alternatives in particular situations, even though each of them will doubtless continue to be used to some extent.

Alternative 1 is to place primary reliance on direct contacts and negotiations between opposite numbers in the two departments.

At first glance this may not seem like a real alternative. Actually, it has been the course followed during all but a short period during the last 150 years. It has been the customary pattern of relations between the Department of State and the armed services.

The advantages of this alternative lie in its simplicity. There is an absence of formal liaison relationships, and the time of busy officers in both departments is not taken up unless there is a real problem to discuss.

Its principal disadvantage is in the lack of means by which interdepartmental problems are recognized and brought up for adequately organized discussion. Contacts between the two departments would be haphazard; there would be no way of insuring that matters about which the departments should consult together would come to the attention of the appropriate officers. Furthermore, rotation of officer personnel is a fixed policy of the armed services and is almost as firmly established in the Department of State for much of the personnel on the geographic desks. This makes program coordination through direct contacts even more unsatisfactory as a main reliance. These were the principal criticisms in the past, and they would be equally valid in the future if integration of politico-military affairs were left wholly to informal contacts.

Alternative 2 is to organize formal processes of joint work through interdepartmental committees.

The Department of Defense, being composed of the three military departments, has already faced an internal problem of coordination. In this endeavor it has used internal committees probably to an even larger extent than have the other executive departments. For better or worse, it is accustomed to committee work as a normal mode of operation. It has become one of the main sponsors of interdepartmental committee work as a means of interdepartmental coordination.

The recent establishment of the Committee on International Security Affairs (ISAC) apparently contemplates an expansion of the scope of the matters formerly considered in the Foreign Military Assistance Coordinating Committee (FMACC). In the latter committee, the coordinate authority of the agencies represented, particularly the Departments of State and Defense, was drawn upon as a means of securing concerted action. No power of decision was vested in the chairman of the committee in the event of interdepartmental disagreement, and the chairman acted only with the concur-

rence of the committee. Furthermore, the nature of the committee's work appears to have gone beyond that customary in most interdepartmental committees and was closer to the kind of administrative action produced by the joint boards of the military establishment.

The advantages and disadvantages of interdepartmental committees cannot be argued fully here, but in terms of the present issue of program coordination in a situation involving military and civilian agencies, it can be said that the main advantages of the present alternative are the converse of the disadvantages of the previous one. A systematic channel of liaison is provided and can be expected to maintain a degree of continuity notwithstanding changes in the personnel directly involved. Moreover, if a program must be organized on what amounts to a basis of joint operations on the part of two or more agencies, then it can obviously be argued that systematic measures must be taken to organize the joint operations. Systematic joint work by several agencies on mutual problems of policy, program, and operations tends in effect to become committee work even if called by some other name. But in the absence of a committee structure, the joint aspects of the work may simply fail to be cared for, as, it is argued, has been the case for some aspects of occupied areas administration since the dissolution of the committee in that field.

The disadvantages of possible indecision, extended and fruitless discussion, and waste of time of busy officials can be alleged against any committee process. Under the present assumption, however, such defects if they occur should perhaps be blamed on the inherent nature of a situation of divided responsibility for program operations rather than on the committee structure within which the various responsibilities are represented. The problem, in those terms, is to provide means for minimizing deadlocks between the agencies and for promptly breaking them when they occur. It is argued, for example, that if the agency holding the committee chairmanship has control of funds for the joint program operations of the other agencies, stalemates will not often occur and can be readily referred upward, to the President if necessary, when they do occur.

Alternative 3 is to expand the machinery and processes of the National Security Council to include coordination of operations.

This alternative proposes to enlarge the responsibilities of the National Security Council by adding coordination of foreign program operations to its policy formulating activities. The advantages lie in the fact that the Council and its subordinate groups include representatives from secretary, deputy, and staff levels of the agencies most vitally concerned with foreign programs. The Council in the course of its presently assigned duties frequently prepares policy papers which the President makes the basis of directives for the operation of foreign programs. It would seem possible to add to the Council's duties and

give it the responsibility for following up on these policies as actually carried out in operations. Furthermore, the resolution of interdepartmental conflicts arising out of operations would seem to be more easily reached in the Council because its members would already be familiar with the policies under which the operations were undertaken.

Objectors to this alternative usually accept the Council as being a useful device for the formulation of recommendations to the President on national security policy, including basic policy governing the foreign programs, but point out the disadvantages by arguing that if the Council were to undertake the detailed supervision that would be required for the coordination of foreign programs with other activities in the fields of foreign affairs, military affairs, and domestic economic affairs, the Council would be too overloaded to continue its primary functions with the degree of success it has so far attained. Further objection relates to the statutory powers of the Council and suggests that policy execution and executive leadership fall outside the Council's jurisdiction. In addition, such a proposal would inject an organization between the President and the responsible heads of the various executive departments and agencies.

Alternative 4 is to fix responsibilities for coordination in a special staff in the Executive Office of the President.

The proposal to maintain a special staff in the White House as a major solution of the problem of coordination arises from the assumption that the situation at the Cabinet level will remain one of divided responsibility for foreign programs as long as at least two departments, the Department of Defense and the Department of State, are involved. It is further argued that in such a situation, interdepartmental committees, or even the National Security Council, could at best be only a weak remedy, and that the President can obtain effective assistance only from a staff unit in his own office, headed by a special assistant of adequate competence, rank, and prestige. The advantage, it is argued in this alternative, would be in associating the power of decision with the right of discussion. Disputes would come quickly to the President for his decision, and this would make for efficient operations.

Against this proposal it is argued by some administrative experts that the multiplication of personal staff will not solve the coordination problem of the President or of any other executive, as long as the staff is required to function as such, without any delegation of command authority. The presence, for example, of the Harriman office in the White House, it is said, simply adds one more high-ranking subordinate whose views the President must consider when attempting to decide among the recommendations he will already have from a multiplicity of officials, including the Secretary of State and the Secretary of Defense.

This objection would not hold, although other problems would arise, if the assistant to the President were empowered by him to exercise delegated authority in the line of command. The assistant could then settle matters within his competence without referring them to the President. But if the assistant to the President were given authority and responsibility to integrate policy and program decisions for the foreign programs in relation to foreign policy, military policy, and domestic economy policy, perhaps by being informally designated as a deputy chairman of the National Security Council, he might be popularly regarded as another Secretary of State in the White House.

FURTHER ANALYSIS AND CONCLUSIONS

The basic problem of relationships with which this chapter is concerned is one of the oldest problems of government. The military and diplomatic agencies are ancient expressions of sovereign power; and they have always had their special phases of association in the work of the state.

If the problem is new in its present setting in the United States, it is because of the new position that the United States has come to occupy in the world. For a European state that has lived hundreds of years with the ever-present possibility of an armed crossing of its frontiers, close cooperation between the military and the diplomatic agencies, and mutual awareness of the problems of the other, should be almost automatic. In the United States, where the tradition of forward planning in a situation of real danger is not old in either department of the Government, the problem of cooperation between the Departments of State and Defense continues to be a real one.

In the terms in which the first issue of this chapter was posed, the proper role of the Department of Defense in the formulation of foreign policy appears to be that of furnishing military advice to the President and the Department of State with a conscious attempt to take into account the economic and foreign policy implications so far as they can be observed. It is important to maintain departmental specialization in the approach to foreign affairs, and the predominant role in that area must obviously be that of the Department of State. On the other hand, the idea that the Department of Defense should be limited to furnishing strictly military advice should be rejected, because economic and foreign policy implications require consideration at all levels and should be taken into account before problems have worked their way to the top of the military hierarchy in the form of an agreed position in the tripartite Joint Chiefs of Staff.

The relationships between the Department of Defense and the Department of State at the policy level, however, cannot be considered

solely in terms of the problems of foreign policy. The two-way nature of the relationship between the two Departments should be emphasized. Foreign policy and military policy are for some purposes merely parts of something larger than either, namely, national security policy.

The Hoover Commission Task Force on National Security Organization pointed out in 1948 that—

National security is still thought of too much in terms of military strength alone. There is still inadequate recognition of the equal and possibly even greater contributions to our national security that can and should be made by our political, economic, human, and spiritual resources.

The task force also commented on the relationship between national security policy and grand strategy; it referred to the witnesses who had suggested that the “formulation of grand strategy should be prefaced by consideration of the kind of social and material conditions we wished to leave in an enemy country when a military defeat had been inflicted upon it.” The task force found that—

strategic plans, made without clear guidance of long-term peace aims, were based on assumptions which may or may not be correct; that the military, in other words, were planning to fight the next war—if this tragedy should occur—without knowing exactly what we would be fighting for.

In this connection it should be noted that the term “grand strategy” has a specific connotation in military thinking; “grand strategy” is distinguished from “strategy” in the ordinary military sense, in that it looks beyond war to the subsequent peace, includes all factors that will affect the peace, and extends to the relations of a nation to its allies and to neutrals as well as to its opponents.

Grand strategy and the national security policies to which it is related are matters for decision by government in the largest sense and not by any single department or interest. Moreover, where the United States is involved with other nations in matters that affect its national objectives and its national security policies, the interrelations of political, military, and economic considerations leading to governmental decisions are of particular significance. Situations of this nature require international coordination to reconcile conflicting objectives and policies and to secure the adjustment of the national viewpoints to conform with the common interest of the several nations involved.

Diplomacy is the primary instrument for reaching political agreement among associated nations, yet military planning must run parallel to it in the United Nations' collective security system, in the North Atlantic Treaty Organization, and in the Organization of American States under the terms of the Rio Treaty. The blending of political agreement with international military planning under a coalition requires a higher degree of coordination and mutual understanding

between the Departments of State and Defense than in situations where the United States may be acting unilaterally. Neither department may be expected to possess the wisdom to meet its separate responsibilities alone, and each needs the advice of the other.

Joint work on national security policy

The National Security Council provides the place for organized joint work by the Departments of State and Defense on matters of national security policy and grand strategy. The council provides means by which comprehensive policy can be systematically formulated, reduced to writing, approved by the President, and communicated to action agencies. Most of the time, the work seems to have moved along reasonably well, except for a period in which relationships between the two Departments were subject to more than ordinary strain arising out of personal incompatibilities at the top.

In 1948, the Council was studied by two task forces of the Hoover Commission, one of which was concerned with foreign affairs, the other with national security organization. The first concluded that the council was "an unusually well-conceived and well-run organization." The second, led by people who had helped to create the council, was much more critical of performance, pointing out that guidance on the military budget had not been forthcoming on time and stating that the council was not yet in position to give "that degree of basic guidance which the military must have if a sound balance between the size of the military establishment and the needs and capabilities of the nation is to be achieved."

The inquiries of the present study indicate that there is still a tendency on the part of the military, as there has been almost from the beginning, to press for the formulation of detailed policy statements affecting the civil side of affairs to an extent that is resisted by the Department of State. Conversely, during the months since the outbreak of hostilities in Korea, there has been a marked tendency on the part of the representatives of the Department of State to press for the formulation of more detailed statements that would reflect military policy and planning. Whether these efforts should be viewed as an attempt on the part of each party to encroach in the field of the other, or alternatively should be taken as an expression of a real need on the part of each for more specific policy guidance from the other for use in its own planning, cannot be determined from the information presently available. The situation seems natural and not unhealthy as a part of the growing pains involved in the development of an important new institution of government.

It is the impression of those who have participated in the present study that the working efficiency of the council and of its subordinate bodies has improved significantly in recent months. There is still

question as to whether there is not too much "paper pushing" and "paper polishing" in the lower levels of the activity, with minor aspects of problems tending to absorb disproportionate amounts of time at the expense of matters of real urgency. This chronic malady of interdepartmental committees can only be offset by the persistent application of vigorous executive leadership in secretariat activities and working level deliberations.

A difficulty of the Council arises from the two distinct types of participants in its work, particularly in the senior staff committee and working levels subordinate to it. On the one hand are the representatives of the Departments of State and Defense, with their respective deep substantive and institutional interests in the complex problems coming before the Council. On the other hand are the representatives of the other agencies who participate in the discussions, such as the National Security Resources Board, the Treasury Department, the Office of Defense Mobilization, and the Office of the Special Assistant to the President (Mr. Harriman). While the views of all of this second group are doubtless pertinent, the participation of their representatives at the working levels of the Council tends to inject foreign policy views, and to a lesser extent military views, that may be little more than the personal views of the individuals concerned or of their superiors. This is naturally irritating to the representatives of the responsible agencies, particularly the Department of State, the Department most affected, and tends to impede and prolong the consideration of matters in the lower levels.

The Departments of State and Defense should give further consideration to the systematic organization of their own processes for joint work with each other on policy matters of special mutual concern. Joint work would facilitate the evolution of a joint position in advance of discussions to be carried on later under Council auspices, thus leaving the representatives of other agencies in the position of commentators rather than formulators, which appears to be appropriate for such matters as are essentially politico-military in character. In other cases, the proper organization of joint work on the initiative of one department or the other might make it unnecessary for the Council to take up matters it might otherwise be required to handle, thereby hastening the presentation of an agreed recommendation to the President.

Joint work on NATO affairs and military aid

Problems of policy and administration arising out of the North Atlantic Treaty and the mutual defense assistance program have tested the ability of the Departments of State and Defense to organize internally and to cooperate with each other in a complex series of

joint activities. Basic policy problems were taken up initially in the National Security Council; the two Departments were later involved in joint work in connection with the treaty negotiations, in presenting the treaty to the President and to the Senate for approval, planning and presenting the military aid legislation to the President and to Congress, and in setting up further plans after the treaty had been ratified and the legislation enacted.

Procedures for the preparation of matters to be presented in the North Atlantic Council on behalf of the United States have been informal but have usually involved joint preparatory work. Representatives of the Departments of State and Defense have jointly given final form to "position" papers previously agreed at the working level by officers of the two Departments. These position papers have not been cleared as such by the National Security Council, since they have been regarded as the carrying out of policy rather than as policy itself in the terms as defined internally for the purposes of that Council. The Secretary of State, however, has cleared major matters with the President before attending meetings of the North Atlantic Council, and at the meetings he has been assisted by delegations consisting of representatives of the Department of State, the Department of Defense, and other interested agencies.

Procedures for consultation on the part of the Department of Defense with the Department of State have also been informal with respect to the positions to be taken on behalf of the United States by the Secretary of Defense in the Defense Committee of the North Atlantic Treaty Organization and by other representatives of the United States in the subordinate bodies of the Defense Committee.

As noted earlier in this chapter, the internal structure of the North Atlantic Treaty Organization was recently modified and the Defense Committee was abolished. It remains to be seen whether the United States will in the future be represented in the North Atlantic Council not only by the Secretary of State, but also by the Secretary of Defense and possibly others, including the Special Representative in Europe of the Economic Cooperation Administration. But the need for joint work and interdepartmental coordination as to matters handled in the North Atlantic Council will remain notwithstanding the changes.

New machinery for coordination has recently been created, as previously noted, in the form of the new Committee on International Security Affairs (ISAC). Since the new committee is responsible among other matters for assisting with respect to matters of policy and program for the North Atlantic Treaty Organization, it is expected to be the place for the coordination of United States policy for all NATO work other than strictly military policy on the one hand, and such basic issues of policy, on the other, as may continue to find their way to the agenda of the National Security Council.

The administrative arrangements for the military aid program were initially the subject of acute difficulty. A period of interdepartmental negotiation preceded the decision to place principal administrative responsibility for the program in the Department of State. The decision was taken with full recognition that most of the operational responsibility would inevitably devolve upon the Department of Defense and the armed services. After the program had been initiated, a further period of months ensued during which the adjustment of program relations between the two Departments both at headquarters and in the field abroad was a constant subject of discussion. Further problems arose with the sudden large increase in available funds in August 1950. For a time there was doubt as to whether administrative activities could be brought to a level commensurate with the size of program contemplated by the level of appropriations.

Most of these difficulties have been surmounted, but the issue as to the division of administrative responsibility between the Departments of State and Defense for the military aid program remains a real one even if, as appears to be the case, the views of the two Departments are no longer far apart. The matter was discussed as the second issue earlier in this chapter. Our preference is along the lines of the second or intermediate alternative, although the question of the extent to which fiscal control should remain in the Department of State is one that may require further examination. It is our view, however, that appropriations should continue to be made to the President for such further allocation as he may direct and under such procedures as he may approve.

We believe that both Departments should continue to work on the development of program policy, with the Department of Defense responsible for carrying on the operations to provide military equipment and training on an approved country program basis. Effective administration of military aid requires the services, facilities, and technical skills available in the Department of Defense and the three military services. Such a program may be ineffectual in terms of its larger objectives, however, if it is not maintained in close alignment with the foreign policy of the United States.

The questions of relationship between military and economic aid also require examination, together with consideration of the pattern of interdepartmental relations that would be appropriate for a more unified program of military and economic aid. These questions are discussed in the next chapter.

The Department of Defense should be given full authority for the performance of the responsibilities assigned to it. Its responsibilities should be specifically defined at all levels, in agreement between the Departments of State and Defense if possible, otherwise by specific

action on the part of the President on the basis of appropriate staff work by the Bureau of the Budget and subject to the usual right of each Department to go directly to the President on matters of concern if it feels impelled to do so. The procedure through which the Department of State secures confirmation that the program is being properly executed, if it is responsible for the expenditure of funds, should include elements of general audit control based on summary type reports from which unnecessarily detailed data on procurement, delivery, and use would be excluded.

Joint work on civil affairs and occupied areas administration

Joint work on civil affairs and occupied areas administration has been one of the most troublesome and difficult of the major areas of cooperation between the Departments of State and Defense in recent years. Some aspects of the matter will receive further attention in the next chapter. Here, as stated in introducing the third issue of the present chapter, the major concern is with the responsibilities of the Department of Defense and with the distinction between duties proper to a military agency and those appropriate for civilian administration, whether by the Department of State or some other civilian agency.

It will be recalled that three alternatives as to functions of the Department of Defense in occupied areas administration were discussed under the third issue, namely the principal responsibility for occupation administration for a limited time, a limited responsibility throughout the entire period of occupation, and the principal responsibility throughout the entire period of occupation. The first and second alternatives, although representing distinct concepts, are not incompatible with each other. A combination of the two alternatives would be the preference of the present study should the issue again arise in a form similar to that presented at the end of the Second World War.

No doubt the issue will be somewhat different on any future occasion, depending on the nature of the international or coalition auspices under which hostilities might be conducted; certainly the issue as it currently presents itself with respect to Korea has assumed a special form.

In the case of Korea, as noted in chapter II, the United Nations has acquired responsibilities that are currently being exercised in part through the United Nations Commission for the Unification and Rehabilitation of Korea and in part through the Agent General of the United Nations Korean Reconstruction Agency. At present, however, the unified command is responsible for relief in connection with military operations; and the major problem in Korea at present is one of civil affairs administration during a period of active military

operations. Questions as to liberated or occupied areas administration must remain in the future until the situation can be considered militarily secure.

One of the effects of the outbreak of hostilities in Korea was to again bring forward questions as to the administration of civil affairs and occupied areas in both the Departments of Defense and State. Previously, with the transfer of primary responsibility for Germany from Defense to State, and in view of the relatively high degree of autonomy so far as the military administration of Japan was concerned, the administrative organization for dealing with such matters in the Department of Defense had been allowed to dwindle. Little attention was being given to forward planning on civil affairs problems in connection with military and strategic planning or national security policy generally.

The lessons of experience have therefore been under review in both Departments in connection with possible changes in the internal organization of each. There would probably now be agreement in both Departments that the entire experience during and since the Second World War seems to indicate that the Department of Defense and the Department of State must each be in a position to control certain aspects of policy for civil affairs, military government, and occupied areas administration. On the other hand, the same experience also emphasizes the need for preparation and organized staff work in each Department, along with interdepartmental coordination in policy formulation and execution.

The record of the Department of State appears to have been inadequate with respect to civil affairs matters during the military operations of the Second World War. It is argued in some quarters, in fact, that the State, War, and Navy Coordinating Committee (SWNCC) was established in 1944 mainly as a means of seeking to compel the Department of State to assume definite responsibilities for policy in an area where the War Department had previously been looking in vain for guidance on matters for which it had been reluctant to accept responsibility.

The record from 1945 on remained unsatisfactory in various respects, particularly with respect to policy planning in Washington at the headquarters of the War Department and the Department of State. The difficulties arose mainly from unpreparedness for responsibilities not fully foreseen. Both Departments were in a state of unusual internal disorganization for reasons largely beyond the control of either; the War Department and the successor Department of the Army were involved in the problems of unification, while the Department of State was seeking to assimilate many new responsibilities. But a major portion of the difficulty from 1945 to 1949 arose from a basically unsound division of responsibilities, in which the Depart-

ment of State was given more authority than it could effectively or responsibly exercise, while the Department of the Army, although not supposed to do so, was in fact able to control policy to a large extent because of its administrative authority and the necessities of its administrative task.

The existing situation in Korea points up the fact that as long as there is any active possibility of general war, advance planning for civil affairs administration and for further and related eventualities is a major phase of the joint responsibilities of the Departments of Defense and of State. During actual hostilities and the early period thereafter, military necessity clearly requires an undivided command responsibility on the part of the theater commander; but he should act as the agent for the execution of civil affairs and military government policy as determined at the seat of government. If he is to do so, clear directives are essential. They can only be prepared on the basis of adequate joint planning. That in turn requires that the two Departments most concerned, as well as other agencies of the Government with a lesser concern, be organized to carry out the necessary joint staff work and to bring it to the point of decision.

We accordingly conclude that the administrative studies of the problem that are currently in process within the Government should be completed as rapidly as possible and the necessary changes in organization be placed in effect.

Requirements for effective liaison and joint work

The lack of sufficient liaison between the Departments of State and Defense on policy formulation and execution, on which the Hoover Commission task force commented, appears to have been remedied to a significant degree during the past 3 years. The record is neither all good nor all bad, but on the whole progress has occurred. Work in the National Security Council is progressing. The difficult and novel problems of joint work in relation to the North Atlantic Treaty Organization are in process of solution. Joint administrative arrangements for the mutual defense assistance program were a source of difficulty and delay, yet by comparison with the record on the occupied areas problem between 1945 and 1949, the degree of betterment in the ability of each Department to function administratively in relation to the other is striking.

The problem of liaison is essentially the problem of coordination, which was discussed earlier in this chapter in terms of four alternatives. More important than any of those alternatives of procedure or structure, however, is the factor of leadership in relation to the prevailing situation. Close working relationships between any two major executive departments or agencies are unlikely to be achieved in the absence of strong emphasis upon the necessity for them by the

President, coupled with the presence in office of heads of the respective Departments and agencies who are prepared to work with each other in full sympathy. There is also obviously need in each Department for an understanding of the international situation that starts from agreed premises and arrives at conclusions that are realistic and similar. The effect of the hostilities in Korea, notwithstanding an initial period of confusion, has clearly been in the direction of tightening and strengthening the working relationships between the Department of State and the Department of Defense.

So far as the specific alternatives for procedure and organization to facilitate coordination are concerned, two of those previously considered, expansion of the functions of the National Security Council and the fixing of coordinative responsibilities in a special staff in the Executive Office of the President, will receive further consideration later in this report. The other two, direct, relations between the staffs of the two Departments and increased use of interdepartmental committees, are given a brief comment here.

The Department of Defense appears to have more cause than most departments for seeking to channel major phases of its interdepartmental contacts through formally organized interdepartmental committees. The processes of coordination within that Department are so complex, because of its immense size and the complexities of its own internal organization, that it is necessary to organize formal procedures to insure coordination within the Department. Work processed through an interdepartmental committee is necessarily put into a documentary form that facilitates the necessary clearances in the Department of Defense. Moreover, the shifts of personnel resulting from military rotation are less damaging to an organized committee process than to other and less formal means of coordination.

At the same time, insofar as the special relationships between the Department of State and the Department of Defense are concerned, it would seem that an interdepartmental committee becomes something of an oddity when established on a two-department basis. Some systematic organization of joint working parties and a procedure for putting agreements in writing in memorandum form or otherwise would often seem sufficient when only the two Departments are involved, and would probably be preferable to a more formalized type of committee activity. The distinction between an informal joint working party and a formally organized committee can be important for both flexibility and speed in action.

Agreement on problems of interagency interest should be reached so far as possible at relatively low staff levels, subject to approval at higher levels. Thus differences would be resolved before agency positions are frozen and formalized in the form of position papers. So far as possible, however, some sort of a Department of Defense position

should be established even at low levels before there is joint work with the Department of State. The latter should not be put in the position at any level of seeking to resolve differences among the three military services. Lateral working relationships supported by authorized lines of ready communication should provide the mechanism for clearing all but the most vital matters, whatever the form or channel by which agreement is formalized if necessary. Adequate reporting procedures and free exchange of communications within and between agencies will permit adequate policy control on the part of higher level officials.

The administrative organization within the Department of Defense through which it and the three military services contribute to the formulation of foreign policy has become much more extensive during the last 3 years. Moreover, there have been improvements arising from the fact that the Department has had an opportunity to shake down since its initial organization as the National Military Establishment in 1947. The conversion of the National Military Establishment into an executive department and the placing of the Secretary of Defense in a position of direction and control over the three military departments has had a psychological effect in centralizing authority and in creating a greater consciousness of departmental unity. This has been reflected in the operations of the various elements of the Department on foreign policy matters.

There have been changes in procedure as well as internal organization. Today there is a steady flow of information and advice from the Department of Defense to the President, the National Security Council, and the Department of State. The Joint Chiefs of Staff operates more speedily in furnishing advice than it did when the Hoover Commission made its study. In the areas where the final opinion of the Joint Chiefs is an important factor, however, the position of the Joint Chiefs in requiring that formal papers be the only means by which its military opinion is to be expressed, tends to impede the development of informal processes of interdepartmental conciliation, which can best occur before firm positions are taken in either Department.

The creation of the Office of Foreign Military Affairs in the Office of the Secretary of Defense has recognized the need for institutional arrangements that will facilitate the necessary specialization, training, and continuity of a staff concerned with foreign affairs to advise the Secretary of Defense and to maintain working relations with similar staffs in other departments, particularly the Department of State. The addition of the Office of Military Assistance and the Office of North Atlantic Treaty Affairs has provided for additional arrangements under the Assistant to the Secretary for International Security Affairs.

It is difficult to see how relationships between the Department of State and the Department of Defense can be developed and maintained over the years on a satisfactory basis except through emphasis upon the development of appropriate central staffs in each Department who will work with each other. The present study has not attempted to appraise in detail the adequacy of the arrangements within the Office of the Secretary of Defense. The present pattern of organization is complex and could perhaps be simplified. The question of how best to organize his own staff is obviously a question for the personal consideration of the head of a department. Nevertheless, it is a matter of public concern that there be adequate staff work in departmental centers of such great importance and that it be effectively organized in one way or another.

Conclusions

1. The Department of Defense should participate in the formulation of foreign policy by furnishing military advice to the President and the Department of State, taking economic and foreign policy implications into account so far as feasible in developing its military advice.

2. The two-way nature of the relationship between the Departments of State and Defense should be emphasized, because of the interrelations between foreign policy and military policy. National security policy must include elements of both foreign policy and military policy; determinations in the field of national security policy will tend to guide both foreign and military policy and planning. Diplomacy is the primary instrument for reaching political agreement among associated nations, but military planning must run parallel to it in the organizations in which the nations are associated. The blending of political agreement with international military planning under a coalition requires a high degree of coordination and mutual understanding between the Departments of State and Defense.

3. The National Security Council provides the place for organized joint work by the Departments of State and Defense on matters of national security policy and grand strategy. The Council provides means by which comprehensive policy can be systematically formulated, reduced to writing, approved by the President, and communicated to action agencies. Although relatively new, the Council has become established as a necessary institution of the Government and appears to be functioning with increasing success as a place for teamwork under the President on the part of the departments most concerned.

4. Problems arising out of the North Atlantic Treaty and the mutual defense assistance program have tested the ability of the Departments of State and Defense to organize internally and to coop-

erate with each other. The recent appointment of a Director of International Security Affairs in the Department of State and of an Assistant to the Secretary for International Security Affairs in the Department of Defense, the related reorganization of staff activities within each Department, and the creation of the interdepartmental International Security Affairs Committee (ISAC) have been steps in facilitating joint work on NATO affairs and mutual defense assistance. The possible further evolution of these arrangements for a more unified program of military and economic aid is discussed in the next chapter.

5. If the issue of occupied areas administration should again arise in form similar to that presented at the end of the Second World War, the principal responsibility for government and administration should be transferred from the Department of Defense to a civilian agency as soon as feasible after the end of hostilities. In the present situation in Korea, the major problem is one of civil affairs administration during a period of active military operations. During actual hostilities, civil affairs administration should remain the responsibility of the military commander, subject to policy as determined at the seat of government. The Departments of Defense and State should promptly complete the necessary administrative studies, which are already in process, and perfect their respective internal organizations for joint planning and staff work on civil affairs, military government, and occupied areas administration.

6. The present world situation indicates that for many years there is likely to be a need for intensive joint work between the Departments of State and Defense on many aspects of policy, planning, and operations. The two Departments should accordingly give consideration to the systematic organization of their own processes of joint work with each other on matters of special mutual concern. Such joint work will require appropriate staff organization in each Department. The further development of central staffs in each Department that can work closely with each other should be emphasized.

CHAPTER VI

THE ROLE OF THE DEPARTMENT OF STATE IN PROGRAM OPERATION AND COORDINATION

STATEMENT OF THE PROBLEM

For the past 10 years, there has been growing concern as to the proper functions of the Department of State in the executive branch as a whole. This concern first became acute when special foreign programs, devised to support the prosecution of the Second World War, were located for administrative purposes outside of the Department of State.

Since the end of the war the need for special foreign programs has recurred, and there has been a disposition to seek a long-run solution to the problem. Many studies have been made; recommendations have been advanced; and various solutions have been adopted. Still the problem of the role of the Department of State in foreign program administration remains. Decisions as to specific programs have been made largely on the basis of *ad hoc* considerations, and they continue to be argued on that basis.

The programs in question have been largely but not exclusively of an economic character. The problem of such programs was considered in chapter IV. It will again be considered in the present chapter but with a different concentration of attention, and with specific attention to relationships between economic and military aid that find their focus in the work of the Department of State. In the same way, the questions of administration of military aid and occupier areas, both of which were examined in chapter V, will be brought into the discussion of the present chapter.

In approaching the problem of the role of the Department of State in program operations and coordination, it has seemed useful to clear the ground so far as possible of matters that are so important that they tend to be settled without giving overriding recognition to any theory or hypothesis as to the role of the Department of State. The present chapter, however, will build upon the discussion of those preceding it, while taking up several program issues not previously stated. The problem has been stated as follows:

The problem is to determine the functions that should be performed by the Department of State in the operation and coordination of foreign programs.

BACKGROUND AND DEVELOPMENT OF THE PROBLEM

Foreign programs involving substantial expenditures of public monies were relatively rare until the Second World War, although certain precedents existed from the period of the First World War. The American Relief Administration, for example, was established as an independent agency by executive order in 1919 and was directed by Herbert Hoover, after Congress had appropriated \$100,000,000 to the President to provide relief to famine-stricken areas of Europe.

The term "foreign program," although a relatively new one, is probably being used today in a more specialized sense than it was 10 to 15 years ago. Activities under the Reciprocal Trade Act have been popularly referred to as the "Trade Agreements Program." This is not considered a foreign program in the sense in which the term is used in this chapter. For present purposes, a foreign program is an activity, instituted to implement United States foreign policy objectives, that requires legislation and substantial appropriations, and a special administrative staff both in Washington and in foreign countries. The European recovery program is the prototype of this definition.

This chapter will concentrate on administrative arrangements for program operations, but it may be noted that questions antecedent to administration are extremely important. Where and how, for example, are foreign policy objectives determined? Even when the basic administrative arrangements for a program have been decided upon, there usually remains the problem of coordinating policy and operations, and review of performance. All these functions are necessary to the successful conduct of foreign programs.

Wartime experience with program operations and coordination

By 1941, it had become clear that a major administrative problem was in the making, that of maintaining a balance between the responsibilities of the Department of State and those of specialized war agencies with foreign affairs functions. The multiplication of special agencies was a source of conflict and confusion in the field of foreign affairs. Secretary of State Hull later stated that "foreign diplomats were repeatedly coming to us to express their confusion at the number of agencies that approached them as the authorized representatives of the United States Government."

One of the most important emergency programs was Lend-Lease, enacted by Congress and approved by the President early in 1941. At first the questions involved in extending lend-lease aid were such that the President felt that he had to make the decisions himself. After the program became established, the Office of Lend-Lease Administration was created within the Office for Emergency Management. In the executive order doing so, issued in October 1941, it was recognized that

important foreign policy matters were at stake, and that the jurisdictional interests of the Department of State were involved. The order stipulated that:

The master agreement with each nation receiving lend-lease aid, setting forth the general terms and conditions under which such nation is to receive such aid, shall be negotiated by the State Department, with the advice of the Economic Defense Board and the Office of Lend-Lease Administration.

By 1943, in addition to the Office of Lend-Lease Administration and the Board of Economic Warfare, there had been established, among other new agencies, the Office of Foreign Relief and Rehabilitation Operations, the United States Commercial Company, the War Shipping Administration, and several corporations to deal with the individual problems of rubber development, petroleum reserve, metals reserve, defense supplies, and defense plants. The proliferation of these foreign economic agencies raised the problem of coordination in three major respects: The coordination of foreign economic policy as such, the coordination of foreign economic policy with over-all foreign policy, and the coordination of foreign economic policy with domestic economic policy.

In mid-1943, the Department of State set up the Office of Foreign Economic Coordination (OFEC) to deal with the first two of these aspects of coordination. The organization was soon found to be unworkable. All the agencies involved agreed that there was a need for a unified foreign policy. In case of disagreement, however, each agency tended to insist on its right to make an independent decision, in view of its own substantive responsibilities. Moreover, it was generally believed that the Department of State had a tendency to go beyond what was known as the area of policy and to encroach upon what were called operations.

The Secretary of State believed that the experience had shown the need for clarifying the authority of his Department. Accordingly, he recommended in a memorandum of September 1943 to the President that "in any instance where there shall be a conflict of view between two or more interested agencies or where in the Department's opinion an element of foreign policy is involved, or where some procedure must be established among our own agencies or with our allies," the President should authorize the Department of State to "make the necessary decision and to cause it to be carried into effect." The outcome was the creation of the Foreign Economic Administration, which has been described in previous chapters. One month later, the Department of State abolished the Office of Foreign Economic Coordination. A few days later it signed an agreement with the Foreign Economic Administration concerning the proper role of each agency in the conduct of foreign affairs.

Looking back on the record of the war years and the experience with special program administration, the question arises as to the reason for the decision to separate operations from the control of the Department of State. The opinion of the writers of the official administrative history may be cited on this point.

The inability of the Department of State to deal vigorously and aggressively with the economic and cultural problems of foreign affairs in total war * * * was due largely to the dominance of the foreign service tradition, procedure, and tempo. The Department was not equipped with the technical personnel * * *.

Despite many operational difficulties, however, the principle was consistently maintained that all of the agencies operating in the field of foreign relations did so under policies developed or approved by the Department of State.

Experience in a period of great pressure thus led to the concept that the Department of State should not operate foreign programs, but instead should be the principal policy coordinator in the field of foreign affairs. This role came to be accepted by the Department itself during the war.

Early postwar experiences

As postwar planning assumed importance, plans were developed to regularize the administration of foreign affairs. These efforts were reflected in a memorandum of January 1, 1945, from the Director of the Bureau of the Budget to the President, in which the Director commented:

* * * for the formulation of foreign policies we should continually seek to strengthen interdepartmental devices such as the Executive Committee on Economic Foreign Policy and the Interdepartmental Committee on Cooperation with American Republics * * *

This kind of approach to the conduct of our foreign relations calls for a recognition by the State Department that it does not hold a monopoly of interest in the field of foreign policy * * *. The State Department becomes the quarterback of a team of departments instead of a one department show.

The emphasis in this memorandum on leadership rather than monopoly may be taken as an authoritative expression of official thinking on the role of the Department of State as the end of the war came into sight. As noted earlier, however, most of the special foreign agencies were soon placed, either in whole or in part, in the Department of State. In some circles this was regarded as a move to consolidate the conduct of foreign affairs in one agency.

Five major foreign programs have been authorized since 1947. Each of the five was adopted to meet special situations abroad. They are: (1) the Greek-Turkish aid program; (2) the European recovery program; (3) United States participation in the North Atlantic Treaty Organization; (4) the mutual defense assistance program; and (5) the point 4 program. Administrative arrange-

ments for the third and fourth of these programs have recently been combined and for some purposes they can be considered a single program. In addition, two programs that were in operation in 1947, the occupied areas program and the overseas information program, have been changed in administrative organization. A review of the part the Department of State has played in the conduct of these programs provides the recent administrative background for the further consideration of the problem.

The Greek-Turkish aid program

The Department of State was made fully responsible for the conduct of this program when the President by executive order delegated his powers under the act of May 22, 1947, to the Secretary of State. The Congress had authorized 300 million dollars for aid to Greece and 100 million dollars for aid to Turkey in the same legislation.

Two special organs were developed by the Department for the program, one in Washington and one in the field. In Washington, a coordinator for aid to Greece and Turkey was appointed at the head of a small staff. With the help of an interdepartmental committee established for the purpose, the coordinator integrated that activities of the various divisions of the Department of State, the Department of the Army, and other departments and agencies participating in the aid program. In Greece, the special American Mission for Aid to Greece was established with two principal sections, the economic and the military. This mission originally was entirely separate from the Embassy. After July 1, 1948, the economic activities were taken over by the Economic Cooperation Administration, and the formal control of the military activities reverted to the United States Ambassador. Aid to Greece is currently being forwarded under the European recovery and the mutual defense assistance programs. In Turkey, the program of aid was almost entirely military. The ambassador was in formal control of the program from the beginning, although the operation of it was in the hands of the military. Economic aid was extended to Turkey under the European recovery program in 1948.

The European recovery program

The question of administrative arrangements was a major issue in the congressional debate on the European recovery program, as noted in chapter IV. The Senate Committee on Foreign Relations requested the Brookings Institution to make recommendations on this issue. In its report, submitted in January, the Institution noted that:

* * * it is important to avoid a split arrangement that would center authority for policy determination in one department or agency and vest responsibilities for execution in another agency. Experience has amply demonstrated the imprac-

ticability of achieving the necessary unity of direction and administration by that method.

At the same time the report stated that :

* * * to place the new agency in the Department of State would impose upon the Secretary of State responsibility for a wide range of activities in the economic and business field. However, because of the responsibilities lodged in the Department of State with respect to the formulation and execution of foreign policies, it is essential that its position be adequately safeguarded.

Hence, the conclusion of the report was that :

* * * a new and separate agency should be created in the executive branch of the Government to serve as the focal point of the administration of the program. It should function through effective working relations with the Department of State and the other agencies of Government.

After the establishment of the Economic Cooperation Administration, the Department of State created a special unit in the Office of the Under Secretary of State to handle relations with it on a continuing basis. This was the Office of the Coordinator for Foreign Aid and Assistance. The country desks in the Office of European Affairs also coordinated with the Economic Cooperation Administration insofar as recovery activities affected individual countries. After the reorganization of the Department of State in 1949, day-to-day coordination with the Economic Cooperation Administration was carried on mainly by the Bureau of European Affairs.

The European recovery program is one of the best illustrations of the role of the Department of State in the stages of foreign program development antecedent to the establishment of administrative arrangements. Much of the staff work that led to the proposal for the European recovery program was done by the Department of State. The Department was the first to recognize the need for the program, to make concrete proposals for it, and to coordinate the presentation of the program proposal to Congress. (See chart, page 174, illustrating the development of 5 programs.)

The mutual defense assistance program and NATO affairs

The mutual defense assistance program involves appropriations of approximately 5.7 billion dollars for the present fiscal year. It is the only recent large-scale program for which principal administrative responsibility has been vested in the Department of State. The record of the Department in the conduct of this program is therefore of special interest.

The North Atlantic Treaty was ratified in July 1949. The Mutual Defense Assistance Act was enacted in October 1949. It was widely regarded as the chief means of supporting the arrangements under the treaty, although mutual defense assistance was not limited to the European area. The close relationship between North Atlantic Treaty

affairs and mutual defense assistance has recently been recognized by combining the administrative arrangements in the Department of State. The Office of International Security Affairs was established by departmental order effective January 8, 1951, for this purpose. Prior to the establishment of this new office, there had been criticism of the slowness with which mutual defense assistance and North Atlantic Treaty affairs had been proceeding.

Planning for the administration of MDAP began early in 1949. Interdepartmental agreements on administration had been reached by June for inclusion in the presentation of the program to Congress. The act gave the President authority for the program, and authorized four statutory positions including that of the Director, MDAP. The first director was appointed in October 1949 as a Special Assistant to the Secretary of State. He was designated as Chairman of the Foreign Military Assistance Coordinating Committee on which the Departments of State and Defense and the Economic Cooperation Administration were represented. The first director resigned in April 1950, however, and an acting director was then in charge of the program for 9 months.

An executive order delegating most of the President's authority under the act to the Secretary of State was issued in January 1950. This appeared to place the Department of State in a position of full responsibility for the conduct of the program. In practice, however, this responsibility cuts across the authority of the Department of Defense. For example, the Secretary of Defense and the Joint Chiefs of Staff by law must determine that the transfer of weapons from United States stocks would not be detrimental to the national interest before they can become available to the mutual defense program. The prerogatives of the Department of Defense are involved in the program in many other ways, as are also the interests and responsibilities of the Economic Cooperation Administration.

Administrative arrangements for MDAP within the Department of State were apparently difficult to organize, in part because they were being developed during the same period that the Department was being reorganized according to the recommendations of the Hoover Commission. In this reorganization, the number of assistant secretaries was increased from 6 to 10, and 2 of them were given the title of Deputy Under Secretary of State, 1 for substantive affairs, the other for administration. Four regional bureaus and one for United Nations Affairs had been established by October 1949.

A new office with action responsibilities cutting across those of the regional bureaus presumably should have been consolidated with the Office of the Deputy Under Secretary for substantive affairs if it was to be consistent with the basic plan that had been adopted for the department. Instead, the Director of MDAP was established as a

Certain phases of foreign program formulation and implementation

Program	Initiation of policy	Negotiations prior to administration	Presentation to Congress	Administration of program
1. Greek-Turkish aid, enacted May 1947.	Primary State: Marshall met with Patterson and Forrestal, made recommendation to President, who discussed plan with Cabinet. State carried burden of interdepartmental coordination.	State carried on negotiations with United Kingdom, Greece, and Turkey. Principal negotiations with Greece through Ambassadors in Greece and in Washington.	President's speech the primary item. This was cast largely in form of request for approval of policy. State coordinated congressional presentation. Defense and others cooperated.	Responsibility of State. Backstop group operated program at home. A special mission was established in Greece. Economic aid later taken over by ECA.
2. ERP, enacted April 1948.	Primary State: Acheson speech May 8, 1947, and Marshall speech Harvard June 5, 1947. The Council of Economic Advisers, the Harriman committee, and Krug committee were requested by the President to study the plan.	Carried on by State. Policy encouraged Europeans to come to us with plans. Bilateral agreements negotiated by State.	Acheson and Marshall speeches may be considered part of presentation, also the three committees and their reports. State responsible for detailed presentation to congressional committees with help from other agencies. ECA-State cooperation on congressional presentation since first occasion.	ECA set up as a separate agency. Special provisions in the law require liaison with State to maintain its control of foreign policy.
3. North Atlantic Treaty ratified July 1949.	State: After discussions with members of the Senate Foreign Relations Committee and Department of Defense.	The treaty was an expansion of the Brussels Pact and the Western Union to include the major nations of the North Atlantic community. State carried on negotiations.	State made the presentation.	State with assistance of Defense and ECA.
4. MDAP, enacted October 1949.	State and defense worked jointly on the initiation of policy.	State negotiated bilateral agreements. Defense sent survey teams to make studies of military requirements.	State and Defense.	State through Director of International Security Affairs with Interdepartmental Committee on International Security Affairs seating State, Treasury, Defense, ECA, and Harriman Office. Operational aspects principally through Defense for finished military equipment and training; through ECA for additional military production abroad.
5. Point 4, enacted June 1950.	President made original statement of policy in inaugural address. Thereafter State given responsibility to develop program proposal in detail.	State carried on negotiations with individual countries for bilateral phases of program. Also conducted negotiations in the United Nations on the multilateral phases. Interdepartmental committees backstopped this work.	State primarily, with cooperation of functional agencies.	Technical Cooperation Administration in State, with cooperation of other agencies through an interdepartmental advisory committee.

coordinate official with rank approximately the same as that of the Deputy Under Secretary. No clear definition of the relationship between the two officials was established. At the same time the Director and his staff were located physically in a building separate from the main Department of State building, indicating a working relationship to the Secretary less close than that of any of the 10 assistant secretaries.

Overseas the organization for MDAP affairs was also slow to mature, particularly for the regional headquarters in London. The difficulties there centered around the terms of reference of the European Coordinating Committee and its Executive Director. The committee was presumably established to coordinate the political, military, and economic factors in the program for the western European region. Although the Executive Director began functioning in London in October 1949, he was unable to obtain firm or detailed terms of reference up to the time of the reorganization of the program a year later.

During the period while the position of the Director of MDAP was unfilled, critical events vitally affected the importance and scope of the program. The attack in June on the Republic of Korea had the effect of stepping up the timetable and the urgency of mobilization, both for the United States and for its allies. A supplemental appropriation for MDAP of 4 billion dollars was requested by the President and passed by Congress during the summer of 1950. With these developments the problem of relating MDAP to the North Atlantic Treaty Organization, which had already been pressing for a solution, became vital. When the Deputy United States Representative to the North Atlantic Council, Mr. Spofford, arrived in London in the summer of 1950, he immediately experienced difficulties in securing adequate support and guidance from Washington. Although he was deputy to the Secretary of State, which gave the Department of State a predominant voice in drawing up his instructions, his duties and functions inevitably involved the interests of the Department of Defense and the Economic Cooperation Administration. Inside the Department of State the need of bringing the MDAP staff and the Bureau of European Affairs into closer relationship was a part of this larger problem.

The need for changed administrative arrangements led to several interrelated actions that were taken in December 1950. Terms of reference for the Deputy United States Representative, North Atlantic Council, which had been in disagreement between the Departments of State and Defense during the intervening period, were approved by the President on December 16, 1950. A "Memorandum of Understanding between the Departments of State, Treasury, Defense and the Economic Cooperation Administration" which had likewise been under negotiation for an extended period, was approved by the President

on December 19, 1950.¹ It provided, among other things, for the creation of the post of Director of International Security Affairs in the Department of State. The President announced that he would appoint Mr. Thomas Dudley Cabot to this position; confirmation of this appointment by the Senate, however, did not occur until February 1, 1951.

The terms of reference for the Deputy Representative on the North Atlantic Council, Mr. Spofford, stated that he shall "receive coordinated instructions from the United States Government through the Secretary of State." This confirmed the established relationship between the Department and the deputy but emphasized the need for instructions cleared interdepartmentally. The reverse relationship was stated in the terms of reference in the provision that "the United States Deputy shall report his activities currently to the Secretary of State and through him to such other United States agencies as appropriate."

Furthermore, the deputy was to assure "political-economic-military coordination as among United States representatives to NATO stationed overseas * * *." For these purposes he was made the Senior United States Representative for Mutual Defense Assistance in Europe and Chairman of the European Coordinating Committee; an advisory member ex officio of United States delegations to all North Atlantic Treaty organs; and a member of the European Representatives Group (EURREG), a body consisting of the United States ambassadors to the principal European nations, who meet periodically to discuss common problems. The deputy was also given the right to obtain advice and assistance from the Office of the Special Representative of the Economic Cooperation Administration and from other non-military American staffs in Europe, including military production staffs. Finally, the terms of reference provided that the policies and views of the Joint Chiefs of Staff, and other military advice and assistance, shall be provided to the deputy by the representatives of the Joint Chiefs of Staff in Europe.

The interdepartmental agreement that led to the establishment of the Office of the Director of International Security Affairs also provided for the International Security Affairs Committee (ISAC) under the director's chairmanship. The agreement provided that the new director should occupy the senior position authorized by the Mutual Defense Assistance Act, and that he shall be responsible, on behalf of the Secretary of State, for matters of policy and program relating to the North Atlantic Treaty, other similar programs, and military and

¹ The Terms of Reference and the Memorandum of Understanding are public documents the status of which is not entirely clear. They are unclassified but also unpublished, although it would appear that the provisions of the Administrative Procedures Act for publication in the Federal Register might perhaps be applicable in view of the unclassified nature of the administrative provisions contained in these documents.

economic assistance for mutual defense. As noted in chapter V, the Secretary of Defense appointed an officer in his Department with similar responsibilities, who was to fill the second of the four positions created in the act. The Department of the Treasury and the Economic Cooperation Administration also agreed to designate officers to exercise comparable functions. These four officers, and a representative of the Special Assistant to the President (Mr. Harriman), were to constitute the new committee, which would review and coordinate policy and program matters.

One of the most interesting provisions of the agreement tends to place the Director of International Security Affairs in a supradepartmental position. The agreement reads that the director, on behalf of the Secretary of State, "shall be responsible for providing continuing leadership in the interdepartmental coordination of policy and program * * *." In performing this function the Director "will be exercising responsibility for the Government as a whole."

The point 4 program

The point 4 program was enacted by Congress in June 1950 to provide technical assistance to underdeveloped countries. Administrative arrangements for this program are broadly similar to those described for MDAP. A Technical Cooperation Administration has been established in the Department of State under a director, and an interdepartmental committee has been established to advise the director on the conduct of the program. The director is responsible for drawing up over-all policies for point 4; the regional bureaus in the Department of State are responsible for developing specific country programs and for submitting them to the director for approval. The Bureau of United Nations Affairs is also involved in connection with United States participation in the United Nations technical assistance program. After plans have been approved for a country program, administration will proceed on a joint basis with the various departments and agencies contributing in the fields of their functional specialties. Control of funds is in the hands of the director.

Proposals for unification of military and economic aid programs

The programs of military and economic aid of recent years have taken the form of a series of separate measures to meet particular situations, without a sufficient recognition of the interrelations of the two kinds of action. This can be made clear by a brief review of the legislative declarations of policy.

The Economic Cooperation Act of 1948, as amended by Acts of 1949 and 1950, aimed at the economic recovery of European countries. Its ultimate goal was a healthy economy in Europe independent of extraordinary outside assistance. This legislation has been interpreted as giving clear priority to economic reconstruction, and

therefore as banning the use for military purposes of the assistance so authorized.

The declaration of policy in the Mutual Defense Assistance Act of 1949 stated that:

The Congress recognizes that economic recovery is essential to international peace and security and must be given clear priority. The Congress also recognizes that the increased confidence of free peoples in their ability to resist direct or indirect aggression and to maintain internal security will advance such recovery and support political stability.

This legislation, while adding military aid to the previous program of economic aid, reinforced the objectives of the earlier program by giving explicit priority to economic aid. This priority, however, has proved inconsistent with the world conditions in which the aid programs have been operating, especially since the outbreak of hostilities in Korea. The problem now is to maintain economic strength and at the same time to divert resources to the task of rearmament.

The Act for International Development, title IV of the Foreign Economic Assistance Act of 1950, deals with the point 4 program, and contains a separate declaration of policy. According to this declaration the purpose of the act is to continue and expand technical assistance to the underdeveloped areas of the world. This policy declaration is not inconsistent with the policy declarations of the Economic Cooperation Act and the Mutual Defense Assistance Act. But there is no specific relationship, either in the legislative declaration of policy or in actual administration.

The absence of a unified policy framework for foreign aid activity is in sharp contrast to the global requirements of the situation and the combined impact of all the measures adopted. The question therefore arises as to whether a more comprehensive approach should not be adopted for the entire field of foreign aid. Such an approach would treat all military and economic aid measures as part of a unified activity conceived and authorized as one program, and centrally controlled to achieve integration of effort and consistency.

This question was considered by the Brookings Institution in a preliminary report submitted to the Bureau of the Budget in December 1950. It noted that there are obstacles in the way of a completely unified approach to foreign aid, but considered that the basic requirement would be largely met if the Congress were prepared to handle the necessary legislation in a single enactment with a single controlling declaration of policy, appropriating the funds to the President for unified control. The conclusion was accordingly reached that "all forms of foreign aid should so far as possible be conceived, authorized, and carried out as one program, with a single controlling declaration of legislative policy."

The studies carried on within the Administration appear to have led to a conclusion looking in the same direction, as indicated by the President's message to Congress of May 24, 1951, proposing a Mutual Security Program and requesting legislation which would authorize appropriations amounting to 8.5 billion dollars for military and economic aid during the fiscal year ending June 30, 1952.

The question of whether a unified program of military and economic aid is to be preferred to two or more separate programs is sometimes confused with the question of whether there should be one agency or more than one agency responsible for operating the program. The two questions are different, but they are related. With a continuation of several agencies, program unification would require a clear system of relationships among the agencies involved, and discrepancies in the administrative arrangements for the various forms of aid would at least require some specific justification if they are to continue.

The position and functions of the Department of State, moreover, would become a matter of great importance if there is to be a unified program. It will be recalled that the relationship of the Department to the administration of economic aid, particularly the large-scale program for European recovery, has been quite different from its relationship to the administration of military aid. If economic aid is to be provided under the present conditions of defense emergency in support of objectives substantially the same as those of military aid, it might be presumed that the administrative patterns for economic and military aid should be similar to each other if not identical. The administrative issue for a unified program will be examined later in the chapter.

The administration of occupied areas

Some aspects of the development of United States policy and action for occupied areas were discussed in chapters II and V. This section is devoted to the period after the transfer of responsibility to the Department of State for Germany.

This new task was probably one of the largest from the point of view of inherent complexity that the Department of State was ever called upon to perform. The High Commissioner began operations in Germany in October 1949 with a staff of about 1,600 Americans and 8,000 Germans. Annual expenditures at that time by the United States, exclusive of purely military costs, were about 500 million dollars.

The executive order that created the position of the High Commissioner, issued on June 6, 1949, stated that he "shall be the supreme United States authority in Germany," and that he shall have the authority "under the immediate supervision of the Secretary of State (subject, however, to consultation with and ultimate direction by

the President) to exercise all of the governmental functions of the United States in Germany (other than the command of troops) * * *.” The emphasis in the parenthetical statement on the right of the High Commissioner to consult directly with the President is sometimes interpreted to mean that he has a somewhat more independent status than is ordinarily the case for an ambassador, although all ambassadors have the status of representative of the President. The High Commissioner receives instructions from the Secretary of State, and is also the representative in Germany for the Economic Cooperation Administration.

The Commander of the United States Armed Forces in Germany continues to receive instructions from the Joint Chiefs of Staff for administration and training, but now is under the command of General Eisenhower for operations. On the request of the High Commissioner, the Commander is to take the necessary measures for the maintenance of law and order and, in any case, may take any action in the event of an emergency to safeguard the security of the troops. Logistic support for the Office of the High Commissioner has been provided on a gradually decreasing scale by the Department of the Army, and the office is soon expected to be nearly independent in this respect. The doubt expressed by the Department of State that it could adequately perform this function was one of the factors that delayed the transfer from the Department of the Army.

On October 16, 1950, the responsibility for the occupation of the United States zone in Austria was also transferred from the Department of the Army to the Department of State. The United States High Commissioner for Austria is the supreme authority of the United States in Austria, and, in general, has powers somewhat similar to those of his counterpart in Germany. He is a career officer of the Foreign Service, however, and the parenthetical language of the executive order of June 6, 1949, was not all repeated. He was not designated as the representative of the Economic Cooperation Administration for Austria.

In the Department of State, the Bureau of German Affairs has been created to handle the Washington end of the occupation in Germany. The director of the bureau takes rank with the assistant secretaries. The staff, on January 1, 1951, was nearly 130 people, a size comparable to some of the regional bureaus in the Department. It is expected that, when the occupation responsibilities have been completed, the Bureau of German Affairs will lapse and its remaining functions will be carried on by the Bureau of European Affairs. Austrian affairs are handled in the Division of Italian and Austrian Affairs of that bureau.

The overseas information program

The overseas information program has been the responsibility of the Department of State since 1945, as noted in chapter II. Appropriations were comparatively small for several years. In 1950, however, a supplemental appropriation of 63 million dollars was passed for an enlarged "Campaign of Truth," plus about 15 million dollars in Economic Cooperation Administration counterpart funds. The total funds available for fiscal year 1951 amount to about 117 million dollars.

The program is under the direction of the Assistant Secretary of State for Public Affairs. As the result of a recommendation made by the Hoover Commission in 1949, a general manager of the program was appointed to be in charge of operations. The recommendation was made on the ground that the assistant secretary should be freed of administrative details so that he could concentrate on giving advice to the top officers of the Department on questions involving public opinion at home and abroad.

There are several staff units that aid the Assistant Secretary of State in the formulation and the coordination of policy. An assistant maintains continuous liaison with the Policy Planning Staff of the Department. The Policy Advisory Staff in his own office is responsible for the formulation of objectives and policies for the information program on a world-wide basis. Policy formulations appear in what are known as guidance sheets in various categories: (1) Special policy guidance on major topics (about 40 in the past year have been distributed to the Department of Defense, the Economic Cooperation Administration, and the overseas posts); (2) daily guidance sheets, which are not necessarily sent to the field; (3) weekly guidance sheets; and (4) country papers. These policy statements are cleared with the regional and functional bureaus within the Department of State and are submitted to the Department of Defense and the Economic Cooperation Administration for comment.

Each of the regional bureaus in the Department of State has a public affairs staff that is responsible for information staffs and policy within its region. Each bureau staff instructs the appropriate posts abroad on the conduct of the international information and educational exchange programs, including the use and modification of materials prepared by the central public affairs staff and on the preparation of materials locally.

As of June 30, 1950, approximately one fifth (about 1,500) of all Department of State personnel within the United States were assigned to the work on the overseas information and educational activities; it is estimated that by June 30, 1951, under the expanded program, one third of all employees will be so assigned.

Overseas, the Department of State information program at each diplomatic mission and consular post is usually directed by a public affairs officer who is a member of the Foreign Service Reserve. As of June 30, 1950, slightly over 21 percent (about 4,500) of all Department of State employees overseas were assigned to United States Information and Education (USIE) activities. It is estimated that under the expanding program they will constitute 30 percent as of June 30, 1951.

The ECA information program.—In addition to the overseas information program administered by the Department of State, the information activities of the Economic Cooperation Administration merit attention. In its earlier days, the Economic Cooperation Administration program was mainly intended to inform Europeans about the scope and nature of the Marshall Plan. Since then the information work of the agency has become broadly comparable to that of the Department of State, particularly since the outbreak of hostilities in Korea and the expansion of the economic aspects of the mutual defense assistance program. The availability of counterpart funds for information purposes has facilitated the broadening of the Economic Cooperation Administration program.

The Economic Cooperation Administration has a Director of Information with a staff in Washington. A staff of considerable size is also maintained in the Office of the Special Representative in Paris, and Economic Cooperation Administration information activities are carried on in its country missions in Europe and the Far East. Cooperation between the administration and the Department of State on overseas information has been the subject of intensive attention and joint projects have been undertaken to deal with those aspects of the respective programs in which there was the greatest degree of overlap. Nevertheless, the question has arisen whether existence of two extensive programs with similar aims and operations is desirable.

Exchange of persons program.—The exchange of persons program is a specialized but integral part of the information program of the Department of State. Official support for this activity began as early as 1936, and legislative sanction for a program of exchanges on a small scale was given in 1938. Large scale exchange programs are a postwar development.

The desirability of using private agencies for exchanges was a concern both of Congress and of various private groups during the debate on the Information and Educational Exchange (Smith-Mundt) Act of 1948. A provision of the act (sec. 1005) states that “* * * it is the intent of the Congress that the Secretary shall encourage participation in carrying out the purposes of this act by the maximum number of different private agencies in each field.” In following out this

mandate, the Department of State has attempted to use private agencies wherever possible.

Under the officially sponsored programs there are four broad categories of persons involved in the exchanges: students, professors and specialists, teachers, and leaders. The last category includes political leaders, labor leaders, and others. Exchanges conducted by private agencies, however, comprise the overwhelming majority in total numbers of persons.

Private agencies in the exchange program are used in two types of relationships: contract and voluntary. The Department of State contracts with such agencies as the Institute of International Education and the Conference Board of Associated Research Councils to administer the exchange of students, research scholars, and teachers. On a voluntary basis, the Department cooperates with various binational commissions and other private groups that may be interested in exchanges.

Other functions of the Department of State

Although this chapter is concerned primarily with the major foreign programs of today, other functions of the Department of State should be pointed out. These functions may be divided into two groups.

The first group clusters around the role of the Department as the principal adviser to, and representative of, the President for foreign affairs. Advice is given to the President either directly or through such organs as the National Security Council. Advice is also given to other executive departments and agencies on the foreign affairs aspects of their responsibilities. The amount of staff work that is involved in preparing such advice constitutes a significant part of the Department's work, and particularly in terms of the demands on the time of higher officials. The work of the Department in the field of economic analysis and research and intelligence, as well as that carried forward in the regional bureaus, supports these functions.

The relations with foreign governments on behalf of the President are often concerned with matters of the highest political importance, such as relations with the United Kingdom, France, the Soviet Union, and others, and the negotiations that led to the North Atlantic Treaty. Such negotiations require careful briefing and instructing of representatives. Supplying instructions for representatives in countries all over the world and in international organizations is a large-scale operation.

It is also the duty of the Department to provide information and interpretation of events to the Congress and to prepare proposals to it. It carries on many activities to inform the public about foreign affairs. These are necessary and desirable activities.

The second group of functions consists of the miscellaneous activities that are carried on by the Department and the Foreign Service

because no other appropriate place for them has been found. These are such matters as the issuing of passports and visas, maintaining coding and communications facilities, purchasing and maintaining foreign buildings for the use of United States personnel abroad, providing services to United States seamen in foreign ports, and numerous similar activities. If the Department of State were to concentrate solely on matters of foreign policy, some other agency would have to concern itself with many routine activities that have been the responsibility of the Department since 1789.

These two groups of functions are noted here merely to emphasize the variety and complexity of the work of the Department of State as it is at present organized. The decision as to the role the Department of State should play in the administration of foreign programs must be made, in part, in the light of its other responsibilities.

Administrative doctrine of the Hoover Commission

The most significant postwar study of the general role of the Department of State is found in the report of the Hoover Commission on foreign affairs. In presenting the recommendations quoted in chapter III of the present report, with their emphasis on foreign policy planning and their opposition to program operations by the Department of State, the Commission stated that—

* * * the State Department is cast in the role of the staff specialist in foreign affairs, and, pursuant to Presidential delegation, its role will involve leadership in defining and developing United States foreign policies. * * *

Furthermore—

* * * these responsibilities necessarily will mean that, except for coordination in crucial areas where Cabinet-level committees are involved, the State Department will be the focal point for coordination of foreign affairs activities throughout the Government.

This was not an unqualified statement, however, for the Commission went on to say that—

* * * the State Department is not * * * the sole unit of the executive branch for determination of the objectives of the United States in world affairs or for formulating and executing foreign policies to achieve those objectives * * *. The State Department should consult with and advise * * * other departments and agencies for the purpose of bringing their experience to bear in the formulation of foreign policies * * *. [However, an agency charged with responsibility for action] should not * * * be required to obtain the concurrence of other agencies prior to taking action.

The precedent of the Economic Cooperation Administration appears to have carried great weight with the Hoover Commission in making its recommendation against placing program operations in the Department of State. Relating this precedent to the question of occupied areas, the Commission recognized the “serious friction” that existed in the administrative arrangements at that time, and the

“frequent consideration” that had been given to the possibility of transferring responsibility for the civil aspects of occupied areas administration from the Department of the Army to the Department of State. In this case, the Commission found no circumstances that warranted such a transfer. It said that

* * * it is wholly consistent with the concepts underlying this report that this administrative machinery be located outside the State Department, as, for example, in the military establishment or in a new administration of overseas affairs * * *.

The Commission set forth the general principle that the Department of State should “not undertake operational programs unless unusual circumstances exist.” The context of the report would seem to justify the substitution of the words “overriding circumstances” for “unusual circumstances.”

The main outlines of the recommendations of the Hoover Commission on the role of the Department of State, then, would endow it with the position of a staff aide to the President in the formulation of objectives and policy, and in the coordination of other departments and agencies participating in foreign affairs, but it would also retain responsibility for routine diplomatic and consular functions.

The concept of the Department of State as a staff aide to the President, and as a leader in defining and developing foreign policies, is consistent with the recommendation that the Department should not engage in program operations. It is a generally accepted belief that a staff agency should not participate in “line” activities.

These conclusions of the Hoover Commission left it in something of a dilemma as to how overseas program operations should be organized, as noted in chapter III. Only three members of the Commission supported establishment of the proposed Administration of Overseas Affairs. The Commission as a whole was apparently well disposed toward the existence of the Economic Cooperation Administration as a temporary agency for a special purpose and did not favor any transfer of administration of occupied areas to the Department of State even though it was dissatisfied with the manner in which the administration of occupied areas had been handled. Nevertheless, when confronted with a definite proposal for a new general purpose agency to administer overseas activities other than diplomatic and consular affairs, a majority of the Commission was prepared only to recommend that the problem be studied further.

The Hoover Commission did not recommend that the Department of State be given a veto power over the activities of operating agencies. The Commission stated that an agency charged with responsibility for action should not be required to obtain the concurrence of other agencies prior to taking action. This was an attempt to avoid divided authority and responsibility in administration, which was

one of the primary concerns of the Hoover Commission. This solution of the problem, however, would appear to place all action on a plane of equality. It gives little leverage to a department that is supposed to exercise a leadership role. Instead, it would appear to give a clear initiative in action matters to agencies that are to be led, according to the Commission's recommendations, by the Department of State.

In point of fact, however, decisions as to responsibility for foreign program administration since 1949 have not been made primarily in the light of the Commission's recommendations. As noted earlier, the Department of State has been given increasingly heavy responsibilities in program operations since that time.

MAIN ISSUES AND ALTERNATIVES

The question of the role of the Department of State in a program operation and coordination involves various issues, some general and some specific. The first general issue is whether the Department should be a program operator. In the past, there have been occasions when the assignment of program operating responsibilities to the Department has been opposed on grounds that it was administratively unable to handle them; on some of those occasions, for example in the case of occupied Germany in 1945, when the War Department was unwilling to provide logistic support if the transfer was made, the Department has in effect agreed with that contention. It has also frequently been argued, from points both inside and outside the Department, that it cannot assume major program operating responsibilities without impairing its functioning as a policy agency and as an adviser to the President. This appears to have been the principal basis for the views of the Hoover Commission.

Closely related to this first general issue is that of whether there should be a general purpose foreign program operating agency other than the Department of State, an Administration of Overseas Affairs, as recommended by a minority of the Hoover Commission. While this is a separate issue to some extent, it is also in part simply a statement of the first general issue in converse form. It arises clearly as a separate issue only if the Hoover Commission's view on the general issue is accepted. Accordingly, it will not be treated as a separate issue at this point, but will be considered further in the concluding part of the chapter.

The second general issue is the nature of the Department's functions in securing the coordination of the foreign programs that it does not operate, or for which it has only a limited operating responsibility. Under any tenable concept of the Department's functions, it must have some concern for the manner in which any program is carried

on that involves relations with another government or operations on foreign territory. Does such concern mean that it should have a total responsibility for all foreign relations and operations? If not, where is the line to be drawn and on what basis? And what are the means by which the Department is to carry out effectively whatever responsibility for coordination is assigned to it?

The specific issues arise with respect to particular programs. They arise in part because the general issues are unsettled, and also because the possibility of making an exception would inevitably be considered in any important case even if the general issues could be considered settled for most purposes.

Specific issues as to the economic programs have been considered in chapter IV, while issues relating to military aid and occupied areas administration were taken up in chapter V. In the present chapter, the first specific issue to be considered is that of the responsibility of the Department of State in the administration of a unified program of military and economic aid. Some aspects of the administration of occupied areas require further attention, as well as the issue with respect to the information program. The two general issues are taken up after the argumentation on the specific issues has been completed.

Issue 1: Administration of military and economic aid

What would be the appropriate responsibility of the Department of State in the administration of a unified program of military and economic aid on the assumption that the facilities of the Department of Defense and of the Economic Cooperation Administration should continue to be utilized to the maximum extent?

A unified program of military and economic aid, involving the core of United States relations with its principal allies, would obviously be so central in the entire field of foreign affairs under present conditions that the Department of State could not play merely a passive role in it. Accordingly, the alternatives to be considered under this issue include as a minimum the type of responsibility carried by the Department in connection with the European recovery program.

Alternative 1 is the type of relationship that existed between the Department of State and the Economic Cooperation Administration during the first 2 years of the European recovery program, extended to the Department of Defense and any other participating agencies.

The advantages and disadvantages of this type of relationship have been discussed in chapter IV. In general, the argument is that this relationship was used with success for the European recovery program, that a combined military and economic aid program has much in common with the European recovery program, and that similar administrative arrangements could be extended to all participating

agencies. The central feature of this relationship is the mutual suspensory veto, combined with the full exchange of information on both sides.

It is further argued on behalf of this alternative that it would encourage the Department of State to concentrate on the general foreign policy aspects of a unified program, which would be considerable, and on intergovernmental negotiations, leaving the Economic Cooperation Administration a free hand in the field of economic aid for additional military production, and the Department of Defense a free hand in the provision of military equipment and training.

The argument against the alternative is that it is to be doubted that any such relationship of virtually complete autonomy among the three agencies participating in a unified program would suffice. The requirements for additional military production and supporting economic aid in Europe and elsewhere are closely related to the quantities of military equipment that are to be made available by the United States. The two have to be programmed together on a country by country basis. Moreover, the total contribution to be made in all forms by the other countries participating in the international mobilization is a matter of the highest policy from the point of view of each of the governments concerned, and one that has to be negotiated. For these reasons, it is argued, a very much closer relationship among the agencies is needed than this alternative would provide.

Alternative 2 is the type of relationship that formerly existed between the Department of State and the Department of Defense for the mutual defense assistance program, extended to the Economic Cooperation Administration and other participating agencies.

The essential elements in this relationship were that decisions were reached on the basis of equality of the agencies concerned, under the leadership of the Department of State, which controlled the major part of the funds appropriated for the mutual defense assistance program. The Department of Defense had the responsibility by delegation from the Department of State for studies of the need of foreign countries for foreign military equipment and for providing the equipment and training on the basis of approved country programs. A system of cooperation on joint concerns was established through the means of an interdepartmental committee (FMACC) chaired by the Department of State. This committee provided much closer coordination on a systematic basis than did the Department of State-Economic Cooperation Administration relationship, described in the first alternative.

It was argued against this system that it was deficient on two counts: First, that it did not integrate two aspects of foreign affairs that in practice had to be integrated—mutual defense assistance program affairs and North Atlantic Treaty affairs, and second, issues on

which there was a failure to agree were not always brought to a head promptly and settled, even though there was a provision for convoking a committee composed of the agency heads to settle important disagreements. Any extension of the system, it is argued, would have to deal with these problems, and in a larger program they would be even more important.

Alternative 3 is the presently established system of administering military aid and supporting economic aid, extended to include all forms of economic aid under a unified program of military and economic aid.

On behalf of this alternative it is said that the recent interdepartmental reorganization of arrangements for handling MDAP and NATO affairs has dealt with the two basic objections to alternative 2. As has been seen earlier in this chapter, the Director of International Security Affairs is responsible for bringing together the work of the Department of State for North Atlantic Treaty affairs and mutual defense assistance affairs. The new International Security Affairs Committee (ISAC) has powers somewhat more definite than the previous committee (FMACC), and further directives have specified the channels of appeal to the President when the committee is unable to agree. It can be argued that a fully unified program of military and economic aid would be largely an expansion of the present mutual defense assistance program, and that the most convenient arrangement would be to adapt the present administrative system to the requirements of the larger program.

An important question for the purposes of the present issue is that of the actual extent of the responsibility of the Department of State under the present arrangements. When the Director of International Security Affairs was appointed in the Department of State, the impression was current that he would have significant powers of decision on a Government-wide basis for all activities financed from the mutual defense assistance appropriations, including economic aid in support of military aid, and related activities in the North Atlantic Treaty Organization. This impression was sustained by the sweeping delegation of authority by the Secretary of State to the Director of International Security Affairs, by the powers respecting mutual defense funds which had previously been delegated to the Secretary of State by the President, and by the language of the interagency agreement, previously referred to, that tended to place the director in a supradepartmental position.

On the other hand, the director, and others concerned in the Department of State, appear to have performed their functions mainly through processes of negotiation. There has been a tendency to minimize the existence of any actual directive authority arising out of the control of appropriations, although the country programs

proposed interdepartmentally by the Department of Defense and the Economic Cooperation Administration have remained subject to formal approval by the Department of State by virtue of its responsibility for the expenditure of funds. The emphasis has been upon voluntary agreement in the work of the new committee, as in the old, and the role of the Department of State in the work of the International Security Affairs Committee can thus be regarded as consisting merely of the leadership responsibility arising out of the chairmanship.

Whatever the interpretation of the actual situation, there appears to be doubt as to whether the arrangements represented by the committee and the director can be sufficiently effective to meet the requirements of the present emergency. It is argued in principle, for example, that it is not appropriate to vest the job of over-all management and coordination for a program of such magnitude in one of the three operating agencies concerned. In practice, it appears to be agreed among the agencies themselves that for matters affecting all three of them, only limited powers of decision, at most, can be placed in any single agency. But if the work is to go forward merely on the basis of voluntary agreement negotiated at arm's length among three powerful equals, it can only be expected that interminable delays will be the result. Such delays appear to have occurred, in fact, during the joint efforts of recent months to prepare an agreed presentation to Congress of the plans for the coming fiscal year.

In some quarters, it is argued that the President can successfully vest full coordinating authority in the Department of State for a fully unified program of military and economic aid if he himself has the authority and is prepared to place the appropriations for the unified program at the disposal of the Department of State for allocation to the other agencies. In that case, the Department would at least have a full veto power for every phase of operations, although mere control of funds would not necessarily enlarge its ability to impel positive action by another agency contrary to the views of that agency. Against the allocation proposal, however, it is argued that the direct responsibility for the administration of massive appropriations of this sort is not an appropriate responsibility for the Department of State and that further, in part for this reason, such an arrangement would not be acceptable to the Congress.

The basic questions seem to be (1) whether effective authority to direct a unified program can be lodged at the departmental level, (2) if not, whether the program can be effectively administered primarily on the basis of voluntary agreement among the agencies concerned, and (3) if not, whether an effective center of coordination for program administration could be established at some higher level in the

executive branch, short of the President himself. It is these basic questions that lead to the consideration of further alternatives.

Alternative 4 is to establish a director of military and economic aid in the Executive Office of the President.

This alternative may be outlined as follows: The President would appoint a director for military and economic aid activities in the Executive Office of the President. The appointment would be subject to the confirmation of the Senate. The director would be responsible for providing continuing leadership in the interdepartmental coordination of policy and program with respect to the administration of military and economic aid, including those aspects of military and economic aid that may be negotiated or conducted through the United Nations, the North Atlantic Treaty Organization, and other international organizations.

The director would be assisted by an interdepartmental committee on which he would serve as a member and as chairman. The Departments of State and Defense and the Economic Cooperation Administration would name senior members of their staffs who would be authorized to represent and speak for them on all matters coming before the committee. The director and the committee would consult when appropriate with other departments and agencies of the Government, including particularly the Department of the Treasury.

The committee would be responsible for reaching decisions on all matters pertaining to military and economic aid that require the joint consideration of two or more agencies of the Government, insofar as such matters had not been promptly adjusted at lower levels. Its jurisdiction would be broader than that of the existing International Security Affairs Committee in that it would deal with all forms of military and economic aid.

In the event of disagreement in the committee, including disagreement between other members and the director, he would have the right of decision, subject to the right of any affected agency promptly to appeal the decision to the President through a Cabinet committee consisting of the Secretary of State as chairman, the Secretary of Defense, and the Administrator for Economic Cooperation. The Cabinet committee would make recommendations to the President if it found itself in disagreement with the director; thus the principal function of the committee would be to provide means and to emphasize the need for face to face consultation among the heads of agencies concerned before appeals were taken individually to the President from a ruling of the director. In the case of an appeal, the decision by the director would be inoperative pending concurrence by all three agency heads or final determination by the President.

Decisions as to the allocation of funds to the various agencies, to the various forms of aid, and among the individual country programs

would be a matter for the committee and the director, provided the funds were appropriated to the President and the responsibility for allocation could thus be delegated to the director with the advice of the committee. In the event of disagreement in the committee respecting such allocation, the director would decide, subject to the previously indicated procedure for appeal to the President.

The director would be authorized to issue directives having binding effect, but only on the basis of committee action as previously indicated, and subject to the right of appeal to the President. He would not have Cabinet status, in order that it would be clear that he is not interposed between the President and the three officials who would consult jointly in the case of a proposed appeal from any of his decisions. It could be assumed that he would seldom take a decision without consultation with the President in the face of determined opposition from one or more of the agencies responsible for carrying it out, and the Cabinet committee might never meet. Nevertheless, it is argued by proponents of the proposal that it would be necessary to recognize and provide specifically for the right of appeal to the President on the part of the responsible agency heads.

The director would be expected most of all to concern himself with the development of integrated program plans, with the careful advance planning of negotiations, with the development of teamwork in operations, and with such review of operations as is necessary to make certain that performance is going forward smoothly and on schedule. The responsibility would be centered in him for program leadership, for bringing together the responsible agencies to concert a course of action, for securing adequate reports on progress, and for keeping the President advised of any need for Presidential action. He would not require a large staff, but it would be necessary for him to have enough staff and for his staff to do enough traveling to have extensive first-hand knowledge at all times as to the rate of progress and to be aware of any bottlenecks before they had become serious.

The proposal represented by this alternative has been criticized on the grounds that it is thought to assume that the concern of the Department of State in a program of military and economic aid would be generally limited to "political" factors as one of three coordinate elements of approximately equal significance, the others being the military and the economic. Is it also thought to proceed from a conclusion, regarded as mistaken, that no one of the three coordinate departments and agencies can provide central leadership to the others and that accordingly all such coordinating mechanisms must be established in the Executive Office. Against this conception, it is argued that the responsibility of the Department of State runs to the totality of foreign relations and operations, and that it is concerned not merely with the political implications of foreign aid but is concerned

inherently as a department with achieving the proper coordination of all elements—political, economic, and military. Therefore, it is argued, the responsibility for directing and coordinating all phases of the program should be placed in the Department of State.

Another objection is based upon the uncertain relationship of the proposed director in the Executive Office to the important questions of security policy that are so closely involved in the planning of military and economic aid. If the director in the Executive Office were to be given security affairs functions as broad as those recently vested in the Director of International Security Affairs in the Department of State, he would be taking over a central aspect of the work of the Department of State, while without those functions there would be question as to how well he could perform his duties with respect to military and economic aid.

From the Executive Office point of view, two objections are made. One is that the growing tendency to establish new units of a supra-departmental character in the Executive Office is certain to produce acute problems of coordination within the Executive Office itself, problems for which no fully adequate solution has yet become apparent. It is therefore necessary, it is argued, to place coordinative duties as fully as possible at the departmental level, and no new unit should be established in the Executive Office without the fullest consideration of other alternatives. As the second objection to the present proposal from the point of view of the Executive Office, it is argued that insofar as there are coordination functions for military and economic aid that must be performed in the Executive Office, they have already been largely cared for by existing units. The new Office of Defense Mobilization has already taken charge of some aspects of foreign aid. The Special Assistant to the President (Mr. Harriman) is assisting in securing coordination between the Departments of State and Defense and the Economic Cooperation Administration. The National Security Council is actively handling the matters of highest policy that are basic to a unified program of aid. The Bureau of the Budget is necessarily much involved in a program so largely financial in character, and can assist the President in utilizing his various powers of financial control and administrative direction to promote coordination. Accordingly, it is argued that the Department of State should be able to meet the coordination problems involved in the program with the assistance of the various agencies of the Executive Office that have been enumerated.

These various arguments can be met in part by direct rebuttal and in part by renewed emphasis upon the positive merits of the specific proposal. The mere enumeration of the various units of the Executive Office that are already concerned with the program indicates the extent to which at that high level of the Government there has been

a diffusion of responsibility among several centers of coordination. The Office of Defense Mobilization, while inevitably concerned in some degree, is said to be unlikely to permit itself to be sufficiently diverted from its main task to provide general coordination for the program of military and economic aid as such. The Bureau of the Budget has become heavily involved in the handling of the current administrative problems of the program; this is consistent with the normal functions of the bureau in the early stages of any new program, but a continuation of bureau activity at its present level in this particular program would tend, it is thought, to unbalance its general work program and to give it administrative responsibilities that appear more specific than it should undertake on any continuing basis. The Harriman office and the National Security Council are both units with specialized responsibilities overlapping much of the area of responsibility of the proposed director of military and economic aid. To some degree they offer alternatives to the proposed directorship, and probably require further consideration in that respect.

It is argued, moreover, that the positive merits of the proposed new directorship should not be lost sight of. The first such merit is that the program would receive the concentrated full-time attention of an official of high rank who would not be limited by the requirements of loyalty to the interests of any one of the three agencies most involved in program operations. A second merit is the public responsibility that the proposed official would bear for securing the accomplishment of the program; it is thought that such recognized responsibility would be a factor in his status and ability to achieve program performance. A third possible merit arises from the proposal that the official in question be subject to the confirmation of the Senate; it is suggested that Congress would be more willing to appropriate the funds required for the unified program if it anticipated the opportunity to pass directly on the qualifications of a program leader with substantial authority and responsibility. This alleged merit is questioned from other points of view, both on general grounds of opposition to confirmation of any assistants to the President in his Executive Office, noted in chapter III, and more specifically as inviting the intervention of Congress in relationships between the President and the heads of three of the most important agencies of the Government, with whom it is thought that he should be entirely free to arrange his own relationships.

Potentially most important of the alleged merits may be the aspect of the proposal under which powers of decision would be concentrated in a single individual under the President to the maximum extent considered feasible for a program overlapping large areas of three executive departments and agencies. Such a proposal would not arise if full responsibility for administering the unified program could be

assigned to any single department or agency, thus making it possible to concentrate authority in the head of that agency. By the very nature of the task, a unified program of military and economic aid cannot be turned over to a single agency for administration. Any search for means of vesting powers of decision in a single official who gives the program his full attention is therefore likely to lead in the direction of an Executive Office solution similar to the one outlined. But the powers of decision thus concentrated would inevitably be limited, and to the extent that they could be exercised, they would tend to complicate the administration of related matters in many respects.

To summarize the pros and cons of this complex and much-debated proposal, it appears to have considerable merit from the point of view of the specific administrative requirements of a unified program of military and economic aid. But such a program, large as it might be, would still be only a portion of the entire program of the Government for dealing with the present emergency, which includes, for example, a request for 60 billion dollars for the defense establishment in the fiscal year ending June 30, 1952. Any proposal for the administration of foreign aid should contribute, if possible, to the solution of broader problems of governmental organization for the emergency and should avoid placing obstacles in the way of changes that might be necessary for other reasons. Accordingly, a fifth alternative is considered that may find its appeal in part on broader grounds.

Alternative 5 is to provide for a full-time vice chairman of the National Security Council and to give him responsibility under the President for executive leadership in the coordination and execution of national security policy, enlarging the functions of the council and strengthening its staff, and adding the Administrator for Economic Cooperation to the membership of the council.

This proposal is somewhat related to the third and fourth alternatives discussed under the coordination issue in chapter V but goes beyond either. It assumes related changes in other parts of the Executive Office; presumably the Harriman office would disappear or be consolidated with the National Security Council, and the President's need for a special consultant in the field of security matters would disappear or assume a different form.

As the drafting of the alternative implies, this is a broad proposal that involves many considerations in addition to those applicable to the administration of military and economic aid. Some of those considerations have already been brought out in the argumentation of chapter V.

So far as the relationship of the proposal to military and economic aid as such is concerned, the proposal has the same applicability that it would have for almost any other activity requiring the joint efforts

of several departments and agencies in the execution of national security policy. The present extent of the area of joint work between the Departments of State and Defense was indicated in part by the discussions of chapter V. In addition, the joint concerns of the two departments extend to intelligence administration, various phases of military planning and operations, psychological defense or warfare, and the general area of economic defense or economic warfare. If the Economic Cooperation Administration is to continue to administer economic aid in support of military aid and is to be given additional functions in the field of defense economics, as previously recommended, there would be a case for adding it to the membership of the National Security Council. This would be especially true if the Council becomes concerned more directly with the administration of military and economic aid.

By comparison with the proposal for a director of military and economic aid, this proposal through its breadth and generality would fail to achieve certain of the specific virtues of the narrower proposal. There would be no single official reporting directly to the President who would be giving his full attention to the foreign aid program, and it would probably be undesirable to contemplate any vesting of formal powers of decision in the proposed council vice chairman.

On the other hand, the administration of military and economic aid would be assimilated into a broader pattern of closely related matters having to do with policy planning for the entire defense effort and with the programing of all phases of the relationships of the United States with each of its allies. Government-wide relationships and organization could presumably be knit together and strengthened with such a framework, and without the risk of their being disrupted by a new piece of action machinery cutting across other established channels of authority.

The details of the proposal could be visualized as follows: The proposed vice chairman would not ordinarily preside at meetings of the Council members; the President would continue to do so on most occasions. The vice chairman might occasionally preside in lieu of the President, and would do so regularly in the event the occasion arose for meetings of alternates of the full members. The vice chairman would assist the President in the planning and control of the agenda of the Council, and in doing so would be assisted by the executive secretary. The functions of the Council would be expanded to include activities in addition to the preparation of formal recommendations in writing for the President; it would be concerned with organizing the joint work of the several agencies in the execution of the policies developed by the council and approved by the President. These activities would be conducted in part in a manner less formal than the present work of the council; proposals would not necessarily

be processed through several levels of staff and committee meetings and agreements and decisions would not invariably be reduced to writing for circulation within the government as secret documents. The vice chairman would be responsible, under the President, for directing the staff activities of the council, for planning its work, and for organizing the processes of interagency action. He would be assisted by a small staff, but one somewhat larger than the present staff of the Council and one which would include a larger proportion of individuals with broad experience in policy planning and administration. The vice chairman himself would be mainly concerned with interdepartmental negotiations. It would be expected that he would deal directly and intimately, on behalf of the President, with the heads of departments and agencies who are members of the Council. No formal authority of a directive character with respect to the heads of agencies would be vested in him; he would be expected to secure action mainly by negotiating agreement and, when necessary, by making his own recommendations for Presidential action.

To be workable, the concept just described would presumably require the appointment of an individual of great ability, personal and political prestige, and complete compatibility with the President. It would also seem essential that in one way or another, the appointee be given status, unquestioned and legitimate, that would put him on a plane of equality in negotiating with such major officers of government as the Secretary of State, the Secretary of Defense, and the Director of Defense Mobilization. Under existing legislation on the composition and structure of the National Security Council, that would appear to require a statutory amendment to create the position and to define its rank from the congressional point of view. It would probably also be necessary to require that the appointment be subject to the confirmation of the Senate. In the absence of confirmation, the position would not be on a par with that of the heads of executive departments; in the language of Article II of the Constitution, the position would be that of an "inferior Officer," and the question of adequacy of status would remain unsatisfied in any institutional sense.

Any such proposal immediately loses much of its appeal from the point of view of the executive branch as soon as the problems of legislation and confirmation are contemplated. The Hoover Commission's view that the membership and assignment of any Cabinet committee set up to advise the President should be wholly subject to determination by the President, and not to determination by statute, is a view that is strongly shared in the Executive Office of the President. There is accordingly reluctance to recognize the jurisdiction of Congress by requesting amendment of the statutory membership of the National Security Council.

Views as to the matter of confirmation are less strong than on the point of statutory determination of membership, but again there is a similar objection. Congressional debates at the time of the adoption of the Budget and Accounting Act of 1921 are cited in defense of the proposition that any assistant to the President with the close and intimate working relationship that would be necessary for the proposed full-time vice chairman should be wholly the President's man and not subject to the requirement of confirmation.

There is further the very real problem that if the Congress on its own initiative should decide to amend the legislation to provide for a full-time vice chairman of the National Security Council, the President might be gravely embarrassed if he felt unable to make a suitable appointment or if for any reason he was inclined to feel that the position could better stand vacant. Clearly the President should not feel compelled to make an appointment to a post that could better be left unfilled during any period when the President was doubtful as to the utility of the post or the suitability of the available appointees.

As a further point of principle, it is argued that staff work of the kind carried on by the Harriman office as now constituted and committee work of the kind carried on under the National Security Council do not readily mix, and that accordingly the two kinds of operation should be kept separate even though there is a place for each. This view would argue that any real merits of the proposed vice chairmanship could be obtained without any major change in the present organization of the Executive Office, and merely by taking steps to give the Harriman office an institutional basis of some sort that would provide a structure capable of surviving such changes of personnel as would be inevitable in the event of a change of Administration.

Issue 2: Administration of occupied areas

What is the appropriate responsibility of the Department of State in the administration of occupied areas after military government has been terminated?

This issue assumes that military government is inevitable in occupied areas for a certain period after the end of hostilities, and that civilian administration becomes feasible thereafter and may be placed in effect, as it has been in Germany and Austria, although not in Japan.

Four alternatives are considered as to the responsibilities of the Department of State: the first, a purely advisory role to a separate civilian administrative agency; the second, control as far as foreign policy is concerned but without administrative responsibility; the third, a sharing of administrative responsibility; and the fourth, full responsibility for administration. The alternatives all assume that military forces will continue to be stationed in the occupied areas and

that full logistical support for its own establishment need not be provided by the civilian agency.

Alternative 1 is the responsibility for providing foreign policy counsel and guidance to a civilian administering agency other than the Department of State, and for reporting to the President as necessary.

In favor of this alternative, it is argued that any occupied areas program as large as that of recent years should be administered by an independent civilian agency located directly under the President, on grounds that the task is neither primarily military nor diplomatic and is of sufficient importance to justify separate agency status. The function of an occupied areas administration, it is further argued, is a new one in American experience, and needs to be freed from established bureaucratic traditions. An experimental approach is needed that can be achieved only by separating the program completely from the control of an old-line agency. Moreover, only with freedom to meet its own responsibilities can the administration attract sufficient numbers of qualified executive and specialized personnel for the program.

It is conceded that occupied areas affairs have a strong impact upon foreign affairs, and that the Secretary of State would have to be fully informed. Conversely, it is conceded that the Department of State should provide, as a minimum, foreign policy counsel and guidance. But in such an important task, it is urged, the program agency should not be subjected to a veto power by the Department of State, which would take no substantial or public responsibility for the end results.

The argument against this alternative is to the effect that such an arrangement would provide too much freedom from foreign policy control, especially on a subject matter that is fraught with foreign policy considerations. The Department of State would be placed in too weak a position if required to rely solely on persuasion in presenting its foreign policy views. For example, any conceivable occupied areas program would form an important factor in the relations of the United States with its principal allies. This is true today, both in Germany and Japan, and would be likely to apply in any future occupation. In a critical world situation, any administrative system that might cause difficulties between the United States and its allies should be avoided, if possible. Conflicts between a separate agency and the Department of State would not be prevented, and might be enhanced, by the latter's responsibility for reporting to the President; presumably, the other agency would also have access to the President. Therefore it is argued that the relationship would not suffice to maintain the leadership role of the Department of State in foreign relations as a whole, nor over occupied areas administration in particular.

Alternative 2 is responsibility for coordination and control but only in relation to foreign policy and foreign affairs.

This alternative accepts the thesis that the Department of State should be authorized to exercise foreign policy control over the occupied areas program, but does not accept the Department as a program administrator. The alternative would confine the Department's function to coordination and control, both at home and abroad. This implies that it would exercise some kind of veto power or at least that it would be recognized as a higher authority on policy matters than the program agency. The Department would be kept fully informed, both as to operational policy and as to current activities in occupied areas affairs. It would have the opportunity to make suggestions or stop action, and would not be required to wait until after action was taken to make objections.

This alternative would also have advantages for the program agency, which would retain full authority over all matters of operation, including negotiations with allies as to the operating phases of administration of occupied areas. This is the way the Economic Cooperation Administration works today. The system described establishes, from the point of view of many people, the most satisfactory relationship between the Department of State and a separate agency operating in the field of foreign affairs.

The objection to the alternative is that foreign policies, including program policies, must be examined in the light of administrative feasibility. The operating agency is considered to be the best witness on this point. If the operating agency does not have final authority on policy, it may be directed to carry out a course of action that it considers impossible or undesirable in practice. Conversely, the Department of State, if it is free of administrative responsibility, may urge policy decisions that are unrealistic. This alternative might create a situation, therefore, where real responsibility falls between two agencies and program results are not achieved.

Alternative 3 is joint responsibility with a separate civilian agency at the seat of government.

This alternative attempts to meet the argument just stated by making the Department of State a participant in some matters of administration. It accepts the fact that important foreign policy considerations are involved and would assign them to the Department of State as its share of the joint responsibility; detailed governmental and operating functions, however, would be carried on by the separate civilian agency.

Under this alternative, the head of the separate agency would be located in Washington, and the major decisions relating to occupied areas would be made there rather than in the field. It can be argued that this is desirable on two counts. High Government officials such

as the President and the Secretary of State, and the committees of the Congress, would be more likely to give close attention to occupied areas problems. Public opinion would tend to be more aroused, and the people would be better able to judge for themselves the importance of the issues. In general, the problem of occupied areas administration might be brought into sharper focus. This would help to resolve conflicts and issues more quickly, and would allow administration to proceed more smoothly, both at home and in the field.

On the other hand, it may be argued against this solution that joint arrangements have not worked well in the past, and that there is no reason to believe they will work well in the future. There is a special reason why this would have been true in Germany: the complications caused by the presence of four governments where there was only one before. In Berlin, for example, the most technical details, such as the operation of a radio station or an electric power plant, can lead to difficulties that necessitate negotiation with the Soviet authorities. And even in the Western Zone, there is a tendency for relatively small matters to become issues, as among the occupying authorities, requiring intergovernmental negotiations. As a result, it is more than ordinarily difficult to draw a line between what might be of concern to what is called an operating agency, and what might be of concern to the Department of State.

Alternative 4 is full responsibility for the administration of occupied areas.

The argument in favor of this alternative is that the Department of State is involved to such a great extent in all aspects of occupation that it is the logical administering agent. The problems of Germany and Japan, for example, have been two of the principal issues separating the western nations and the Soviet Union since the end of the war. The separate occupation policies, as between East and West, have necessarily affected the estimates on either side of the intentions of the other. Seen in this light, the carrying on of occupied areas administration is a matter of foreign policy.

Moreover, in both Germany and Japan the United States has discovered that it was either unwilling or unable, in the long run, to use force for the purposes of reorientation. Persuasion has been the main technique relied upon. The techniques of persuasion in foreign affairs are those in which the Department of State is presumed to be skilled. On the three counts of civilian control, foreign policy, and basic techniques employed, it can be argued that the Department of State is the agency that should have full responsibility for administering occupied areas.

The rebuttal of these arguments states that establishing and maintaining a government for an occupied area is a function that goes well beyond any ordinary responsibility of the Department of State. The

size of the administrative staff and of the budget and the detailed character of the operations are factors with which the Department of State normally does not have to deal. An administration of occupied areas may run railroads, build highways, provide public health services, and perform many other similar operations. Although these activities in the large bear some relation to foreign policy, the relationship in detail becomes distant.

It is also argued that the representatives of the Department of State, acting in the capacity of administrators of occupied areas, inevitably look forward to the time when an embassy will be re-established. They tend to be concerned not so much with doing a good job during the occupation as with ways in which the occupation can be terminated. The charge is also heard that people trained in diplomacy tend to withdraw from "intervention in internal affairs," even though they may agree that it is necessary in an occupation regime. It is also charged that diplomats tend to concentrate on developing contacts among friendly politicians in an occupied territory, because this is a normal part of their approach to a job, although it may not be desirable in an occupation regime. Diplomatic personnel, it is accordingly argued, are not the best on which to draw for occupation service.

Finally, on the negative side, the argument is made that occupied areas administration is a special kind of a job that tends to become smothered under the general concerns of the Department of State. This has been particularly true in the field of political leadership and public discussion at home. An occupation administration needs the support of domestic public opinion that can be achieved only by continuous and purposeful public education. This kind of education, it is argued, can be fostered most successfully by a single-purpose, rather than by a multipurpose agency. All these reasons, if accepted, would lead to the conclusion that the Department of State should not exercise full responsibility for the administration of occupied areas.

Issue 3: Administration of overseas information program

In view of the exceptional importance of the overseas information program at present, what should be the role of the Department of State in relation to this program?

As noted earlier, the Department of State has had several years of experience in the administration of the overseas information program, but in recent months there has been renewed attention to the possibility that the program could be conducted more efficiently in the hands of a separate agency.

Four alternatives are considered here, as under the previous issue, ranging from a purely advisory role on the part of the Department of State, on the one hand, to full administrative and operational responsibility, on the other.

Alternative 1 is responsibility for providing foreign policy counsel and guidance to the agency administering the program, and for reporting to the President as necessary.

This alternative is based on the argument that foreign policy is no harder to discover or to control than domestic policy. There is, it is said, a constant stream of official statements issued by the President, the Secretary of State, various ambassadors, and other authorized governmental officials. A separate agency would have no great difficulty in securing authoritative statements of the views of the United States on almost all important foreign problems. As a result, it is argued, it is neither necessary for the Department of State to operate the information program, nor for the Department to exercise a veto power over a separate agency. The prestige of the Department of State and its authoritative position in foreign affairs would naturally carry great weight with a program agency. In a critical matter the Department of State could always appeal to the President.

The opposing view is that such a role in relation to a complex subject matter like overseas information is unworkable, and could cause serious damage to American interests. The alternative as stated is a fair description of the relationship that existed initially between the Department of State and the Office of War Information. There was almost universal agreement, it is argued, that the arrangement was unsatisfactory and should be avoided in the future. The experience with the Office of War Information provided one of the reasons for placing the overseas information program inside the Department of State at the end of the war. To revert to such a system now would lose sight of this wartime experience, and the efforts that have been made since to apply the lessons learned from it.

Alternative 2 is responsibility for coordination and control, but in relation only to foreign policy and foreign affairs.

In favor of this alternative, it is argued that the primary interest of the Department of State in the information program tends to be expressed in restrictive terms: To see that the information does no violence to United States foreign policy, and that it neither embarrasses the United States nor its friends. In fact, it is said, it sometimes appears that the Department is more concerned about the effects of the program on the United States than on its intended audience. Therefore, it is argued, to develop the information program to its fullest potential it is necessary to remove it from the direct control of this essentially negative concern. If a separate agency were created, a better equilibrium could be established between the positive forces represented by the program agency, on the one hand, and the negative force represented by the Department of State, on the other. Some kind of mechanism for coordination and control, such as the suspensory veto

provided in the Economic Cooperation Administration legislation, would allow the Department of State to fulfill its responsibilities.

On the other side of the question, it is said that the information program impinges on policy at so many points that any presently known system of interagency coordination and control would not suffice. Mechanisms for exercising coordination and control, such as the suspensory veto, are rarely used in practice, though the potential use of it might be a factor in strengthening the hand of the Department of State. In the information program, however, even small details need to be constantly checked to make certain that mistakes are not being made. They are not matters that can easily be controlled by a separate agency, whatever its powers. This is especially true in the field, where the American ambassador and the embassy have to be involved in the program at all stages. As a result of all this, it is argued, only direct participation in the program by the Department of State can develop a workable system of control.

Alternative 3 is joint responsibility with another Government agency or agencies.

In behalf of a system of joint responsibility, it can be argued that the overseas information program represents the United States Government as a whole. The Department of State is only one agency and is not qualified to do the whole job by itself. Other departments and agencies have special international contacts and knowledge that could be exploited to greater advantage. For example, the charge is heard that the information program, in attempting to give broad coverage to the people of a foreign country as a whole, does not make the necessary effort to reach strategic and influential groups. It is felt that the Department of Labor, for example, has experience in dealing with foreign labor groups that should be employed, not only in an advisory capacity, but in the actual administration of the program as well. This leads to the suggestion that information policy should be a joint concern of several Government departments, and that there should be more extensive use of their special knowledge, talents, and experience.

The argument opposing a system of joint responsibility is that the information program is difficult to organize in segments, especially if its impact on recipient countries is kept in mind. It would be undesirable to divide the job according to the functional responsibilities of various Government departments, or according to special programs, or according to media. It has been suggested at various times that the program of educational exchanges can be separated from the information service, as such. If this were done, however, it is stated that many potential advantages of operating the two branches as a single program would be lost. It is argued that either the Department of State or a separate agency could do the job, but that it is a single

unified operation that cannot easily be divided into several separate tasks without a major loss in efficiency.

Alternative 4 is full responsibility for operating the program.

In favor of this alternative it is argued that the overseas information program is merely an expansion of the representation function. It attempts to represent the true picture of the United States to the people of the world. Representation is a function traditionally carried out by the Department of State, and which presumably must remain there even in the information field to some extent. Moreover, the information program is so closely allied to policy formulation that each function needs intimate contact with the other. Information activities are based, not just on what policy is, but on the background considerations that go into its making. Information people can then vary their material and adapt it to the constantly changing situations in foreign countries.

On its own behalf, furthermore, the Department of State is said to need the overseas information program to carry out its other functions. Information on public opinion in foreign countries is a very important factor to be taken into account by policymakers and by negotiators. This is important both in Washington and in the field. Such information needs to be furnished on a continuous basis, and would not be as easily obtainable from another agency. Informal working relationships are required that apparently develop only between staffs when they are located within a single agency.

It is further argued that country and regional specialists are an integral part of an information staff. Country-by-country emphasis is paramount in present information efforts. Thus coordination between the regional bureaus in the Department of State and the information agency would be needed in any case. The problem of the separateness of the Office of War Information was not solved by merely transferring the operations into the Department of State, for example. An approach to the solution to this problem came only after public-affairs staffs were established in the regional bureaus of the Department. Only by this method was it possible to secure adequate consideration of public-affairs factors in the development of substantive foreign policy and participation of responsible foreign-affairs officers in the development and execution of information policy.

Finally, it is argued that to change the administrative arrangements for the information program would seriously disrupt operations at a critical stage. It has taken about 5 years to gain acceptance of the program by the Congress, the public, and other governmental departments. To remove the program from the Department of State at the present time would raise a whole new series of administrative questions, would adversely affect morale, and would seriously impair program effectiveness. It is therefore desirable, it is said, to leave

the program in the Department, at least for the immediate future, to see if it cannot prove itself there notwithstanding the large-scale operations now required.

On the other hand, it is argued that the foreign policy aspects of the information program operate only at the top levels. A large part of the job is merely in directing and coordinating a myriad of administrative details that are quite separate from foreign policy. The information program uses a great many special techniques and employs a great many people whose primary qualifications are not in the field of foreign affairs. Librarians, motion-picture projectionists, radio announcers, educational exchange specialists, and many others are employed in great numbers. Their work is important to the support of United States foreign policy, but it is not necessarily identical with foreign policy. There is a question whether the Department of State is equipped to recruit and retain the ablest people in these fields.

It is also argued that the question of size makes it necessary to release the program from the direct control of the Department of State. Earlier, when the program was small, it did not make so much difference. Now that the program has become so large, it may seriously detract from the over-all direction of foreign policy that is the main concern of the Department of State. At present, it is said, the directors of the program are located at too low a level in the Department's hierarchy. The direction of such a large enterprise requires persons of executive skill and talent in numbers that can be attracted ordinarily only to top positions in an agency.

There is also concern that the Department of State might become known as a propaganda agency. It is said that the activities carried on under the information program are at times a source of embarrassment to the Department. If the Department were not the operating agency, it would be free to disavow information activities with some degree of credibility. This cannot be done now. Moreover, there are certain information activities that occasionally need to be carried out in a covert fashion so as to avoid being connected with an official source. These are considered to be questionable activities for a diplomatic agency by many who believe that it would be more appropriate to administer them under a separate agency. All these reasons are advanced to demonstrate that the Department of State should not have the responsibility for operating the information program.

Issue 4: General responsibility as to operations

What should be the responsibility generally of the Department of State for the operation of specific foreign programs?

Before undertaking the analysis of this issue, it should be noted that there is some question as to whether it is an issue that can in

fact be answered in general terms, or with respect to which an answer can be useful even if made. The issue is usually posed and answered in terms of particular programs and on the basis of the kinds of arguments previously reviewed in this chapter and in chapters IV and V. It arises in the general form only when the effort is made to state some general concept as to what the Department of State should or should not do.

When the general issue is argued, there is usually a tendency to do so in terms almost entirely of the effect upon the Department of State. Any clear decision on the issue would also have implications for the remainder of the executive branch and for the President. In most of the controversial cases of recent years, a decision against assigning program responsibilities to the Department of State would have meant the creation of an independent separate agency, as in the case of the Economic Cooperation Administration. That in turn runs counter to the doctrines noted in chapter III to the effect that activities generally should be grouped by major purpose and the total number of separate executive agencies should be held to a minimum.

The Hoover Commission minority proposal for an Administration of Overseas Affairs offered a different alternative, in which the program operations excluded from the Department of State would have been grouped in a single agency on the basis of their overseas character. The governmental activities to be included in the new agency would have included those for the outlying Territories and possessions under full United States sovereignty, the Trust Territories, the occupied enemy areas under the temporary administration of the United States, and the 4-year European recovery program, along with certain additional activities abroad that existed in 1948 but have already disappeared or largely so.

This proposal requires further consideration, but it may be noted at once that an agency that would bring together activities as diverse as the European recovery program and the supervision of insular administration in Puerto Rico does not necessarily represent a grouping of functions on the basis of major purpose. The basis of agency specialization would appear to be purely geographical rather than functional; it would be concerned with activities merely because they involved areas outside of continental United States.

Nevertheless, under conditions such as those prevailing in recent years, an Administration of Overseas Affairs would be mainly concerned with affairs involving foreign territory and foreign governments. To the extent that the conduct of foreign relations can be considered a major purpose constituting a suitable basis for agency specialization—and it has been so regarded by most governments for a long time—an Administration of Overseas Affairs would tend to overlap that major purpose. There would be danger of having two

general purpose foreign affairs agencies, no matter how severely the functions of the Department of State were to be restricted, as long as it retained the administration of diplomatic and consular affairs. The existing Foreign Service is a general purpose foreign field service. Diplomatic representation and negotiations may be concerned with any conceivable subject or operating activity, while consular work includes activities so numerous and so miscellaneous that they defy complete enumeration. New activities of a minor character in foreign territory are usually assigned to the Department of State for administration through the Foreign Service in recognition of the general purpose character of the Department and the Service. As a rule, it is only the major activities that are considered for separate administration, and usually only to obtain the benefits of special purpose agencies that can give undivided attention to the individual major programs.

In considering the general issue of program operating responsibility, it does not seem necessary to repeat all of the arguments that have been set forth previously in arguing the responsibilities of the Department of State for specific programs, nor to spell out the alternatives in detail. The alternative providing for minimum responsibility would be to the effect that program operations should normally be assigned elsewhere, with the Department of State responsible for foreign policy counseling and guidance to the program administrators and also responsible for informing the President of any need for foreign policy action on his part. The maximum alternative would be to the effect that full administrative responsibility should be assigned the Department of State for all foreign programs that can reasonably be separated from domestic affairs and military affairs. Additional alternatives involving the suspensory veto or various forms of joint administrative responsibility could be devised and would fall into place between the minimum and maximum positions.

The minimum alternative is consistent with the concept that the Department of State should act as a staff agency of the President. Under this alternative, the Department would not be interposed in the line of command between the President and the head of any other agency. Its operating responsibilities would be held to the minimum inherent in its role as the headquarters for the general purpose foreign field service.

The advantages, it is argued, rest mainly in three features of the situation. The Secretary of State and other higher officials of that Department would be relatively free of administrative burdens and would thereby presumably find it easier to concentrate on policy matters and coordination. The operating agencies would be free to operate, utilizing advice as to the policies approved by the President. These they could be expected to respect. Matters requiring the

attention of the President would be brought to him and would not be settled by a subordinate without his knowledge.

The disadvantages would be those usually considered inherent in the position of a staff agency when called upon to police a mass of business that does not pass through its own hands, for which it is necessary to enforce consistent policies, and the details of which cannot often be referred to higher authority. The Department, in other words, would be placed in a position where it could register objections with operating agencies to the extent that it was sufficiently informed to be able to do so, but would have no power to enforce its objections except by appeal to the President.

The maximum alternative is consistent with the concept that all activities of the executive branch should be consolidated in a small number of executive departments under the President, each of which should so far as possible bring together related purposes and activities.

The argument for this alternative is that the Department of State has the general responsibility for conducting relations with foreign countries, and that these functions should also be carried on for special programs. If the Department of State is to continue to be the headquarters for at least one of the general purpose foreign field services, it should be the headquarters as well for field activities of special programs, which may contain the most important aspects of current foreign relations. This argument would conclude that unless the Department has full operational responsibility for programs, it may become a headquarters for only one of the United States overseas services, and very likely not the most important one at that.

Contrariwise, it may be argued that giving full responsibility to the Department of State for program administration may hinder the exercise of its broader responsibilities. It would add heavy special burdens, many of which would be temporary in nature, that do not relate to policy formulation. This argument is based on the belief that the function of over-all policy development and control is not compatible with the function of program administration.

The arguments against this alternative would also include those previously set forth as supporting the desirability of single-purpose, specialized, and temporary agencies. In a multipurpose agency such as the Department of State, particularly if it is further expanded, it will always be difficult to achieve the unity, concentration, and energy that are thought to be characteristic of other types of agency when under able leadership.

Issue 5: Coordination of programs

What should be the role of the Department of State in securing the necessary coordination in Washington of the foreign programs and activities for which it does not have full administrative or operational responsibility?

This issue to some extent overlaps the issue as to operating responsibility that has just been discussed, in view of the variable and always somewhat uncertain meaning of the term "coordination." For present purposes, it is assumed that coordination means not only the avoidance of inconsistencies of action, but that it also has a positive aspect in the development of a course of action requiring concerted efforts, in organizing those efforts, and in bringing them to fruition. The measures by which coordination may be carried on are not discussed here; it is assumed that any coordinating responsibilities firmly vested in the Department of State will be accompanied so far as possible by means of making them effective, even if the assignment of responsibility is made informally by the President and the sanctions consist only of those normally relied upon to ensure teamwork throughout the executive branch.

The alternatives with respect to coordination can be classified according to a variety of plans, several of which have been tested in the preparation of the present report. The arrangement here used is somewhat complex, but it begins with a group of responsibilities that are not often challenged as beyond the prerogatives of the Department of State, and moves forward progressively through possible additional responsibilities that sometimes exist in practice but which are more often subject to serious challenge, at least on particular occasions or for particular subject matters. The arrangement does not follow any order of importance, since the extent to which the responsibilities are accepted as belonging to the Department of State does not seem to be related to their importance.

Alternative 1 is the leadership responsibility under the President for coordination and control in representing to other governments the views of the United States, reporting to Washington the views of other governments, and leading the necessary negotiations at the governmental and departmental levels; the responsibility in Washington for leadership in securing coordination of the views of interested agencies, preparatory to the conduct of negotiations; and the primary responsibility for securing coordination of the operations of particular programs insofar as they affect relations with individual countries.

As we have previously seen, the basic statute that created the Department of State gave it the responsibility for "correspondence, commissions, or instructions to or with public ministers or consuls from the United States, or * * * negotiations with public ministers from foreign states * * *." Congress thus intended that the Department of State should be generally responsible under the President for carrying on relations with foreign governments. The question is whether this responsibility carries over to the field of program operations, or whether there is a need to create special channels for

dealing with other governments in connection with the operation of programs.

Against the creation of special channels, it is argued that they afford opportunities for basic misunderstandings between governments. These can arise unintentionally in the normal course of events, or they can be the result of active abuse of the possibilities. The existence of separate channels for negotiation creates a condition whereby other governments have two or more opportunities for approaching the United States, which may or may not be used in a consistent manner. This is complicated by the fact that negotiations on the same or related subjects may be held in Washington, in other countries concerned, in the United Nations, or simultaneously in several places. It is important to avoid jurisdictional conflicts and inter-agency competition in this situation, for reasonable consistency and direction are difficult to maintain in any case. Yet it is difficult to avoid conflicts and competition when more than one channel is permitted to exist.

The Department of State, it is argued, is the only feasible place in which to center responsibility for coordination of intergovernmental contacts. Negotiation is one of its historic functions and furthermore one that the Hoover Commission recommended that, in general, it retain. The Department is well staffed for this purpose; foreign service officers are trained to be skilled negotiators. Moreover, the Department controls the official channels of communication to overseas civilian staffs. It is therefore in a better position than any other agency to secure coordination in Washington with a minimum disruption of business.

From the point of view of a program agency, however, the argument is likely to be heard that it is essential for all program negotiations to be handled by program staff. Otherwise, negotiators will not be adequately informed and experienced. Negotiation is not carried forward in a vacuum, it is said; it is always concerned with some subject. Special program negotiations are likely to require technical knowledge. The Department of State will naturally be informed of all such negotiations, but should not be in a position to control them.

Moreover, it is said, there are two kinds of negotiations on program matters. The distinction between them forms the basis for this point of view. One kind of negotiations may establish the basis for a program. An example is the negotiation of bilateral agreements for the European recovery program. Such negotiations are conceded to be of a high policy character, and there is apparently general agreement that they should be within the jurisdiction of the Department of State. A second kind of negotiations are those that arise out of the operation of programs in the conduct of normal business.

Negotiations of the second kind are carried forward under instructions from Washington within specific terms of reference. They are in support of established objectives and policies. They are ordinarily carried on between working level officials rather than between those with Cabinet or similar status. In so far as instructions and terms of reference have been clearly drawn in consultation with the Department of State, it may be argued, there should be little concern that such negotiations will cause trouble. As long as the above conditions are fulfilled, these negotiations can be left to the operating agency and need not be subject to formal measures of coordination.

Coordination of program matters in Washington from the point of view of relations with individual countries is a function related to bilateral negotiations. In the lack of such coordination the United States might make contradictory commitments to the same foreign country; or opportunities for making mutually advantageous program arrangements due to unusual country situations might be disregarded; or actions detrimental to interests of the United States might not be observed in time. The ambassador of the United States is generally responsible for securing the coordination of these matters on the scene. It is argued, however, that there needs to be one place in Washington where relations with individual countries are brought into focus and balanced.

The Department of State is the only foreign affairs agency in Washington that is organized with a predominant emphasis on country relationships. The "country-desk man" traditionally was the center of the Department's activities. The regional bureaus, recently established, may be considered to be an expansion of the geographic emphasis in the Department's organization. For these reasons, the Department of State appeals to many people as the logical place to center responsibility for coordination of foreign programs from the point of view of relations with individual countries.

On the other hand, officials in charge of operating programs are likely to argue that the country impacts of programs can be adequately coordinated by country-desk men within program agencies. Such agencies usually reflect the country element somewhere in their organization. The impact of programs on individual countries is thus not entirely lost to sight. Therefore, program operators may feel that this aspect of the problem is adequately covered by the organization of individual program administrations.

Alternative 2 is the additional responsibility, under the President, for developing and defining foreign policy objectives, for formulating foreign policies and for proposing strategies of execution, including the framing of proposed programs; the review of objectives, policies, and strategies, in the light of performance; and responsibility for securing the necessary coordination in carrying on these functions.

In support of this alternative it is stated that the development of foreign policy objectives and the framing of foreign policies and program proposals is a field in which the Department of State performs best. The Department, it is said, is well organized for these purposes. Its face-to-face contacts with other governments, its possession of foreign intelligence, its research and analysis organization, and its policy planning staff, indeed, are said to form the indispensable background for these functions. Moreover, it can be shown that the impetus for most of the foreign programs adopted in the last 5 years came, in an organized way, from the Department of State. The Greek-Turkish aid program, the European recovery program, the North Atlantic Treaty, and the mutual defense assistance program all either originated or were developed in the Department. On the basis of this record it can be argued that no other agency is so well equipped to perform these functions.

Within the field of responsibilities covered by this alternative, the Department of State, it is argued, must act as an adviser and assistant to the President. All these functions are the primary responsibility of the President himself; but they are ones for which he needs systematic and organized help of the kind that only an institution such as the Department is able to give him. The special relationship of the Department to the President, the argument continues, requires it to take the initiative in securing the coordination of all aspects of foreign activities throughout the Government. Extensive coordination has been required in support of every major program proposal submitted to Congress since the end of the war, and the Department has been the agency primarily responsible. Review of objectives, policies, and programs, in the light of performance, might be said to be a logical outgrowth of the exercise of these functions.

The argument against this alternative is directed not so much against the participation of the Department of State in these fields; it is directed rather against any attempt to secure an exclusive or fixed position for the Department. The argument is not only that these functions must be shared, both with other departments and agencies, and with units in the Executive Office of the President; it is also that the lead in particular cases must be taken by the agency primarily concerned with the subject matter involved, or by the agency that the President designates. The Department of State, it is conceded, will have a permanent interest in the matters covered by this alternative, and should always participate in decisions concerning them. But it does not necessarily follow that the Department should always have the leading role.

The functions under discussion are in essence the giving of foreign policy advice to the President. The President should always be in a position to make up his own mind as to where he wishes to

obtain his advice, and as to the soundness of the advice he receives. He should not be hampered in this sphere by any predetermination of his relationship to his own principal subordinates.

On the basis of such arguments, the departments and agencies involved in foreign activities tend to argue that the conception of the Department of State as a staff aide to the President, in any way that distinguishes its relation to the President from their own, is false. They accept the Secretary of State as the principal adviser to the President on matters of foreign policy; but they argue that this is a functional responsibility that is on all fours with those of other Cabinet departments in their own fields. They seriously resist any suggestion that the responsibilities of the Department of State place it in a superior position to themselves regarding the foreign aspects of their own subject matter interests.

Alternative 3 is the additional responsibility for the development and coordination of program plans and their presentation to Congress.

The argumentation on this alternative has two main aspects. The first is the responsibility for the initial development of program plans, and the first presentation to Congress. The second is the responsibility for subsequent program planning and congressional presentation.

In regard to the first aspect of the question it may be argued that program planning and the initial presentation of program proposals to Congress are a secondary stage in the process of foreign policy planning itself. It is essential at this stage to demonstrate in some detail how the proposed objectives are to be met; how much weight the program is to carry in the total foreign effort; how the proposed cost of the program is to be justified; and how administrative arrangements for the program are to be established. These questions are said to be closely allied to the special responsibilities of the Department of State to the President, and it is argued, therefore, that the Department should be responsible for coordinating them on a permanent basis.

On the other hand, it may also be contended that the jurisdictional interests of the Department of State may warp its views on such matters, especially on the issue of program administration. The presentation of a proposed program to Congress, particularly an important foreign program, needs the support of all interested agencies of the executive branch. At the same time, other departments and agencies may not wish to be coordinated by the Department of State on questions that affect their own relations with Congress. This will be particularly the case if another agency has aspirations of its own in regard to the operation of a proposed program that are at variance with the views of the Department of State. This approach to the question would conclude that an impartial agency, such as the Executive Office of the President, should be responsible for coordination of program planning and presentation to Congress.

The argument on the secondary aspect of the question is that the Department of State is concerned primarily with program plans from the point of view of consistency with foreign policy; and is also concerned with the size of the total budget for all foreign affairs activities. Finally, it is the normal channel for presenting the foreign affairs proposals of the executive branch to the committees of the Congress. These responsibilities are said to make necessary the active participation, if not control, of the Department of State in the planning and the presentation to Congress of all foreign programs.

The contrary view is that program planning and congressional presentation, once a program is in operation, should be the primary responsibility of the program agency. On the side of programming the responsible agency knows its own requirements best; on the side of congressional presentation the agency can best justify them. The total foreign affairs budget is said to be a Presidential responsibility, exercised through the Bureau of the Budget. Naturally, a program agency would seek the cooperation of the Department of State on this matter. It should not, however, be placed under the control of the Department.

Alternative 4 is the additional responsibility in Washington to coordinate and control program operations in detail in relation to foreign policy and foreign affairs.

Coordination of program administration may be deemed necessary on the following grounds. Operating personnel, faced with a multitude of day-to-day decisions, are likely to deviate from the main line of policy unless the decisions are subject to a continuous check from the source of policy. Representatives of the policy formulators need to make this check by participating in the making of operating decisions. Only in this way can effective and continuous efforts be exerted to keep operations within the framework of policy.

If this point of view is accepted, the secondary position follows that the Department of State should be primarily responsible for the coordination of operations. The Department of State has had long experience in this field, and no other agency has comparable experience. There is no other logical place to center the responsibility outside the Executive Office of the President, which is already overburdened.

A contrary point of view holds that any such philosophy of inter-agency relations would defeat the possibility of orderly and purposeful administration. It is the responsibility of the head of an operating agency to ensure that operations are consistent with policy. Interference in operations, under the guise of coordination, tends to break down this responsibility and defers the attainment of program goals. If the head of an agency is not able to fulfill this responsibility, he should be replaced. He should not have to suffer under a system by which subordinate personnel in another agency define policy for the benefit of his own people.

This view does not preclude the possibility of a post-audit of administrative decisions of one agency by another agency with policy responsibilities. Some proponents of the position believe that such a post-audit is a necessary and desirable thing. It does foreclose on the implicit veto power involved in participation by policy people of one agency in the operating decisions of another. The adoption of the post-audit position would deny the Department of State responsibility for currently coordinating program administration involving other agencies.

FURTHER ANALYSIS AND CONCLUSIONS

This chapter is concerned with a problem that is broad but not unlimited, that of the proper relationship of the Department of State to the operation of foreign programs. Any conclusion on the problem in general will have implications for the specific responsibilities of the Department with respect to the programs of military and economic aid, the administration of occupied areas, and the conduct of the information program. Moreover, unless the Department is to operate all these programs, a conclusion that seems unlikely to occur in fact whatever the merits in theory, the issue arises as to the nature and extent of the Department's responsibility for securing coordination in those cases where it does not have full operational responsibility.

In the earlier discussion in this chapter of the general issue as to program operations, it was brought out that the minimum operational role is related to the concept of the Department of State as a staff agency of the President, while the maximum role is related to an administrative concept under which all work of the executive branch would be carried on through a limited number of major purpose executive departments. The issues as to program operation and coordination thus involve questions as to the general role of the Department in the Government as a whole. An attempt cannot be made here to answer those questions completely, but the present discussion must necessarily go on within a larger framework.

Status of the Department of State in the executive branch

Perhaps the most illuminating way in which to approach this complex matter initially is to ask three questions: Is the Department of State not only an executive department but also a Presidential agency such as the Office of War Mobilization and Reconversion of the last war? Is it a Presidential staff agency, such as the Bureau of the Budget? Or is it an executive department with certain special characteristics but nevertheless inherently of the same organizational status as the other executive departments?

The importance of these questions arises from the potentially fundamental and far-reaching implications of status within the executive

branch. An "executive" department presumably can appropriately be given responsibility for the execution of policies; that is the main activity of most executive departments although they participate also in policy formulation. Conversely, it is ordinarily the function of a staff agency in the specialized sense to advise and assist rather than to execute, and a staff agency seldom has executive responsibility for the matters on which it prepares advice.

There is no doubt about the fact that the Department of State is legally an executive department in the full constitutional and statutory sense as now constituted. Moreover, there has never been a serious public proposal to the effect that the legal status of the Department should be changed. Nonetheless, there is sentiment to the effect that the normal status of an executive department is not well suited to the performance of many tasks of great importance for the Department of State. This in turn suggests that the Department can and should function in a dual role, both as a staff agency of the President and as an executive department. Alternatively, such suggestions might be taken to imply a need for consideration of some fundamental change by which the Department would cease to be an executive department and would be redesignated as a unit in the Executive Office of the President.

Before considering any possibility so drastic, attention should be given to the extent to which the roles outlined above are compatible with each other. In other words, if the Department of State remains an executive department, can it also act as a Presidential agency with command powers directed toward the other executive departments? Or can it act as a staff agency of the President, but without exercising command authority in its own name?

Our conclusion is that the various roles are incompatible with each other. So far as the Presidential agency concept is concerned, this has had intensive study within the Government during the last 12 months in connection with the organizational requirements arising out of the defense emergency. The view that essentially Presidential powers of a chain-of-command nature can be successfully delegated under some circumstances was basic to the creation of the Office of Defense Mobilization, but it continues to be generally agreed that the circumstances under which this is possible are rare. At the same time, it appears to have been generally agreed after intensive discussion that the delegation of such powers to any single member of the Cabinet is not consistent with workable relationships within the executive branch. As the Under Secretary of State remarked in a recent public address:

Of course, we all know that no Cabinet member can be put in the chain of command between the President and another Cabinet member. We also know that it is the rare exception for anyone in the Executive Office short of the President himself to discharge successfully a chain of command function.

The staff agency concept is supposed to avoid this difficulty, since the staff agency remains aside from the formal chain of command and carries on its functions primarily by assisting the President in the performance of his own action responsibilities. Important action papers are usually drafted for his signature, and when the staff agency itself acts, it usually seeks to make it clear that it is acting on his behalf.

The Department of State has certain staff agency characteristics, since it prepares an unusual amount of business for final action by the President. The Department derives its power mainly by delegation from the President rather than by statute, and the preparation of advice to the President is perhaps the most important part of its work.

On the other hand, these characteristics are not necessarily different from those of other executive departments except in degree. Every department prepares some business for final action by the President and takes it up with him directly, other department heads advise him on matters of importance, including matters of domestic political importance, and the situation in which a department or agency functions on the basis of delegated rather than direct statutory powers is not unheard of in other parts of the Government. Even those aspects of the relationship of the Department of State to the President that must involve the high powers of his office are matched in some respects, particularly during military operations, by the relationships of the Department of Defense to the President in his constitutional capacity as Commander in Chief.

Even though every agency of the executive branch may have certain relationships to the President that are of the nature of staff work, it does not follow that the staff agency concept is compatible with the concept of an executive department as the basis for the agency's own activities.

There are several aspects of this incompatibility. In particular, the staff agency concept is often taken to mean a mode of operation that would be utterly unworkable in the case of the Secretary of State and the Department of State: anonymity, avoidance of political responsibility, action only in the name of the President, and so on. The Secretary of State is and has to be the least anonymous member of the Cabinet, since it is his prime task to act, under the President, as the spokesman for the Government as a whole in its dealings with the rest of the world. No member of the Cabinet is less able to avoid personal political responsibility for his acts, even if he is in full accord with the program of the President. Although he acts within the general framework of statutory and Presidential policy, the Secretary of State inevitably must take a direct and personal responsibility for the instructions to American representatives that he signs or approves.

Undoubtedly considerations of this sort were not absent from the minds of those who wrote the Constitution, who expected that the department concerned with foreign affairs would be one of the principal executive departments under the President, and that it would be headed by one of the principal officers of the Government, who would bear public responsibility for the conduct of his department. Any suggestion of change in the legal status of the Department would encounter a heavy weight of tradition and possibly of doubts even as to its constitutional feasibility.

But in any event, it would seem on the merits that if the functions and size of the Department of State were so reduced and concentrated that it could become a staff agency in the Executive Office, avoiding all operating responsibilities and concentrating exclusively on the major problems of foreign policy and planning, it would then be necessary to establish a new executive department at the operating level of the Government to do exactly what the Department of State has always also done: to perform the functions of diplomatic representation at home and of the supervision of such functions abroad, to provide consular services at home and to supervise provision for them abroad, to be the headquarters agency for the general purpose foreign field service, and generally to perform all foreign affairs functions major and minor for which provision has not been made elsewhere in the Government.

In our opinion, the main task of the Department of State should continue to be to serve as the agency of the Government with general responsibility in the field of foreign affairs. It will have major substantive interests of its own that it will not ordinarily share with other executive departments. It will also have an interest in the work of every agency whose responsibilities enter into foreign affairs. It should not take over all of the foreign affairs work, but it should maintain a review of all foreign affairs activities wherever conducted to see to it that general considerations are not forgotten through concentration on particulars.

We conclude, therefore, that the Department of State should remain an executive department in the normal sense of the term and that it should be further developed consistently with that status. This does not mean that the Department cannot be a policy agency. We believe that every executive department does and should have major policy, as well as operating, functions within its own major purpose field. It is impossible, for example, to consider inconsequential the policy functions of such departments as Treasury and Defense, yet both of those Departments are immense in the scale and variety of their operating responsibilities. Accordingly, as the general foreign affairs agency, the Department of State should continue to be the agency that gives concentrated and expert attention to the major problems of foreign policy planning.

General responsibility for program operations

The most important of the attempts to limit the general purpose character of the Department of State as a foreign affairs agency was the recommendation of the Hoover Commission: "The Department of State as a general rule should not be given responsibility for the operation of specific programs, whether overseas or at home." This recommendation has been honored more in the breach than the observance. Nevertheless, it crystallized so common a view that it requires consideration.

The recommendation is subject to two main criticisms. The first is that it is a negative rule; it does not state where foreign programs are to be operated if not by the Department of State. As noted earlier, the Hoover Commission was unable to agree on a positive recommendation for an Administration of Overseas Affairs as a program administering agency. The second criticism is that it seems to assume that program operating responsibilities are inconsistent with the policy role that had been emphasized for the Department by the Hoover Commission.

Ordinarily it would seem that the responsibility for the administration of a program should be vested in the executive department or agency whose purpose is most consistent with that for which the program is provided. If there is no agency with a consistent general purpose, then there would be a case for establishing a new special-purpose agency to administer the program. But if the Department of State is a general purpose foreign affairs agency, it would seem that it should ordinarily be the agency to administer foreign programs.

The Hoover Commission minority proposal for an Administration of Overseas Affairs would have provided an agency for all overseas programs other than diplomatic and consular affairs. In our opinion, it would not be wise to lump together the administration of activities in the outlying territories of the United States with the administration of programs in foreign territory. If the proposed Administration of Overseas Affairs were limited to the operation of foreign programs, it would have greater unity. But in that case it would become another general purpose foreign affairs agency, distinguished from the work abroad of the Department of State only to the extent that the traditional activities and operations carried on in the past by diplomatic and consular services could be considered a proper limit to the jurisdiction of those services in the future. In the past, those functions were somewhat negative and passive except as to the protection of American lives and property, but that was a reflection of the character of the foreign policy of the time. Now that the nature of foreign policy has changed, a form of organization under which the negative, passive, and minor operational aspects of foreign relations would be conducted by one foreign field service, while the posi-

tive, active, and major operational aspects would be conducted by another, would not appear to define a desirable jurisdictional basis for the permanent maintenance of two general purpose agencies operating abroad. Accordingly, it is our view that the proposal for a general purpose Administration of Overseas Affairs separate from the Department of State should be rejected.

The assumed inconsistency of program operations with a policy role we believe to be fictitious. In most cases the executive departments have been able to solve the problem of arranging for operations in such a manner that the policy roles of the respective departments have been strengthened rather than weakened by their operating responsibilities.

Accordingly, the Department of State should not, because of its policy functions, be considered precluded from the role of program operator in cases that otherwise would seem appropriate. Only in rare instances and in connection with special programs of outstanding importance, such as the European recovery program, should it be necessary to establish new special purpose agencies. The creation of minor foreign affairs agencies should be avoided. When there is no other appropriate permanent agency to which a foreign program might be assigned, the responsibility should ordinarily be assigned to the Department of State.

If the door is left open for the Department of State to administer some foreign programs and to participate actively in the administration of others, the basis of decision in particular cases could depend upon certain positive and negative tests or rules of thumb. For example, on the negative side, there has been in the past a conviction, expressed in Congress and elsewhere, that the Department should not be called upon to administer programs requiring a large element of financial judgment or of business knowledge and experience. This belief played a large part in the establishment on a separate basis of the Foreign Economic Administration and the Economic Cooperation Administration. On the positive side, we believe that the Department should administer any foreign programs, other than military or financial, for which there is no compelling reason for placement in a separate agency. Foreign programs should seldom be administered by departments or agencies whose concerns are mainly domestic unless the program itself is a mixture of foreign and domestic activities in which the domestic element predominates. Departments with strong loyalties to a specific domestic clientele are particularly unsuitable as foreign program operators.

In those cases where foreign programs are administered in whole or in part by other departments or agencies, special attention should be given to the arrangements for negotiations and other direct relations with other governments. Ordinarily the Department of State

should be jointly responsible for all negotiations at the governmental or ministerial level if not completely in charge of them.

In essence, we believe that there is no way to define the role of the Department of State in program operation by a single, definitive principle that will apply to all conceivable programs in all conceivable situations. That would be difficult even if the Department had succeeded in establishing a distinguished record in the field of administration. The Department's administrative record is better than it is frequently supposed to be, but the distrust of the Department's administrative competence is sufficiently widespread at present to limit the possibility of making assignments that would otherwise be justified and desirable. Under such conditions, circumstances may dictate one solution at one time, another solution at another.

On the other hand, in those cases where the Department of State has the primary responsibility for the operation of a foreign program, it should seek actively to make use where appropriate of the facilities of other agencies. In the past, the Department of State has often administered funds for foreign activities in situations in which it had a choice between the expansion of its own permanent personnel, the obtaining of personnel temporarily from the specialized staffs of other agencies, and the transfer of funds to the other agencies for the direct performance of the activities in question through the specialized personnel of those agencies. The latter course would often seem the preferable one, and is consistent with long-standing administrative practice by which one agency frequently performs work for another pursuant to a specific request accompanied by a transfer of funds.

Responsibilities for program coordination

The extent to which the Department of State should be assigned responsibility under the President for securing coordination in those cases where it is not itself the operator of foreign programs is possibly the most complex issue to which this study will address itself. It is complex because the matter of program coordination cannot readily be disentangled from the general functions of the Department, especially as those functions lead to coordinative responsibilities. Such responsibilities have been the subject of much controversy within the Government in recent years.

The controversy has been kept alive in part by the difficulties of terminology. The term "coordination" is sometimes used to designate a process, at other times to suggest an outcome. The meaning of the term is relatively clear when the reference is to an outcome; in that case, it means that the matters in view have been brought into an orderly relationship one to another. The consistency so achieved may have merely the negative virtue that inconsistent proposals or

actions have been suppressed or vetoed; alternatively it may reflect the positive values of a new course of action that finds general support because major considerations have been harmonized and conflicts frustrating to action have thereby been removed.

As the designation of a process, the term coordination has no single meaning, simply because the end result of consistent action may be achieved, depending upon the circumstances, in a wide variety of ways. At one extreme, the process may consist of the exchange of information and points of view. At the other extreme, it may mean final direction and control. In between, there are many shadings of significance.

This becomes still more apparent in formulations implying action. Consider the following phrases, which have been used at various times in regulations and directives:

- to coordinate
- to provide coordination
- to be responsible for coordinating
- to be responsible for coordination
- to be responsible for securing coordination

Although phrases of this sort are frequently used as though they were interchangeable, distinctions can be read into them that range from authority to direct at one extreme to an assigned responsibility for leadership in securing voluntary agreement at the other. A mandate "to provide coordination" would seem particularly ambiguous as to the degree of authority intended. It is not clear whether the coordination that is to be provided is a process or an outcome, and in either case "provide" is not much short of "impose."

The context within which any such phrasing must be interpreted includes the structure of the administrative hierarchy and the position within that hierarchy of the units to which coordinative responsibility is to be given. Confusion seldom arises as to the coordinative responsibilities of an official who has command powers in any event. It constantly arises when an official is given coordinative responsibility of some sort for activities carried on in part by others of equal or higher rank in the administrative hierarchy. It may therefore facilitate analysis to distinguish between three kinds of coordination that are found in the executive branch:

(1) Central coordination, such as the President himself carries on and which on rare occasions may be delegated to a Presidential agency such as the Office of Defense Mobilization, (2) staff coordination, such as the Bureau of the Budget carries on as a Presidential staff agency, and (3) line coordination, such as every executive department is, or should be, responsible for in its own field.

Every department or agency that has been assigned the principal responsibility for work in a major purpose field has some responsibility

to secure coordination of the work of other agencies that participate, although less extensively, in the work of the same field. An example of this type of line coordinative responsibility is that of the Department of the Treasury in the coordination of international monetary and financial affairs. The importance of this type of coordination was emphasized in a recent statement by the Under Secretary of State, in which he spoke as follows:

The more every executive department at every level can learn that it must be a part of a government-wide team, the better off we will be. This means that, in connection with almost every program, some department will be recognized as having a primary interest, and the responsibility for seeing that other departments with secondary or tertiary interests are coordinated with it. For other programs, that same department will have to yield to the primary interest of another. In such a system each major department or agency head would have to carry a dual responsibility, of leadership in good management within his own establishment, and at the same time leadership in good government-wide coordination in the fields of his primary responsibility. And one of the main jobs of the President and the President's Office would be to help create the understanding and the habits of work and thought necessary to such arrangements.

If the Department of State is the general purpose foreign affairs agency, then presumably it should have the primary responsibility for leadership in securing coordination of all the foreign affairs programs and activities in which general considerations are taken to be of overriding importance. Conversely, if the matter is one, for example, of foreign agricultural relations in which the substantive aspects are mainly agricultural and the agricultural aspect of the matter is more important than the general foreign policy aspect, the primary coordinative responsibility would fall to the Department of Agriculture. In such cases, the Department of State should not be left out of consideration, but it should be prepared to accept a secondary position.

Most of the coordinating work done by the Department of State is clearly in the role of a "line coordinator"; that is, in connection with problems in which the foreign affairs aspect is considered to be the most important. The responsibility of the Department to provide chairmen for numerous interdepartmental committees, such as the Trade Agreements Committee, illustrates the role.

In this role the Department of State tends to be in a competitive situation with other departments and agencies that have functional interests in foreign affairs. The Department of State presents the foreign affairs factors that lead it to suggest a certain course of action. In part it is a "claimant agency" for foreign views because it knows that any foreign policy or program has to take into account relations with foreign countries. Other departments tend to view the same factors largely from the point of view of their domestic responsibilities. This produces a climate of competition that necessitates some meeting of minds. Which department shall have a dominant influ-

ence in the system by which the meeting of minds is to be arranged is often the central point of conflict, since the decision as to which department or agency is the one of primary interest often amounts in practice to a decision as to which types of factors shall be recognized as overriding for the matter at hand.

The Department of the Treasury, as noted earlier, is responsible for leadership in securing the coordination of international monetary policy and affairs. The Department of Agriculture provides the chairman of an Interagency Committee on Food and Agriculture. The Department of Commerce wished to have the chairmanship of any interdepartmental committee to backstop United States representation on the proposed International Trade Organization. These examples suffice to show that strong pressures exist in the direction of fixing responsibility for line coordination in each functional field in an agency of primary functional interest. This is not necessarily an effort to secure freedom from any coordinating influence on the part of the Department of State, but to the extent that such pressures are successful, they reduce the Department in those cases from a position of leadership to that of an authoritative adviser on secondary aspects of the matters under consideration, matters which by definition are subject to coordination mainly from a functional or technical point of view.

It is possibly this sequence of events and pressures that leads to the frequent suggestion that for purposes of coordination of foreign affairs within the executive branch, the Department of State should act as a staff agency of the President. The Hoover Commission remarked, for example, that:

Coordination of all these varied activities obviously cannot be directed from the Presidential level. A large part must be delegated by the President to the State Department as his staff agency.

In an earlier part of this discussion, we concluded that the concept of the Department as a staff agency of the President is incompatible with its status as an executive department. We believe that this is true not only in general, but also particularly with respect to matters of coordination.

A staff agency, when charged with responsibility for securing coordination, is supposed to have no conflicting jurisdictional interests of its own and to maintain a position of neutrality as among the conflicting interests of the agencies it is trying to coordinate on behalf of its chief. An executive department, on the other hand, finds its strength in securing coordinated action by other departments in the fact that it has the primary jurisdiction and the operating responsibility for the task for which it is trying to secure coordination with respect to the secondary and tertiary interests of the other departments and agencies. So far as any conflict of jurisdiction between the line

agency of primary jurisdiction and another agency is concerned, that is supposed to have been settled by the basic jurisdiction of the line agency or by the specific action giving the line agency the assignment.

The personnel of other departments at the technical and professional level frequently argue that the Department of State should adopt a colorless role appropriate to a staff agency and are inclined to object vigorously when it presents substantive views on the foreign affairs aspects of their own fields. The personnel of the Department of State have sometimes erred in interdepartmental discussions in the direction of attempting to speak as specialists on subjects for which other departments should presumably be more expert. The fact is, nonetheless, that the general foreign affairs agency of the Government will be worse than worthless unless it has pronounced substantive views of its own arising out of the study of the matters that are most strikingly within its own province: the relations between governments, peoples, and political units. Moreover, even within the specifically functional fields such as commerce, agriculture, and labor, it will be the duty of the Department of State to have substantive views in which it seeks to present a balanced view of the general interests of the United States and thus to offset the heavy special emphases that result inevitably from close ties with domestic clienteles.

Accordingly, we would reject the role of staff agency neutrality for the Department of State and stress instead its positive responsibilities for coordination arising out of its own major responsibilities under the President as an executive department. Adherence to the line agency concept of coordinative responsibility may not always give the Department of State all of the power and authority it would like to have, but it would seem sufficient to give it all that it should have. Moreover, it would do so on a basis that should strengthen the basic structure of organization within the executive branch as a whole by emphasizing the fact that all executive departments have the duty under the President of securing coordination in relation to their own responsibilities.

The basic requirements for improvement of coordination at the departmental level would thus appear to be threefold: (1) acceptance of the general principle of responsibility on the part of each executive department for leadership in securing coordination throughout the government of matters of primary departmental interest, (2) acceptance by the Department of State of the fact that it does not necessarily have the primary interest in every foreign affairs matter and that accordingly it should expect to participate in the coordinating process on some matters as an agency of secondary rather than primary interest, and (3) the establishment of means for settling promptly the questions of jurisdiction that arise as to which depart-

ment or agency is in fact the one having the primary interest and therefore the one that should take the lead in securing coordination.

There is a natural tendency for all specialists to react against general control. There is a natural desire on the part of all institutional entities to exert a controlling influence over decisions that vitally affect the future of their work. There is a natural reaction by one agency against submitting to the leadership of another agency that is considered for all practical purposes to be its equal.

All of these considerations have a bearing on the role of the Department of State in program operation and coordination. They help to explain why jurisdictional controversy, often acute and frequently long-continued, has accompanied so many of the efforts on the part of the Department of State to function as a program operator and still more so as a program coordinator.

Most of the important failures of coordination probably reflect some element of uncertainty or disagreement as to jurisdiction. In many of these cases, the question as to which agency is in fact the one having the primary interest can only be settled by a clear act of decision on the part of the President in the assignment of leadership responsibility. If jurisdictional questions arise from overlapping or conflicting statutes, congressional action may be necessary as well. Often the greatest contribution to coordination that could be made by the staff agencies in the Executive Office of the President would be to concentrate their efforts on the analysis of such cases of jurisdictional conflict and on bringing them before the President for settlement or recommendation to the Congress.

When it is determined that the leadership responsibility for coordination in a given case shall be vested in a particular executive department, either as a matter of basic jurisdiction or by specific assignment, how much vesting of authority is necessary or implied? The difficulties in putting the head of one department in the chain of command between the President and the head of another department have already been noted. We believe that the formal vesting of command authority under such circumstances is out of the question and unlikely to work if attempted. In our usage of the terminology throughout this report, we have made that assumption, and our references to "responsibility for leadership in securing coordination" do not imply any vesting of directive authority. Experience indicates that for many kinds of problems, the responsibility for leadership in securing coordination through voluntary agreement can be vested effectively in one among equals. It can be expected that such vesting of responsibility will secure results if the normal conditions for good administration are present.

The voluntary agreement referred to is of course agreement within a structure of authority among equals who are responsible alike to a

higher authority. It should therefore usually be possible to assume that the assignment of leadership responsibility has not been made arbitrarily or without good cause, that it will be accepted in good spirit by all concerned, and that there will be generally a disposition to cooperate as fully as possible within the situation in which each participating agency finds itself.

Recognition that the coordination process among equals is one of agreement and not of command implies the possibility of disagreement and recognizes that for some purposes each of the participants may have what amounts to a veto power. In such a situation, the withholding of agreement to proposals that are strongly and responsibly sponsored by an appropriate agency implies the existence of formidable obstacles arising directly from the responsibilities of the particular agency that is unable to agree. Thus, for example, the Department of State may itself refuse to accept a particular course of action on grounds arising out of relations with particular foreign countries, whether it does or does not have the responsibility for leadership in securing agreement in the particular case. In the same way, an agency with mainly domestic concerns may find itself unable to agree to a proposed course because some firmly established line of domestic policy appears to intervene. Under conditions such as have existed in recent years, it is not surprising that major difficulties in the way of interdepartmental agreement have been chronic. Progress has been possible only by the exercise of great patience and perseverance on the part of those who have been directed to work together in search of agreed courses of action.

When agreement is not possible at the departmental level, the agency with leadership responsibility has the further responsibility for seeing to it that the unresolved disagreement is promptly referred to higher authority, usually the President, either directly or through one of his staff agencies. It can then be assumed that in appropriate cases, he will make the decision. More often than not, however, he may well find it appropriate to send the matter back with further instructions designed to facilitate agreement at lower levels and to reduce the number of similar cases that will reach him in the future. This would seem essential if the President's own work load is to be held within limits of feasibility.

It is generally agreed that coordination should take place progressively at all levels of government. The decisions and actions in one field must be coordinated with those in other fields on which they impinge most directly, preferably at a time in the sequence of events at which the decisions in each case are still fluid and subject to change. Coordination should therefore begin at the lowest levels of staff work in the governmental hierarchy. Final coordination at the top tends to become something like an adjudicative process.

The alternatives previously discussed under the issue of coordination are directly pertinent to our present concern, and provide a means for applying the analysis just set forth. The first alternative, leadership responsibility for securing coordination of representation, reporting, and negotiation, should be considered the normal minimum role of the Department of State and the Foreign Service. Ordinarily the Department of State should be expected to function as indicated in the statement of the alternative, with exceptions, however, whenever the President has assigned specific responsibilities elsewhere. Representation and negotiation are the heart of the functions of any foreign office, and the base on which all other functions are built. There is, moreover, no conflict between this role and that of program administration by the Department of State. On the other hand, where foreign program administration is carried on in another agency, joint arrangements between the Department and that agency are necessary when negotiations reach the governmental level.

Even in the field of negotiations there can be no monopoly for the Department of State. The Department represents the United States in dealings with other governments as part of its routine duty. Other departments also represent the United States in intergovernmental negotiations for special purposes. The President, for example, designated the Treasury Department to negotiate a loan with the British Government in 1946. The Secretary of the Treasury was also the chairman of the Anglo-American financial talks held in September 1949. Presidents in the past appointed special emissaries, such as Colonel House and Harry Hopkins, to negotiate on special matters; as indicated above, these are considered to be exceptions to the general rule, and should continue to be so regarded.

The development of foreign policy objectives and strategies and the framing of program proposals are broader responsibilities than representation, reporting, and negotiation. These functions require the personal attention of the President to a much greater extent, and constitute an area where it is desirable to maintain the utmost flexibility. The attempt to define jurisdictional interests in this area might have unfortunate results. The functions described are ones that the Department of State has been performing to a large extent already, and in which it exerts a natural leadership by virtue of the position of the Secretary of State as chief foreign policy adviser to the President. But they are also duties in which other agencies have a position. In particular, it seems doubtful that the Department of State should be considered a source of authoritative advice to the President on questions that affect its own jurisdiction, questions that frequently arise directly or indirectly in program planning. The President should retain the final power on these matters, not only in theory, but as a matter of working practice.

Review of objectives, policies, and strategies of implementation falls into another category. The performance of agencies on program matters will be a matter for active consideration here. This is a delicate question, and in the nature of the case, seems to be one that is mainly a responsibility for the Executive Office. This would be especially true in the case where the Department of State is itself the program administrator.

Some of the same considerations apply to the question of presentation of program proposals to the Congress. In the initial presentation of a foreign program proposal to Congress, the Department of State has an essential role. Unless the Department is prepared to be actively in favor of a foreign program, there is little likelihood of success in any event. This makes the Department the appropriate leader, as a general rule, in securing coordination of the initial presentation to Congress. If there is a serious disagreement among agencies on the issue of administration, however, the responsibility of the President for the proposal to be presented to Congress would become an active one. On subsequent presentations for an established program, the responsibility for securing coordination will be dependent upon the general pattern of administrative responsibility for the program.

When legislation and appropriations have been secured, the problem of coordination arises in relation to program operations. Such operations usually involve direct relations with other governments; they may also involve a wide variety of supporting administrative activities in this country and abroad. It would seem that when administrative responsibility for a foreign program has been clearly vested in another agency, the Department of State should not seek to assume responsibility for leadership in the coordination of actual operations except as those operations directly involve relations with other governments. To the extent that such relations are involved, it would seem consistent with the primary functions of the Department of State that it should be fully informed and that it should always have the right to request that action be suspended pending consultation and possible appeal to the President in those cases where action is proposed in terms that appear unwise to the Department. The extent to which the Department should have a further positive responsibility for leadership in the coordination of program relations with other governments may depend upon a variety of factors, including the extent to which each program is capable of autonomous administration without endangering other objectives of foreign policy. As already indicated in discussing the first alternative under this issue, it is our view that the Department of State should have at least a joint responsibility for any negotiations at the governmental level even when the primary

administrative responsibility for a foreign program has been vested in another agency.

The specific types of foreign program previously singled out for attention in this report include military and economic aid, occupied areas administration, and overseas information. It now becomes our task to apply the conclusions just developed to the questions as they arise for these specific programs.

Administration of military and economic aid

In the present period of national defense emergency, there can be no doubt that all of the existing programs of military and economic aid should be directed toward the same goal. The goal is to strengthen the free world against the possibility of Communist attack or subversion. The current diffusion of foreign aid activity, with a variety of objectives at least partially inconsistent with each other and with equal variety in administrative arrangements, no longer seems appropriate.

We therefore reaffirm the conclusion of our preliminary report in December 1950, that all forms of foreign aid should so far as possible be conceived, authorized, and carried out as one program, with a single controlling declaration of policy.

As we said before, this does not mean that the entire administration of a unified program of military and economic aid can or should be carried out through a single executive department or agency. The Department of Defense must continue to be responsible for a great part of the unified task. The Economic Cooperation Administration should be continued and should likewise be responsible for a great part of the unified task. The Department of State already occupies an important position in the efforts that have been going on in recent months to bring about a greater unification of the existing programs; it should continue to have major responsibilities in the unified task.

But there is question as to the exact extent of the appropriate responsibilities of the Department of State, as indicated by the previous discussion in this chapter under the first issue. In our preliminary report, we favored arrangements along the lines presented in this chapter as the fourth alternative under issue one. Those arrangements, while recognizing major responsibilities of all of the agencies concerned, would have made specific provision for centralized leadership above the departmental level through the appointment of a director of military and economic aid in the Executive Office of the President.

We arrived at that recommendation in part on the basis of pragmatic considerations, particularly doubts as to how rapidly the job could in practice be moved forward under the leadership of the Department of State in the absence of more effective intervention by the Executive Office than appeared to be occurring. We were also doubtful as to

the extent to which it would be possible to vest effectively the task of coordination and program leadership in any one of the three executive agencies most concerned with program policy and operations. As we said in the preliminary report, the most fundamental question in a program of the magnitude contemplated for a unified program of military and economic aid, going so directly to the interests and prerogatives of the Department of Defense and the Economic Cooperation Administration,

is the question of whether two other powerful agencies, of Cabinet rank, will accept the exercise of enough coordinative authority by the Department of State or any officer in it, including the Secretary, to assure the necessary degree of unity and effective action.

The body of analysis and doctrine brought together in this chapter should assist in the further consideration of this question. We have already indicated that the Department of State has often served as a program operator. We have also concluded that in those cases where another agency has operating responsibility for a foreign program, the Department of State should review the operations from the foreign affairs point of view and should be responsible for leadership in securing coordination for all of those aspects of the task in which the general foreign affairs interest is primary. In those cases where the Department is responsible for securing coordination, its responsibility is more than the neutral responsibility of a staff agency assisting the President. It is a positive responsibility for leadership arising out of the major functions of the Department as an executive department.

In the case of military and economic aid, it can be argued that the same reasons that impel a unified program provide justification for assigning the leadership responsibility in the coordination of such a program to the Department of State. On this basis, the Department should be responsible for securing coordinated program planning of the detailed objectives of the program and of the distribution of funds between military and economic forms of aid, as well as the balance and distribution of funds between major political areas and countries.

The analysis of coordinative responsibilities becomes particularly difficult in this case, however, because the aspects of the program to be carried out by the Department of Defense and the Economic Cooperation Administration cannot be regarded as merely incidental by comparison with the parts of the task of greatest concern to the Department of State. It can be argued that the interests of all three agencies should be regarded as very nearly coordinate. We were inclined to accept that position in preparing our preliminary report, and it has been a significant factor in our view as to the kind and

amount of activity that is needed in the Executive Office of the President.

Within the Executive Office of the President, there have been a number of significant changes in recent months. The most specific has been the creation of the Office of Defense Mobilization. Since military and economic aid is a part of the total mobilization effort of the United States, the Director of Defense Mobilization is currently involved in questions of foreign aid. The Special Assistant to the President, Mr. Harriman, remains active in consideration of problems of policy and program coordination in the Executive Office, and both the Special Assistant and the Director of Defense Mobilization have become active in the work of the National Security Council. Problems of basic policy underlying the program of military and economic aid are being considered and cleared in that body more fully and more continuously than previously.

As a further factor of significance, the Bureau of the Budget, which had previously been at work on the problems of agency relationship in connection with military and economic aid, appears to have achieved a more effective position in dealing with those problems. The Bureau has become recognized as the agency to provide staff work for the President in the preparation of Presidential administrative directives for military and economic aid and in working out the further details within those directives through processes of negotiation with the agencies concerned.

Nevertheless, in considering the merits of the assignment of program leadership at the departmental level to the Department of State, the three basic questions posed at the end of the discussion of the third alternative of issue one remain valid.

The first of those questions was that of whether effective authority to direct a unified program can be lodged at the departmental level. To this question, put, as it is, in terms of directive authority, our answer is clearly no. Even if all funds could be made available to the Department of State for allocation to other agencies, the functions involved are so central to the major work and responsibilities of the Department of Defense and the Economic Cooperation Administration that it would not be desirable or feasible to vest directive authority for the unified program in the Department of State.

The second question was that of whether the program could be effectively administered primarily on the basis of voluntary agreement among the agencies concerned, if it is not possible to vest directive authority in one of them. To this question, our answer can only be a qualified one. In the light of our analysis of the coordination problem in this and other chapters, we believe that it would be desirable, and it may be possible, to secure successful program administration with primary reliance upon voluntary interagency agreement,

provided various conditions necessary for success are present. One such condition is that the jurisdictional problems involved in relations between the Department of State and the Economic Cooperation Administration be cleared up much more fully than is the case at present; relations between the Departments of State and Defense appear to be reasonably stable and satisfactory at present. A second condition would be that the coordinating activities of the various units of the Executive Office of the President be continued with no loss in effectiveness, and with continued emphasis on the need for attaining coordination as fully as possible at the departmental level. A third condition may be a degree of unity in the conduct of the Government as a whole, particularly as between the executive and legislative branches, that would make it possible to assign leadership in securing coordination at the departmental level to a single department without having the assignment challenged so vigorously as to make its performance difficult or even impossible.

In chapter IV, we pointed out that problems of unsettled jurisdiction between any foreign economic agency and the Department of State will remain difficult as long as the Department of State maintains a detailed interest in the same aspects of foreign economic affairs on which the separate agency is currently concentrating. Our recommendations in chapter IV were intended to provide a basis for assigning activities to the Economic Cooperation Administration that would permit a line of jurisdictional demarcation to be drawn between it and the Department of State for at least the working purposes of the national defense emergency, although we recognized that jurisdictional difficulties will inevitably continue to some extent until it is possible to adopt some fundamental and long-range solution for the problem of organization in the field of foreign economic affairs. It seems likely that working relationships between the Economic Cooperation Administration and the Department of State will be noticeably improved as soon as decisions can be placed in effect that will stabilize their respective functions on a clear and definite basis of specifically assigned responsibilities.

The third question posed earlier in the chapter was that of whether an effective center of coordination for administration of the unified program could be established above the departmental level and short of the President himself, if effective administration proves impossible on the basis primarily of voluntary agreement among the agencies concerned. Our earlier plan for a director of military and economic aid in the Executive Office of the President was developed in an effort to find an answer to this question. An alternative answer might also be found in the establishment of a full-time vice chairman of the National Security Council.

Either plan is subject to limitations set forth in the previous discussion of issue 1, either would involve some risks, and no assured prediction as to the outcome of either could be made in the present state of knowledge as to how any particular innovation in the Executive Office of the President might work out in practice. The further development of the National Security Council appears to be a promising line of possible evolution, but such evolution would not necessarily provide early assurance of improvement in the administration of military and economic aid, nor would it make unnecessary the continuation of the present arrangements at the departmental level. The proposal for a director of military and economic aid in the Executive Office of the President must be judged on different grounds because of its greater specificity. This proposal would certainly be undesirable if the problem can be solved mainly at the departmental level and without the creation of special machinery in the Executive Office of the President. Nevertheless, the proposal for a directorship in the Executive Office could well be borne in mind as a possibility in the event that for one reason or another, drastic action should become necessary to break bottlenecks and to secure program performance.

Meanwhile, the existing arrangements, represented primarily by the International Security Affairs Committee and by the fact that the Department of State holds the chairmanship of that committee through the Director of International Security Affairs, should not be lightly upset. These arrangements have so far had only limited opportunity to demonstrate their workability in the administration of an approved program. In the brief period during which they have existed, they have been affected adversely by the continuing indecision as to the basic division of labor between the Department of State and the Economic Cooperation Administration, as well as by the difficulties inherent in replanning so complex a series of programs for presentation to Congress on a unified basis.

Under conditions short of general war, the central feature of the entire task will be that of persuading existing and potential allies to do a great many things they would rather not have to do, including, from their point of view, the assumption of substantial risks that they might like to think they could avoid. The persuading and negotiating parts of the job would seem on the whole to be the most difficult and the most vital. They should go forward under the immediate leadership and full control of the Department of State.

We are aware of the fact that the leadership assignment that the President has already given the Department of State will encounter difficulties unless the internal organization and functioning of the Department can be further improved. Energetic efforts to that end are evidently being made. If they succeed, the ability of the

Department of State to deal with all of its manifold responsibilities should be substantially enhanced. At a time when the burdens of the Presidency were never heavier, it is clearly desirable that coordinating functions be performed as fully as possible at the departmental level.

In the further development of all of these arrangements, continued attention should be given to the distinction between basic policy and operating policy and to the implications of that distinction for program organization and operations. Basic policy sets the direction in which the operation is to proceed and tends to be decided at legislative and presidential levels. The formulation of basic policy need not be closely associated with operations; often, in fact, basic policy can best be worked out in relative freedom from operational responsibilities, although controlling factors arising out of operating requirements must not be neglected. Operating policies, on the other hand, must be formulated within the guidelines provided by basic policy, but must also take operating factors closely into account and frequently need to be modified or reformulated in the light of other operational factors.

Under the present organization as we understand it, the International Security Affairs Committee is concerned, not with basic policy, but with operating policies and the scheduling of the interrelated activities of the three agencies mainly involved in program operations.

Basic policy will continue to require the attention of the President. It should be presented to him through the National Security Council, in which there is participation by the Executive Office units previously enumerated as well as by the Departments of State and Defense. It also appears to us that a program requiring the joint operating efforts of three major executive agencies will continue to require the adjustment and readjustment in detail of the respective agency assignments as the work proceeds. This task is neither appropriate nor possible, in our opinion, for the Department of State, which would thereby be passing upon its own jurisdiction in relation to that of the other executive agencies. In the absence of any new arrangement in the Executive Office of the President, decisions as to assignments must probably be made by the President, and can appropriately be presented to him by the Executive Office agency that is responsible for management analysis, the Bureau of the Budget.

Occupied areas administration

The issue of the administration of occupied areas was not presented for the purpose of reconsidering the adequacy of present arrangements. The occupation regimes, particularly in Germany and Japan, are expected to be liquidated in the relatively near future. No change

in administration for those areas has been considered and none is recommended.

The main reasons for considering the issue as to occupied areas administration have been twofold. One reason is that the problem may recur, although doubtless in different form, as the current experience in Korea indicates. The other is that the existing experience, particularly as to Germany, is somewhat indicative of the ability of the Department of State to meet the administrative requirements of a task of great difficulty and complexity.

The present administration for Germany has many of the aspects of a separate agency. It largely conducts its own recruiting, has its own administrative services, a chief with independent access to the President, and generally a freedom of movement that is associated with an autonomous agency. In spite of the change of administrative responsibility in 1949, the earlier system left strong marks on its successor. The chief of these is the fact that the center of the United States control is still located at the headquarters of the occupied area administration in Germany, rather than in Washington.

While it has probably been desirable that the administration have this autonomy, there are certain disadvantages in achieving it in this way. These disadvantages have been partly noted in the discussion of the issues and alternatives; the substance of the matter is that, by locating the more important part of the administration in the field, there is a loss of close contact with other parts of the executive branch, the President, the Congress, and the public that would be of reciprocal benefit to all sides.

For these reasons, should the United States be called upon in the future to assume similar responsibilities for the administration of an occupied or liberated area, we would be doubtful as to the desirability of vesting primary administrative responsibility in the Department of State, even though we believe, as indicated in chapter V, that responsibility should be transferred to a civilian agency as soon as feasible. Under some circumstances, a separate special purpose civilian agency at the seat of government might be preferable. If, however, the administration were completely on an international basis, a possibility suggested by the United Nations arrangements for Korea, the agency so established would presumably be a civilian institution created for the purpose.

As for the bearing of the existing experience on the administrative record and capabilities of the Department of State, the present case is particularly interesting as an example of something that may not have been entirely intentional: The establishment of a major administrative unit within the framework of the Department of State that has been permitted in fact to operate with a high degree of autonomy.

On policy matters, the High Commissioner for Germany appears

to have operated with substantially the same degree of freedom that has been characteristic of the Administrator for Economic Cooperation. On the strictly administrative phases of the operation, there appears to be general agreement that administration did not deteriorate and in fact improved substantially with the transition from military to civil administration. In view of the previous occasions on which the Department of State had been unwilling or unable to assume administrative responsibility for Germany, the performance appears to have been remarkably creditable to the Department. Perhaps this should be ascribed in large part to the autonomy with which the Bureau of German Affairs was permitted to function in providing administrative support for the High Commissioner's establishment in Germany; but even if this is so, it is a refutation of the frequent claim in connection with economic aid administration that the Department would not in fact give enough autonomy to a unit it controlled to permit effective operations in the case of an urgent temporary activity.

Overseas information program

We have encountered conflicting opinions as to the skill and efficiency with which the overseas information program of the Department of State is being conducted. No doubt substantial improvements are possible, but in our opinion it is questionable whether they would result or even be greatly facilitated by transferring the existing information program in the Department of State to a new separate agency, as is sometimes proposed. It is our conclusion that the program should remain under the administration of the Department of State.

The advantages of close cooperation and coordination, particularly in day-to-day matters involving policy, between the information program and other elements in the Department of State, such as the Policy Planning Staff, the regional bureaus, and the intelligence units, weigh heavily in our opinion in favor of retaining the program in the Department. Liaison with such units would be required in any case. Perhaps a separate agency could establish working relations of a similar flexibility and intimacy, but it seems doubtful that the contacts would be either as informal or as frequent as is now the case, and a basic virtue in the present situation would be lost.

In principle, the Department of State would seem to be the most appropriate administrative location because of the fundamentally political objectives of the program and because it is essentially an extension of the basic representation function. The Secretary of State assists the President by acting, among other things, as the spokesman for the United States in its foreign relations. If the information program were established as a separate independent

agency under its own head, there would be considerable risk of confusion as to who was entitled to speak for the United States on the international scene.

We have also considered the problems arising out of the fact that a separate large-scale information program is being maintained abroad, particularly in Europe, by the Economic Cooperation Administration. There is clearly duplication in many elements of the present pattern of organization, and probably some waste arising out of imperfections in such coordination as can be achieved between two extensive autonomous programs that have become highly similar in purposes and activities in some of the areas where they both exist. We therefore conclude that a great part of the overseas information program of the Economic Cooperation Administration, particularly in Western Europe, should be transferred to the Department of State.

Conclusions

1. The issues as to the role of the Department of State in program operation and coordination involve questions relative to the general status and role of the Department in the executive branch as a whole. We conclude that while the Department has certain special characteristics as an executive department, it nevertheless is and should be of the same organizational status as the other executive departments. It would be incompatible with that status to vest authority in the Department of State to direct the work of other executive departments and agencies concerned with foreign affairs. It would likewise be incompatible with the status of the Department of State as an executive department to treat it as a staff agency of the President in any specialized sense; the staff agency concept is usually understood to imply a mode of operation that would be unworkable in the case of the Department of State. A staff agency can seldom be given executive responsibility for the matters with respect to which it performs advisory functions, yet it is essential that there be an executive department with general responsibility in the field of foreign affairs.

2. Pending some resolution of the questions discussed in chapter IV, which may eventually require the organization of a new Department of Foreign Affairs, the Department of State should continue to serve as the executive department with general foreign affairs responsibility. Like other executive departments, it should perform major policy and operating functions within its own major purpose field. It should not take over all foreign affairs work, but should maintain a review of all such work wherever carried on. It should give concentrated and expert attention to the major problems of foreign policy planning.

3. We are unable to accept the thesis that as a general rule the Department of State should not be given responsibility for the opera-

tion of specific foreign programs. Only in rare instances and in connection with programs of outstanding importance should it be necessary to establish new special purpose agencies for the administration of foreign programs. It would seem unwise to establish a new general purpose agency for the administration of foreign programs; the proposal for a new Administration of Overseas Affairs, to administer overseas programs other than the diplomatic and consular services, should, in our opinion, be rejected. Foreign programs should seldom be administered by departments or agencies whose concerns are mainly domestic, unless the program itself is a mixture of foreign and domestic activities in which the domestic element predominates. As the general purpose foreign affairs agency, the Department of State should ordinarily be the agency to administer foreign programs. In doing so, it should seek actively to make use where appropriate of the facilities of other agencies.

4. Every executive department should be regarded as having responsibility for leadership in securing coordination throughout the executive branch of the matters for which it has the primary concern. As the general foreign affairs department of the Government, the Department of State should be regarded as having the responsibility for leadership in securing coordination throughout the executive branch of the matters with respect to which the foreign affairs interest is primary. Its responsibility in that regard is not the neutral responsibility of a staff agency assisting the President; it is a positive responsibility arising out of the major functions of the Department as an executive department. The foreign affairs aspect will not necessarily be primarily in every foreign affairs matter; in those cases the Department should accept a secondary place in the coordination process. Any question of jurisdiction as to which department or agency has the primary interest, unless arising out of conflict of laws, should be settled by the President with the assistance of appropriate staff work in the Executive Office.

5. The assignment of responsibility for leadership in securing coordination at the departmental level does not imply any vesting of command authority. The assignment is to secure voluntary agreement among equals who are responsible alike to higher authority. While any participant may withhold agreement for cause, all are obligated to work together in search of agreement. The department or agency with the leadership responsibility for securing coordination has the further responsibility for promptly referring any unresolved disagreement to higher authority.

6. In program coordination, the Department of State should normally have the responsibility under the President for leadership in securing coordination in representing to other governments the views of the United States, reporting to Washington the views of

those governments, and leading the necessary negotiations at the governmental and departmental levels. It should likewise be responsible in Washington for leadership in securing coordination of the views of interested agencies, preparatory to the conduct of negotiations. Ordinarily it should have the primary responsibility for securing coordination of the operations of particular programs insofar as relations with individual countries are directly affected. When the primary responsibility for a particular foreign program is vested in another agency, the Department of State should have at least a joint responsibility for negotiations at the governmental level.

7. All existing programs of military and economic aid should be directed toward the same goal in the present national defense emergency. The current diffusion of such programs, with variety in objectives as well as in administrative arrangements, is no longer appropriate. All forms of foreign aid should, so far as possible, be conceived, authorized, and carried out as one program, with a single controlling declaration of policy.

8. The administration of a unified program of military and economic aid should be carried out jointly by the Department of Defense, the Economic Cooperation Administration, and the Department of State. Some form of central coordination or direction must be provided; but the method by which this is to be done with sufficient effectiveness is a matter of great difficulty and complexity. It is our conclusion that effective authority to direct the operations of all three agencies in a unified program cannot be vested in any one of them, in view of the magnitude and importance of the tasks to be performed by each of the several agencies and their status as coequals.

It may be possible, nonetheless, to secure successful program administration while relying primarily upon voluntary interagency agreement through the existing mechanism of the International Security Affairs Committee, of which the Department of State holds the chairmanship. The test of the effectiveness of this device, however, is whether three important conditions are met. One such condition is clarification of relationships between the Economic Cooperation Administration and the Department of State. Another is continued activity on the part of various units of the Executive Office of the President in support of coordination at the departmental level. A third is sufficient unity in the Government as a whole to make it possible for the Department of State to exercise effectively the leadership responsibility that has been assigned to it.

If some or all of these conditions cannot be met, it may become necessary to give further consideration to the possibility of appointing a director of military and economic aid in the Executive Office of the President. Consideration should also be given to the possibilities inherent in the further development of the National Security Council

through the establishment of a full-time vice chairman with responsibility under the President for executive leadership in the coordination and execution of all phases of national security policy, including the unified program of military and economic aid. Meanwhile, the existing arrangements in the form of the International Security Affairs Committee and the Director of International Security Affairs in the Department of State should not be lightly upset. Basic policy underlying the program should continue to receive the attention of the National Security Council in the preparation of recommendations for approval by the President.

9. No change in the existing arrangements for the administration of occupied areas is recommended. Should a similar problem arise in the future, we would be doubtful as to the desirability of vesting primary administrative responsibility in the Department of State. A separate special purpose civilian agency at the seat of government might be preferable, if the problem is not resolved by the establishment of an international administrative agency, as suggested by United Nations arrangements for Korea.

10. We believe that the existing overseas information program of the Department of State should remain under the administration of that Department and that a great part of the overseas information program of the Economic Cooperation Administration, particularly in Western Europe, should be transferred to the Department of State.

CHAPTER VII

REPRESENTATION IN FOREIGN COUNTRIES

STATEMENT OF THE PROBLEM

In this chapter consideration will be given to United States representation abroad for the conduct of relations with individual foreign countries. The organizational structures at the country level through which the European recovery program and the mutual defense assistance program are being implemented will be noted, as well as the organizational structure of diplomatic missions and consular offices.

In the past, overseas activities have usually centered in the United States diplomatic mission in the given country acting primarily as an arm of the Department of State. This had been evidenced by the incorporation in July 1939 of the Foreign Commerce Service and Foreign Agricultural Service into the Foreign Service of the United States, functioning under the Department of State. The Foreign Service itself had been established as a legal entity in 1924 by the amalgamation of the previously separate diplomatic and consular services, both of which had operated under the Department of State since their establishment.

Under the emergency pressures of the war and postwar period, the monopoly of the diplomatic mission was seriously breached. Activities overseas are at present carried on by the representatives of many Government agencies. The relationship of these representatives to the diplomatic mission varies considerably. The variety of responsibilities for overseas work is indicated by the foreign affairs programs and activities in which the agencies are engaged:

- (1) Diplomatic and consular activities of the Department of State and Foreign Service, including political and economic intelligence;
- (2) The intelligence agencies activities (Army, Navy, Air Force, Central Intelligence Agency);
- (3) The economic aid program in Europe, including the occupied areas, and in the Philippines, Korea, and "the general area of China" (Economic Cooperation Administration);
- (4) The mutual defense assistance program (Departments of State and Defense and the Economic Cooperation Administration);
- (5) The educational exchange and technical cooperation programs (nearly every country in the world and some dozen different agencies);

- (6) The information programs (Department of State, the Department of the Army, and the Economic Cooperation Administration) ;
- (7) The complex occupied areas programs, additional to the economic and information programs, in Germany, Japan, Austria, Trieste (Department of State and Department of the Army) ;
- (8) The displaced persons program (Displaced Persons Commission).

In addition, a great variety of miscellaneous activities, mostly of a technical nature, are being carried on abroad by individual departments and agencies.

As of September 30, 1950, some 43 Government departments, agencies or units were engaged in activities overseas, employing a total civilian personnel, comprising both Americans and nationals of the various countries, of 74,879.

The doctrinal concept, widely but not invariably accepted in the past, which accords to the chief of the diplomatic mission authority and responsibility for the conduct of all Government business within the given country, has not been adhered to in the war and postwar periods. The absence of a recognized central authority to direct and coordinate the various programs and activities at the country level has given rise at times to a state of confusion and disharmony in the conduct of foreign relations at that level. It is the purpose of this chapter to seek a solution to the problem that has resulted.

The problem is to determine the manner in which the United States should be represented in foreign countries, and the relationships of United States officials in each country to the chief of the diplomatic mission in that country.

BACKGROUND AND DEVELOPMENT OF THE PROBLEM

The effectiveness with which United States foreign policy objectives are pursued in a given country depends in large measure upon agreement as to what constitutes representation, comprehension of organizational relationships, teamwork, understanding of over-all policy objectives and of individual program objectives, and approximate equality of status and treatment of personnel of the same level of responsibility. Deficiencies in regard to any or all of these factors tend to limit success.

The multiplicity of agencies, objectives, and programs, and the variety in the relationship of agency representatives to the chief of the diplomatic mission have all tended to create a situation in which these favorable factors have often been absent.

Nature and growth of overseas staffs

Nature of representation.—Representation of the United States in a foreign country has recently assumed a dual nature. In the historic sense of the term only the chief of the diplomatic mission, or members of his staff authorized by him to do so, may represent or speak on behalf of the United States. This arrangement, which is still generally favored by international practice, enables the receiving government to know definitely from an authoritative source the position of the appointing government on a given matter. It also has the advantage, from the point of view of the appointing government, of concentrating authority and responsibility in one official.

In the looser sense in which representation of the United States is currently arranged, representation is effected not only at the inter-governmental level but also at the level of departments or agencies. Not only the chief of the United States diplomatic mission but also the overseas representatives of certain governmental agencies may represent or speak for the United States or attempt to do so. On occasion such representatives may be specifically authorized by legislation, executive orders, or agency directive to speak on behalf of the United States Government or an agency thereof.

Basically it is these different conceptions of what constitutes representation, of where authority and responsibility at the country level reside, that give rise to most major difficulties between United States agencies in regard to both substantive and administrative matters. Hence the importance of solving problems of agency authority and responsibility in Washington.

By tradition and practice the Department of State has generally, but not always, held the lead in the international field under the President. But whenever the area of government activity has been extended and new agencies have been created, or old agencies expanded, to engage at home and abroad in activities connected with the formulation and implementation of new policies affecting other countries, conflicting fields of jurisdiction have automatically been created and problems of interagency relationships at the country level have presented themselves.

Up to 1939 the work of a diplomatic mission or consular office usually consisted of performing a variety of assignments such as representation, involving protection and furtherance of United States interests and exposition of United States foreign policy; negotiation; the preparation for the Secretary of State of reports containing political, economic, and commercial information, evaluation, and policy recommendations; the conclusion of agreements on the taxation of American nationals; the extension of appropriate courtesies to resident or visiting United States nationals; and the issuance of passports and

visas. The work of other segments of United States representation in the country may have been related to the acquisition of information on economic and commercial matters, developments in aeronautics, ship construction, or the military sciences.

The Second World War and postwar developments have resulted in the formulation of new foreign policy objectives and the adoption of new overseas programs. Diplomatic or consular offices have been called upon to arrange for the evacuation of American nationals from danger zones; to maintain contact with a fugitive host government within battle areas; and to protect the interests and nationals of another state. In other instances new agencies have been created for program execution. Such programs have involved obtaining strategic information, strengthening the war potential of the United States and its allies, informing foreign nations regarding United States policies and objectives, or effecting economic recovery and development. Just as these new programs have often created overlapping responsibilities in Washington, there has likewise been overlap at the country level.

Growth of staffs.—The diplomatic and consular services, both operating under the Department of State, were for a long time the only foreign services of the United States Government.

Later the War and Navy Departments began to select officers for designation by the Secretary of State as military or naval attachés at important diplomatic missions. These officers perform a limited representation function, acquire and report military and other intelligence, and serve as advisers to the chief of the diplomatic mission. The Departments of the Treasury and Commerce likewise began to send officers abroad, the latter in order to promote American trade, and the former in order to perform investigative work designed to prevent circumvention of the customs laws and regulations and in order to enforce certain quarantine and other health regulations. The Department of Agriculture sent representatives abroad to report on markets, farm management, and agricultural economics and to engage in agricultural research.

Thus, by 1919, when Representative Rogers introduced the first of a series of bills which culminated in the Rogers Act of 1924, merging the diplomatic and consular services into the Foreign Service, a number of Government agencies had representatives stationed abroad. The purposes of the merger were to increase the salary of officers engaged in diplomatic work in order to open a career to persons lacking private means, and to make easier the transfer of officers between diplomatic and consular work in the interest of a general improvement in the conduct of foreign affairs abroad. The status of the overseas representatives of other agencies was not affected by this merger.

About the time of the passage of the Rogers Act, overseas civilian personnel strength, American and alien, was approximately 3,804 persons, of which 3,447 were in the foreign service and the remainder under the Departments of Agriculture and Commerce and Treasury, including the Public Health Service.

In the period from 1924 to the outbreak of the Second World War the major developments affecting overseas representation were (1) creation by act of Congress of a separate Foreign Commerce Service in 1927 and a separate Foreign Agricultural Service in 1930, and their amalgamation into the Foreign Service in July 1939 by the President's Reorganization Plan No. II;¹ and (2) formal congressional authorization in 1930 for the Secretary of the Treasury to appoint "Treasury Attachés for duty in foreign countries." Such attachés were to be members of the Customs Service, which as indicated above, had already been represented abroad for some years.

Six months after the amalgamation, in December 1939, total civilian personnel overseas, American and alien, was 5,080. Of this number, 4,236 were with the Department of State, 500 with the War and Navy Departments, and the remaining 344 were scattered among such agencies as the Treasury (90), the American Battle Monuments Commission (78), the Department of Labor (61), the Public Health Service (53), the Bureau of Public Roads (26), specialized services of the Departments of Agriculture, Interior, and Post Office, and the Maritime Commission and National Advisory Committee on Aeronautics.

As indicated previously, the outbreak of war in Europe in the fall of 1939 and the subsequent involvement of the United States resulted in the creation of numerous agencies in Washington which carried on overseas operations. Most of these agencies were engaged in activities broadly classified as economic, information, intelligence, or relief. During this period also the Treasury Department began to assign financial representatives abroad; they were attached to diplomatic missions in countries of major importance and usually designated as Treasury attaché or financial attaché.

With the new responsibilities developing out of the war situation, the personnel strength of the Foreign Service was inadequate in numbers, and many of its individual members were not qualified by experience or training, to assume responsibility for execution of the new overseas programs. While this was largely due to the relatively restricted nature of prewar Foreign Service responsibilities, it was also in part due to the fact that provision had not been made for quick expansion of the service to cope with wartime contingencies.

¹ The President stated at the time that the plan consolidated "the foreign services into one Foreign Service in the Department of State, where it ought to be, with the resulting advantages of economy, efficiency, better functional grouping, elimination of overlapping and duplication of effort, and greater service to our commercial and agricultural interests."

In order to meet emergency demands, the Foreign Service Auxiliary was created in 1941, and its personnel recruited and assigned in most instances to diplomatic missions or consular offices. The auxiliary was viewed as an emergency organization and was not authorized by basic legislation but by successive appropriation acts. At one period there were more auxiliary officers than there were Foreign Service officers.

As a result of the increase in operations overseas, particularly by the military services, an enormous expansion of overseas civilian personnel had occurred by the end of the war. Thus on September 30, 1945, the grand total was 389,328. Of this number only slightly more than 11,000 were United States citizens. More than 90 percent of the total were nationals of the various countries employed by the armed forces.

Following the war, demobilization of wartime civilian agencies was promptly undertaken. Such of these activities as involved operations overseas were, in general, assigned to the Foreign Service. Soon thereafter, however, the deteriorating international situation and extensive programs of foreign economic and military assistance created once again a demand for overseas staff with special qualifications.

As of September 1950, there were some 21 Government agencies carrying on activities in foreign countries, as indicated by the table on page 249. Total civilian personnel, American and alien, was 74,879, of whom 51,204 were under the military departments. Personnel of the Department of State, Foreign Service, and Institute of Inter-American Affairs totaled 15,812, excluding German civilians in the employ of the United States High Commissioner for Germany; and there were 3,595 persons in the overseas establishments of the Economic Cooperation Administration. The balance of 4,268 comprised the total personnel of the other agencies and services.

The growth of overseas staffs in the period 1924 to 1950 is shown in the following table:

United States civilian employees, American and alien, in foreign countries

	1924	December 1939	June 1941	September 1945	September 1950
Department of State.....	3,447	4,236	4,477	10,936	¹ 15,812
Other civilian agencies.....	² 357	344	1,050	6,767	7,863
Military departments.....		500	1,325	371,625	51,204
Total.....	3,804	5,080	6,852	389,328	³ 74,879

¹ This figure does not include approximately 9,000 Germans employed by the United States High Commissioner for Germany, whose salaries are chargeable to Germany as part of the costs of occupation; American personnel are included.

² Approximate. Data on the personnel strength of some agencies are not available.

³ The corresponding figure in December 1950 was 80,196.

Total civilian personnel, American and alien, in foreign countries, as of Sept. 30, 1950¹

Agency	Service of subagency total	Grand total 74,879
Defense: Army, Navy, Air Force.....		51,204
Army.....	26,076	
Air Force.....	17,467	
Navy.....	7,658	
Defense.....	3	
State.....		15,812
Economic Cooperation Administration.....		3,595
Agriculture.....		1,446
Agricultural Research Administration.....	1,381	
General and Administrative Services.....	60	
Production and Marketing Administration.....	5	
Veterans' Administration.....		567
Commerce.....		563
Bureau of Public Roads.....	421	
Weather Bureau.....	80	
Civil Aeronautics Administration.....	47	
National Bureau of Standards.....	7	
Maritime Administration.....	4	
Coast and Geodetic Survey.....	4	
American Battle Monuments Commission.....		540
Philippine War Damage Commission.....		455
Displaced Persons Commission.....		196
Justice.....		147
Immigration and Naturalization Service.....	87	
Office of Alien Property.....	40	
Federal Bureau of Investigation.....	19	
Legal Activities and General Administration.....	1	
Treasury.....		133
Bureau of Customs.....	45	
Administrative office of the Secretary.....	34	
Bureau of Accounts.....	33	
Coast Guard.....	19	
Bureau of Internal Revenue.....	2	
Federal Security Agency.....		68
Public Health Service.....	68	
Philippine Alien Property Administration.....		54
Interior.....		44
Geological Survey.....	34	
Bureau of Mines.....	6	
Fish and Wildlife Service.....	4	
General Services Administration.....		17
Federal Supply Service.....	16	
Public Buildings Service.....	1	
Labor.....		15
Bureau of Employee's Compensation.....	15	
War Claims Commission.....		9
Smithsonian Institution.....		6
Atomic Energy Commission.....		5
Reconstruction Finance Corporation.....		2
Export-Import Bank.....		1

¹ Source: U. S. Civil Service Commission.

In London, in addition to the large staff at the embassy proper, there were employees of 21 other governmental agencies or units. The total civilian staff, American and alien, of all agencies as of September 30, 1950, numbered 1,943. The Department of State accounted for 608, or 31 percent of the total, among whom were 430 Foreign Service personnel engaged in the so-called "regular" program, 71 in the information and education program, 63 in mutual defense assistance, 23 in the displaced persons program, and 8 in the North Atlantic Treaty Organization. The Economic Cooperation Administration had 146 persons and the Treasury Department had 22.

In Paris, total civilian personnel, American and alien, of all United States agencies was 2,708. The Staff of the Economic Cooperation Administration Office of the Special Representative totaled 1,273

persons in October 1950, compared to 788 in the Embassy proper, and there were 167 civilians in the offices of the services attachés and the Military Assistance Advisory Group. The Staff of the Economic Cooperation Administration Mission to France consisted of an additional 192 persons.

In Western Germany responsibility for governing the United States zone, transferred to the Department of State from the Army in 1949, rests in the United States High Commissioner for Germany. In terms of staff, the High Commissioner's organization represents the largest single overseas operation of the Department of State and Foreign Service. In the summer of 1950, personnel of the High Commissioner for Germany proper totaled 1,896 Americans and 9,065 Germans. The personnel of consular offices in Germany, some of whom are stationed in the British and French zones (261 Americans and 605 Germans), brought the grand total to 11,827.

Types of missions

The diplomatic missions and consular offices.—The Foreign Service establishment at present consists principally of the various diplomatic missions and consular offices scattered over the world. There are now 59 embassies, 14 legations, and 43 consulates general, 125 consulates and 28 consular agencies, or a total of 269 separate offices. In addition, the offices of the United States High Commissioner for Germany, and of the United States Political Advisers to the Supreme Commander for the Allied Powers in Tokyo, and to the Commander, British-United States zone, Free Territory of Trieste, are considered part of the Foreign Service, as is the Office of the United States Delegation to the Economic Commission for Europe in Geneva.

The typical diplomatic mission, whether embassy or legation, usually consists of five sections: political, economic, information, consular, and administrative. The political section assists the chief of mission with respect to functions of representation and negotiation of a general character, and is responsible for political analysis, reporting, and policy recommendations. The economic section, often headed by a counselor of embassy for economic affairs, assists the chief of mission with respect to economic and commercial negotiations and is responsible for economic analysis, reporting, and policy recommendations. Since establishment of the unified foreign service in 1939 the Departments of Agriculture and Commerce, and, since 1946, the Department of Labor have been served by the embassy's agricultural, commercial, and labor attachés. The information section, sometimes known locally as the United States Information Service, assists the chief of mission with respect to the press and public relations and may participate in the exchange of persons programs. The consular

section, headed by a consul general, or other Foreign Service officer assigned in a consular capacity, provides consular services for the capital city and also usually supervises consulates elsewhere in the country. The administrative section provides fiscal, personnel, communication, local transportation, and general services for the diplomatic mission and often to some extent for other United States activities in the area.

The diplomatic mission may include Army, Navy, and Air Force attachés, detailed with staff by the respective armed services, and in a few countries a Treasury attaché.

The typical diplomatic mission is a general-purpose establishment. Minor extensions of United States activities and personnel in a given country are usually absorbed by the existing diplomatic mission with little change. The programs of military and economic aid, however, were deemed to require special missions.

Consular offices, established in important industrial and commercial cities, are organized like diplomatic missions insofar as their responsibilities resemble those of diplomatic missions; they may lack one or more of the sections named above, depending upon work load. Except in unusual circumstances, such as the nonexistence of diplomatic relations, consular offices are not utilized as a channel of communication between central governments.

Establishments under the Department of State in occupied areas vary from country to country and do not conform to the standard diplomatic mission. Nevertheless, they comprise a part of the Foreign Service, as noted above. The United States High Commissioner for Germany, operating under the President and the Secretary of State, is "the supreme United States authority in Germany" and all United States organizations there, including occupation troops, function under his command authority. A similar situation exists in Austria. In Japan and Trieste the ranking representative of the Department of State serves as political adviser to the United States military commander who is the ranking United States official in each area.

The Military Establishment overseas.—The Military Establishment overseas may be divided into four functional segments: operations, occupation, cooperation, and representation. Military operations, in addition to activities connected with waging war, comprise activities centering in military, naval, and air bases. Military occupation activities may, as in the case of Japan and Trieste, comprise the governing of a country or area and the inhabitants thereof; or, as in the case of Western Germany and Austria, provide security under a civil government. Military cooperation may consist of provision of training missions to instruct in the use of American arms, as in Latin America and one or two other countries, or of units working as an integral part of the diplomatic mission to implement a military aid program, as in the

case of the Military Assistance Advisory Groups. Military representation consists for the most part of the standard military, naval, and air attachés who form a part of the staff of the diplomatic representative and who are engaged in intelligence and representation in matters involving the military establishment of the receiving country.

The relationship of military personnel to the chief of the diplomatic mission, or senior Department of State representative, varies from that of substantial subordination (Germany and Austria and countries where training missions, Military Assistance Advisory Groups and service attachés are maintained) to the reverse situation of command authority (Japan, Trieste). As indicated in another chapter, the importance of the Department of Defense in the formulation of foreign affairs objectives and in the formulation and implementation of policy arises in part from the fact that the President is Commander in Chief of the armed forces as well as the ultimate authority in the executive branch in foreign relations. Activities of the military element at the country level may have a heavy impact on United States relations with a given country. Such activities occur in the field of policy in Japan and Trieste; and to some extent in relations with Great Britain having to do with the office, under the Department of the Navy, of the Commander in Chief, Eastern Atlantic and Mediterranean, and with France in connection with the operation of bases in North Africa.

The Department of Defense submits for approval by the Department of State and by the chiefs of the diplomatic missions and the authorities of the receiving governments the names of proposed attachés, chiefs of training missions, and chiefs of the Military Assistance Advisory Groups. Subordinate personnel, military and civilian, are selected and appointed by the military departments.

The organization for the mutual defense assistance program at the country level in Europe is composed of a military aid mission known as the Military Assistance Advisory Group (MAAG), headed by a high-ranking military officer, and a special assistant to the ambassador who is usually a senior Foreign Service Officer. The chief of the MAAG is designated by the Department of Defense, the special assistant by the Department of State. The MAAG's line of communication on program policy matters is to the ambassador, beyond whom policy is determined in Washington. On military operational matters the line runs to the Department of Defense, both direct and, for NATO country programs, through the United States Military Representative or his Deputy in London (JAMAG).

The MAAG is entirely separate from the military, naval, and air attaché sections of the embassy, because of a desire to avoid a possible unfavorable reaction on the part of foreign officials if military assistance were to be combined with what is generally regarded as an intelligence activity. The MAAG is divided into three sections

corresponding to the three armed services, and there is usually one additional section concerned with administration.

Economic missions.—In accordance with the Economic Cooperation Act, special or country missions have been established in the participating countries to carry out the recovery program. The chief of the country mission is appointed by the Administrator for Economic Cooperation. The chief of this mission takes rank immediately after the ambassador and usually has the rank of minister. He receives his instructions from the Administrator for Economic Cooperation in Washington and reports to him. The chief of the country mission and the ambassador are required by law to keep each other fully and currently informed on matters of common interest. The ambassador is

* * * responsible for assuring that the operations of the special [country] mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever [he] believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives he shall so advise the chief of the special mission and the United States Special Representative in Europe. If the differences of view are not adjusted by consultation, the matter [is] referred to the Secretary of State and the Administrator for decision.

The Economic Cooperation Administration country mission usually comprises, below the chief of mission, an executive office, a controller's office and six divisions: program review, food and agriculture, information, labor, finance, and trade and payments.

Not all economic aid missions have been established in a position of autonomy. Before the Greek aid program was assimilated in 1948 into the Economic Cooperation Administration program, aid to Greece was administered by the Department of State. After some early difficulties when a separate aid mission was maintained by the Department, the ambassador was placed in charge of and made responsible for all aid activities. A somewhat similar arrangement now exists with respect to the economic aid program in Germany, where the High Commissioner is responsible for economic aid activities as the representative of the Administrator. These activities are carried on by an Economic Cooperation Administration mission directly under his supervision. In Iceland, the chief of the diplomatic mission is the acting chief of the economic aid mission.

In the case of Treasury Department representation for financial purposes, officers selected by the Office of International Finance, first stationed abroad during the Second World War, operate under and are responsible to the Secretary of the Treasury. They are assigned to the staff of the diplomatic representative, with whom they cooperate closely. They are stationed only in a few countries which are of great importance in international financial relations. They function as financial advisers in the economic section of the diplomatic

mission, and in certain Marshall Plan countries as financial advisers or chief of the finance division in the Economic Cooperation Administration mission. They are considered by the Treasury to be "subject to such directions and limitations with respect to policy communications as the chiefs of the diplomatic missions may choose to impose, subject to such specific instructions as may be sent to the chief of the diplomatic mission and the Treasury representative through the Secretary of State."

Relationships among overseas staffs

The overseas representatives of other agencies on the whole have a more limited and technical role than those of the Department of State, Department of Defense, Treasury Department, and Economic Cooperation Administration. The names of these agencies and the size of their overseas staffs have been indicated in the table appearing earlier in this chapter. The extent to which problems of administration have arisen from this multiplicity of agencies and interests is indicated by the several categories of relationship existing between these agencies on the one hand and the Foreign Service, the Secretary of State, and the chief of the diplomatic mission on the other.

The several categories and examples of each category are indicated below:

(1) Organizations whose civilian personnel has been integrated into the Foreign Service under special conditions arising out of assumption of total responsibility for program execution by the Secretary of State and the ranking United States official in the country: Offices of the United States High Commissioners in Germany and Austria.

(2) Agencies whose technical personnel has been integrated into the Foreign Service and serves on the staff of the chief of the diplomatic mission, with assumption of partial responsibility for program execution by the Secretary of State and the chief of the diplomatic mission: Veterans' Administration, Office of International Labor Affairs (Department of Labor).

(3) Agencies or organizations whose specialist (military) personnel has not been integrated into the Foreign Service, but serves on the staff of the chief of the diplomatic mission, with assumption of full responsibility for program execution by the Secretary of State and the chief of the diplomatic mission: Military Assistance Advisory Groups.

(4) Agencies whose specialist personnel has not been integrated into the Foreign Service and does not serve on the staff of the chief of the diplomatic mission, with assumption of full responsibility for program execution by the Secretary of State and the chief of the diplomatic mission: Institute of Inter-American Affairs, Technical Cooperation Administration (Department of State).

(5) Agencies whose specialist personnel has not been integrated into the Foreign Service, but serves on the staff of the chief of the diplomatic mission, without assumption of responsibility for program execution on his part or that of the Secretary of State: Treasury financial representatives, Armed Services attachés.

(6) Agency whose chief of country mission has been given high diplomatic rank without becoming a member of the staff of the chief of the diplomatic mission, and whose other personnel has Foreign Service classification and in instances diplomatic titles and rank but has not been integrated into the regular Foreign Service and does not serve on the staff of the chief of the diplomatic mission, without assumption of responsibility for program execution by the Secretary of State or the chief of the diplomatic mission: Economic Cooperation Administration.

(7) Agencies whose personnel has not been integrated into the Foreign Service and does not serve on the staff of the chief of the diplomatic mission, without assumption of responsibility for program execution by the Secretary of State or the chief of the diplomatic mission: Agricultural Research Administration (combating hoof-and-mouth disease); Smithsonian Institution; Bureau of Employee's Compensation (Department of Labor); civilian employees of the Armed Services.

In the case of technical activities such as agricultural research, weather reporting, aviation, and the like, existing arrangements give rise to no organizational problems of any moment. In the case of military and economic aid missions, however, a number of difficult administrative problems have arisen. Other issues have been raised by the special status of the Treasury Department representatives and by the information activities of the economic aid mission in countries receiving economic aid.

Problems of the aid programs.—Experience appears to have vindicated the existing organizational arrangement under which the military aid missions, headed by high-ranking military officers, carry on their operations as integral parts of the diplomatic missions to which they are attached. As noted earlier, those diplomatic missions have usually included also a special assistant to the ambassador for military aid matters. This arrangement has geared the program into the general conduct of foreign relations with the countries concerned and facilitated avoidance of political mistakes. The Ambassadors have performed their normal role of representing the United States and serving as political negotiators, and military aid personnel have met freely with the military staffs of the countries concerned.

Nevertheless, there have been certain misunderstandings and lack of appreciation of the program, its objectives, magnitude and methodology, on the part of the persons concerned. This appears to have

been due in part to failure by the Department of State adequately to brief the ambassadors and other embassy personnel, including the special assistants, at the time the mutual defense program was getting under way. In some cases also there has been insufficient briefing of military personnel leaving Washington for duty overseas with the MAAGs.

Problems have arisen in the relationship between the special assistants and the regular embassy staffs. These have occurred primarily where the Foreign Service Officer appointed as special assistant has outranked the counselor of embassy. In certain posts the special assistant has been placed within the strictly embassy hierarchy next in rank to the ambassador. In other cases the special assistant stands aside from the normal chain of command and, in some instances where the Ambassador handles his own mutual defense assistance affairs, is not even greatly involved in the mutual defense assistance program flow of work.

A current problem has to do with the coordination of the military equipment and training aspects of the military aid program and the economic aspects of military aid which are handled by the Economic Cooperation Administration. Unlike the MAAGs, the country missions of the Economic Cooperation Administration are not under the ambassador, although their activities are as vitally a part of the aid programs as are the activities of the military.

There are many other issues arising out of the fact that the United States now has a dual representation in countries where the Economic Cooperation Administration has established special country missions. This has produced some anomaly in relations with the countries concerned, and has at times created uncertainties as to where contact with the United States should occur. The area of uncertainty has increased as the Economic Cooperation Administration has become increasingly influential in politico-economic and mutual defense questions.

Misunderstandings have arisen in part from the fact that a separate line of communications flows to and from the Economic Cooperation Administration missions. By law the ambassador is entitled to be kept "fully and currently informed on matters, including prospective action, arising within the scope of the operations" of the country mission, and most country mission chiefs have been careful to keep him informed wherever he has shown an interest. A similar problem arises with respect to the ambassador keeping the Economic Cooperation Administration mission chief adequately informed. Such difficulties appear to be decreasing with the development of better relations between the missions.

Some discontent has prevailed among Foreign Service personnel because of the feeling that an activity was going on in their midst that bore a close relation to what they were doing yet about which

they were not fully informed. This feeling has also stemmed in part from the fact that the country mission chief ranks in all places next after the ambassador and above the career service, and in part from the fact that the Economic Cooperation Administration missions have included substantial numbers of high-ranking and highly paid personnel.

The problems of acquiring and reporting economic information have not everywhere been successfully resolved. In some instances the point of friction has had to do with the functions of the office of the economic counselor of the embassy. The introduction of large research and reporting staffs in the Economic Cooperation Administration missions has duplicated in some degree the functions of the economic sections of the embassies, as has the establishment of contacts with the economic agencies of the foreign governments.

Some ambassadors have been eminently successful in overcoming difficulties by displaying ingenuity in staff arrangements, and by developing a sense of teamwork to meet emergency conditions. In Rome, the counselor of embassy for economic affairs is economic policy adviser to the Economic Cooperation Administration country mission chief. In Brussels, the economic counselor is at the same time the Economic Cooperation Administration deputy mission chief. Both of these devices have worked well. In a few places, there has been a degree of duplication and cross-purpose which has worked to the disadvantage of both the embassy and the Economic Cooperation Administration mission. The Department of State and the Economic Cooperation Administration are currently seeking to overcome this duplication and confusion.

With United States military and economic aid programs both directed to the same goal of increasing the strength of friendly nations, close relationship between the Economic Cooperation Administration missions and the MAAGs is an obvious requirement. Thus, although the decision to operate independent economic aid missions appears to have been wise at the time from the standpoint of accomplishing rapidly the European recovery program, changes which have since occurred in the world situation suggest that it may be desirable to review this decision before accepting the present arrangement as a permanent basis for handling foreign economic aid.

The Treasury Department's financial representatives.—In considering the question of what relation should obtain between Washington agencies and overseas staffs, operations under the Treasury Department arrangement provide interesting experience. The fact is that the Treasury financial representative, who is usually assigned to the embassy as Treasury attaché but is outside the unified foreign service, has provided a degree of unification in overseas financial affairs which does not exist at posts where no such representative is stationed. Not

only has he served the embassy and the Economic Cooperation Administration mission, in addition to the Treasury Department, in matters of finance, but in some cases because of his special qualifications as an economist he has been called upon to perform tasks which would not otherwise fall within the sphere of his operations. Treasury representation is limited to the most important financial capitals and the situation has varied somewhat from post to post where such representatives are stationed.

The effectiveness of the Treasury attachés may be attributed to several factors. Each is of necessity a specialist because the particular area in which he operates is highly complex. For this reason he is well grounded and experienced before his overseas tour of duty. It is claimed that the degree of specialization required is such that it would be difficult to obtain any considerable number of similarly qualified persons from other sources. Posts to which attachés are assigned are of sufficient importance and interest to be attractive to qualified individuals.

The Treasury arrangement has demonstrated the advantage of providing a staff of specialists with experience in both domestic and international monetary and financial problems that can be used interchangeably in Washington and overseas. Being a member of the permanent staff of the Treasury Department, the individual officer has the opportunity to establish and maintain informal contacts with the departmental staff in Washington. From the viewpoint of the Department of State, the present arrangement is not entirely satisfactory, but it seems to have worked reasonably well from the point of view of the embassies and the Economic Cooperation Administration, as well as of the Treasury Department. The existence of the arrangement raises the question of whether similar arrangements might be maintained by other departments of the Government as was the case prior to the establishment of the unified Foreign Service. The Departments of Commerce, Agriculture, and Labor are not entirely satisfied with the manner in which the Department of State is administering the Foreign Service Act of 1946, but they appear to be disposed at present to seek changes in the administration of the act rather than new legislation. Some progress in reaching agreement with the Department of State has apparently occurred.

Information program relationships.—The information activities for which the Department of State is responsible are carried out overseas by the diplomatic missions in a unit usually called the United States Information Service. At the same time the Economic Cooperation Administration, which by law is obliged to publicize the Marshall Plan, usually maintains an information division in its country mission. At first the objectives of the United States Information Service and the Economic Cooperation Administration in the information

field were clearly distinct, at least on paper. The focus of Economic Cooperation Administration information activities, particularly in Europe, has in recent months shifted from efforts to set forth the purposes and achievements of the European recovery program to efforts to encompass the whole field of information activities.

With respect to Economic Cooperation Administration and Department of State information activities, an agreement of September 20, 1948, recognized the responsibility of the Department of State as defined in the Smith-Mundt Act to give "the fullest possible publicity to ECA programs * * * and * * * widest possible dissemination of ECA information abroad." It also recognized that the Economic Cooperation Administration "has primary responsibility for originating information regarding the purposes of the Economic Cooperation Act of 1948 and programs conducted by ECA in furtherance of these purposes." The Economic Cooperation Administration undertook to utilize the information facilities of the United States Information Service abroad and to avoid duplication. An information officer with staff was to be established in the Office of the United States Special Representative in Europe, located in Paris, in which publicity materials would originate for European distribution. Similarly, there might be an information officer in each country mission. To avoid duplication they would utilize all existing United States Information Service offices, furnishing them with advance copies of releases and other materials. These provisions were put into effect.

As the two programs have in recent months become more similar, efforts have been made in the field to coordinate them. Insofar as possible the Economic Cooperation Administration undertakes to justify, in terms of its own responsibility, embassy projects so that counterpart funds can be used to finance them. But despite the attempts to rationalize a situation that finds two United States agencies conducting information programs abroad that are similar and extensive, there remains inevitably some degree of duplication and confusion.

Control of communications and other facilities

Through control of civilian cryptographic materials and the diplomatic pouch service, the Department of State and the diplomatic missions are in a position to control in large measure confidential communications between overseas representatives of civilian agencies and their Washington headquarters; and at the same time to keep informed on developments pertaining to agency policies, programs and operations. Such control has from time to time been the subject of discussion by various agencies with the Department of State and the diplomatic missions. Security of cryptographic systems, which

is an overriding consideration from the Department of State-Foreign Service point of view, is an important factor. Such security is a direct responsibility of the Department of State.

During the Second World War, when difficulties arose between the Department of State and the Board of Economic Warfare, the President directed as follows:

All communications to and from persons or missions sent abroad shall be through the facilities of the Department of State and diplomatic missions, unless other means are agreed upon between the Board and the Department of State. The Department will do its utmost to provide expeditious means for such communications.

At a later date an agreement between the Foreign Economic Administration, the successor of the Board of Economic Warfare, and the Department of State contained the following provision with reference to communications:

All FEA cables will be transmitted through the State Department cable facilities unless otherwise determined, e. g., as in the case of a theater of military operations. The State Department will provide adequate staff and facilities in order to insure prompt transmission and delivery of cables. In the event that the State Department or its principal representative withholds transmission of a cable, FEA will be notified immediately of the reason. Mutually satisfactory arrangements will be made for quick clearance by the State Department or the principal representative of its foreign mission of FEA cables involving policy questions. Cables which are confined to routine technical administrative questions will be cleared automatically by State or its foreign representatives. FEA and its representatives will designate the priority. The State Department and its representatives will observe FEA priority designation insofar as competing pressures on cables facilities permit. Copies of all official communications dispatched or received by FEA personnel abroad shall be made available to the principal State Department representative in the country or area and to the State Department in Washington.

The Economic Cooperation Act of 1948 provides that the chief of the Economic Cooperation Administration country mission shall receive his instructions from the Administrator and report to him. Arrangements were made for the Department of State and the diplomatic missions to serve as transmitting agents for Economic Cooperation Administration messages; it was also arranged that copies of communications considered of mutual interest, both at Washington and overseas, should be exchanged. At the present time the Economic Cooperation Administration sends to the Department of State copies of all its messages. In some instances messages, particularly policy messages, are sent in each direction as joint messages.

The Treasury's financial representatives report directly to the Treasury Department, facilities therefor being provided by the Department of State. The Treasury Department considers it very important that such representatives have the right to present their views in full to it, with any divergence of views being simultaneously

reported by the ambassador. It is customary for the ambassador or counselor of embassy to see before transmission the Treasury attaché's reports which deal with policy matters. As indicated earlier, specific instructions on policy matters from the Treasury Department pass through the Secretary of State.

In the case of the overseas representatives of the Civil Aeronautics Administration, agreement was reached with the Department of State that there should be direct communication between the Administrator and his representatives overseas, copies of communications in each direction being furnished to the Foreign Service establishment concerned. Similar arrangements have been made in other cases. Labor attachés, who are officers of the Foreign Service, report both to the Department of Labor and to the Department of State.

In general, representatives of the armed services maintain their own separate channels of communication with Washington for reporting intelligence and for other purposes including correspondence relating to collateral and subsidiary aspects of foreign policies and programs, including the mutual defense assistance program. In general, they recognize primacy of the Department of State-Foreign Service channels in regard to broad program and policy matters. In occupied Germany and Austria, where the United States High Commissioner is the United States supreme authority, policy communications are handled through Department of State-Foreign Service channels. But in Japan and Trieste where the military commander is the United States supreme authority, policy communications are handled through military channels.

It is understood to be the general practice for service attachés to show copies of reports to the chief of the diplomatic mission on subjects in regard to which he has expressed an interest and to keep him informed of the tenor of their instructions. A similar practice is followed in general by the heads of other military organizations, such as the MAAGs and training missions.

Interagency relationships at the country level involve not only the matter of the control of communications but also other aspects of administrative support by the diplomatic mission. These may include provision of living quarters, office space and equipment; language, transport, stenographic and other operational services; and commissary facilities. Conditions vary at different posts. There has been a considerable amount of dissatisfaction and possibly misunderstanding as between other agencies and the Foreign Service establishments on such matters, resulting in part from the fact that the Department of State is frequently unable to meet emergency and new demands at posts abroad from the resources available to it.

MAIN ISSUES AND ALTERNATIVES

Today, activities of the United States Government in foreign countries embrace not only traditional diplomatic and consular activities and military operations (Korea), but also activities connected with the several aid programs, military, economic, technical, and educational; with humanitarian, informational, cultural, and scientific programs; and with research and intelligence, the operation of military bases, and the administration of occupied areas. These varied activities require the presence overseas of extensive civilian personnel, only a part of which has been integrated into the Foreign Service.

It is clear that at present the major organizational problem at the country level has to do with the extent to which the various Washington agencies other than the Department of State shall send their own representatives abroad, and the relationship which such representatives shall have to the chief of the diplomatic mission. In essence, it is the question of the extent of the authority and responsibility which the chief of the diplomatic mission shall have with respect to the representative of each agency. More broadly, it is a question of centralization versus decentralization, a question, on the one hand, of the extent to which the tasks of policy formulation and implementation shall be divided and corresponding segments of each allocated to agencies in Washington, with appropriate reassignment thereof to agency representatives abroad; and, on the other hand, of the extent to which the task of policy formulation shall be separated from that of policy implementation or program execution.

The first issue that demands consideration, then, has to do with the arrangements that should be made for the representation of the United States Government and agencies thereof in foreign countries. The organizational structure created will constitute the platform on which all the business of the United States in a given country will be conducted; consequently, the importance of a structure organizationally sound. A second issue pertains to the relations that should exist among United States Government officials in a given country, in particular the extent to which the staffs of the several departments and agencies should be subject to supervision and control by the chief of the diplomatic mission. A third issue of significance relates to official communications moving in each direction between Washington agencies and their representatives abroad, in particular the extent to which such communications should be subject to control by the Department of State in Washington and the chiefs of the diplomatic missions.

Issue 1: Arrangements for representation abroad

What arrangements should be made for the representation of the United States Government and agencies thereof in foreign countries?

The multiplicity of representatives now maintained abroad by the various United States Government agencies has been a matter of growing concern to both the Congress and the Executive, as well as to the informed general public. Studies have been made of the subject by commissions and groups, institutions and individuals, although studies pertaining to the administration of foreign affairs have generally devoted more attention to arrangements for the discharge of duties and responsibilities at the Washington headquarters level than to arrangements made for agency representation abroad.

There would appear to be only four practicable courses of action that might be adopted, namely: (1) to continue the existing arrangements; (2) to permit each agency with foreign responsibilities and activities to station its own representatives abroad, with the concurrence of the Secretary of State; (3) to permit each such agency to nominate representatives for tours of duty abroad for the purpose of performing work primarily of interest to the nominating agency, such representatives to serve while abroad under the supervision and control of the Secretary of State and with the expectation that they will eventually return to duty at home with the nominating agency; and (4) to provide one general purpose civilian staff abroad, operating under the supervision and control of the Secretary of State and charged with the duty of representing all of the civilian agencies of the United States Government.

Alternative 1 is to continue the existing arrangements.

This alternative involves the maintenance abroad of numerous departmental and agency representatives whose relationships to the chief of the diplomatic mission vary from one of relative independence to one of relative subordination, with an intermediate stage in some instances involving subordination in respect to policy only. It likewise involves the continuance of a separate and relatively independent Economic Cooperation Administration country mission in each country receiving economic aid; of representatives of the armed services functioning in general under the diplomatic representative's policy control but with operational independence; and of a considerable number of employees of other agencies engaged for the most part in operations similar to those of their domestic field services rather than in activities in the policy area.

This alternative would perpetuate the situation in which the Department of State is in some instances an overseas program operator. Proponents point out that, before the adoption of the European recovery program and the mutual defense assistance program, the Department of State aid missions in Greece and Turkey demonstrated their ability to operate aid programs, and that various Foreign Service establishments are now executing the overseas information program and the United States occupation programs in Germany and Austria.

Proponents also assert that to continue existing arrangements has the advantage of causing no disturbance of present organizational structure and operating activities, and consequently of avoiding loss of time and waste of energy during a period of adjustment and transition incident to reorganization. Although there may be undesirable elements in the present organizational structure, the argument continues, on the whole good results are in fact being obtained currently. Existing defects are due at least in part to the personal factor and not solely to the organization factor.

With reference to a possible change in the status of practical independence enjoyed by the Economic Cooperation Administration country missions and the measurably lesser degree of independence enjoyed by Treasury Department financial representatives, it is asserted that their operations have as a whole been carried out with a marked degree of success. Although at an earlier date difficulties arose at some posts between such economic aid country missions and Treasury representatives, on the one hand, and the diplomatic missions, on the other, currently the trend is toward a better relationship. In justification of a status of relative independence, it is argued that the independent mission has the single task of executing a specific program, whereas the embassy has many tasks and consequently might not be able to give proper consideration and priority to such a program. In regard to staffing, it is less difficult, it is claimed, for independent agencies which are not subject to recruitment and other personnel restrictions affecting the foreign service to obtain competent top-level officials. This is particularly true, it is argued, if the chief of the independent unit is given high diplomatic status, as has been done in the case of the chiefs of the Economic Cooperation Administration country missions. Finally, it is contended, experience has shown that it is possible for the departments and agencies concerned to select chiefs of diplomatic and other missions who, though working independently of each other, can establish satisfactory working relations and seek in harmony to achieve major policy objectives.

The argument against this alternative asserts that it is unrealistic to continue existing arrangements merely on the grounds of a possible loss of time during a period of reorganization, since changes in the organizational structure of government are continually being made, and by necessity most of all in times of stress. New agencies are being created and old ones abolished whenever pressure of circumstances requires. If a sounder organizational structure can be created, the necessary changes should be made.

At the present time, the argument continues, there is lack of uniformity in the relationship of various agency representatives overseas to the embassy, and as a result difficulties have developed both in policy

and operational matters, as well as in matters pertaining to the status of individuals. There is no indication that the current international crisis will end soon; the indication is that it will be prolonged. It would accordingly be wiser to create a sounder structure that would stand up under the strains and stresses ahead.

An additional argument against continuing existing arrangements is found in the fact that the United States Government has not arranged with foreign governments equality of status for all United States Government personnel with similar responsibilities, particularly the right to import free of duty from the United States or elsewhere items for personal use. This argument is nullified, to some extent at least, by the fact that not every government is willing to accord diplomatic status or free entry privileges to all United States Government personnel on duty in the country; historically distinctions in status are drawn. Moreover, the United States Government itself also draws distinctions in the matter of privileges accorded personnel of other governments serving in the United States, and for similar reasons. However, the importance of the free entry privilege to representatives of a given foreign country stationed in the United States may be less than it is to United States personnel stationed in that country.

With reference to a possible change in the status of the Economic Cooperation Administration country mission and Treasury financial representatives, it is contended that developments have shown the need for change in the relationship to the embassy of both types of representation, primarily on the ground that they function in the policy area; that difficulties which have arisen in the past in this relationship are inherent in the basic situation. The obvious move, it is claimed, is to give to the embassy command authority in policy matters, since foreign policy in general and relations with each country in particular require consideration in the entirety, along with a large degree of supervisory and administrative control. One means of achieving this aim would be, it is suggested, to fuse the economic aid missions with the economic sections of the diplomatic missions. The more important the operations of a particular organization, the argument continues, the greater is the need for supervision in order to avoid the possibility of inconsistent, ill-timed or inharmonious action, with resulting damage to over-all American interests and the attainment of major policy objectives.

Further arguments against this alternative are to the effect that it is unwise, and even dangerous, in the present world situation to accord any government organization operating abroad independence of the diplomatic mission, even in cases when the Secretary of State has concurred in the stationing of a selected representative of a given agency at a given post. In particular, confusion and misunderstand-

ing may too easily occur on the part of members of governments and of the public abroad, it is claimed, if an agency representative is given a high diplomatic rank, but not at the same time made directly subordinate to the chief of the diplomatic mission. Moreover, although it is true that in the past some independent representatives of Washington agencies have worked in close cooperation with the chief of diplomatic mission, long experience with such organizations during two world wars and more recently with the Economic Cooperation Administration has shown that such a happy relationship does not automatically obtain. More than a personal relationship is involved, they contend; an official line of command is required.

Alternative 2 is to permit each agency with foreign responsibilities and activities to station its own representatives abroad, with the concurrence of the Secretary of State.

This alternative, which accepts the view that an agency with overseas responsibilities should be allowed to station its own representatives abroad, would nevertheless require the express concurrence of the Secretary of State. In the event such concurrence were withheld, no representative would be sent. Concurrence would not be subject to withholding on the ground that the Foreign Service could do the job better, but the requirement of concurrence would imply the right of the Secretary of State to disapprove the proposed appointment of any individual selected by an agency for overseas duty and, after appointment, to demand for cause his subsequent removal. It would also involve an understanding between the Secretary of State and the head of the given agency as to the relationship which such representative would have to the chief of the diplomatic mission, including the obligation of each to keep the other appropriately informed on matters of mutual interest, and the degree of assistance which the diplomatic mission could officially give to such representative in the establishment of relations with foreign governments and otherwise. Concurrence would not involve direct control by the Secretary of State or the chief of the diplomatic mission over the activities abroad of such representatives beyond the power to demand for cause their recall.

This alternative is realistic, it is contended, in view of the difficulty which the Department of State would have in selecting qualified personnel for the highly technical positions required for execution of programs and in view of the lack of qualified personnel in the Department of State and Foreign Service to man such positions and at the same time to direct and control the great variety of other programs now being carried on overseas. It offers the advantages of decentralization, both as concerns administration and policy, within the framework of a congressional mandate or interagency agreement.

Opponents of this alternative state that even though concurrence on the part of the Secretary of State in the need for agency represen-

tation and in the selection of a given representative is obtained, the lack of command authority by the Secretary of State over the activities of such representative would inevitably result from time to time in a lack of unity and cohesion in foreign policy activities abroad, with resulting misunderstandings on all sides. Consequently, they favor closer centralization, under the ambassador, of both authority and responsibility.

Alternative 3 is to permit each agency with foreign responsibilities and activities to nominate representatives for tours of duty abroad for the purpose of performing work primarily of interest to the nominating agency, such representatives to serve while abroad under the supervision and control of the Secretary of State with the expectation that they will eventually return to duty at home with the nominating agency. Under existing legislation, this alternative would usually involve appointment to the Foreign Service Reserve or Foreign Service Staff by the Secretary of State.

Those favoring this alternative point to the advantages of a flexible system under which, as required, any agency with foreign affairs responsibilities might nominate agency personnel for foreign duty with their official relationship to the chief of the diplomatic mission being determined by agreement between the agency concerned and the Department of State. Their official status on the staff of the diplomatic mission, as determined by such agreement, would largely solve the question of status accorded them by the receiving government and thereby settle the question of privileges and immunities. Acceptance by the receiving government of a proposed official designation and rank would facilitate the establishment of official contacts for the accomplishment of an individual assignment.

It is contended that the conclusion of an agreement according supervision and control of agency personnel to the Secretary of State would assure a means of coordinating all United States Government activities in the foreign country. The expectation of relatively early return of such personnel to the appointing agency in Washington would tend to facilitate recruitment and avert dissatisfaction on the part of the permanent personnel of the foreign service who spend most of their careers on foreign duty.

The argument against this alternative contends that personnel of an agency responsible for program execution should not be placed under the head of another agency who will have no program responsibilities and may have little program interest, and might even take action which could result in neglect of the very duties for which such personnel were assigned abroad.

Alternative 4 is to provide one general purpose civilian staff abroad, operating under the supervision and control of the Secretary of State and charged with the duty of representing abroad all of the civilian agencies of the United States.

This alternative proposes a sufficient expansion or adaptation of the field service staff under the Department of State to provide trained personnel to take care of the needs of all Federal agencies requiring work to be performed overseas by civilian staffs. Under this proposal, the presentation of programs and budget estimates would be the joint obligation of the Department of State and an interested agency. Once congressional appropriations were available, the Department of State, in consultation with the interested agency, would work out the problem of assigning manpower for a given position or program. If existing legislation remains in effect, there would be an early integration of agency personnel now overseas into the Foreign Service, analogous to the 1939 consolidation. Under this proposal, personnel under the Department of State would staff not only the existing diplomatic missions and consular offices, but would also perform the work now carried on by the country missions and regional offices of the Economic Cooperation Administration, the various Treasury Department missions, and the variety of other agency offices, many of which require the services of specialists and technicians. Civilian staff would be provided to the extent necessary for the offices of the military, naval, and air attachés, military aid groups, and military missions.

An advantage to be gained by such an arrangement, it is contended, would be additional security protection through the application of a uniform system for all overseas personnel. Such an arrangement would offer the appeal of a wider variety of work, with greater opportunity for service to the Government and for personal advancement than is the case at present. This in turn would facilitate recruitment of qualified personnel and make for *esprit de corps*. A large general purpose staff, it is argued, would also preclude inequitable differences of salary, allowances, leave and retirement, which result from the existing variety of personnel systems.

The opponents of this alternative contend that since the system envisaged would be practically as cumbersome as the present Civil Service system, to place its administration under the Secretary of State would result in unnecessarily burdening him. If any such unification of staffs were decided upon, it would be more efficient to turn its personnel administration over to the Civil Service Commission.

Moreover, an analogous administrative burden would have to be placed in either case on each chief of diplomatic mission abroad, by delegation from the Secretary of State.

Furthermore, it is claimed, the centralization of channels of communication which such a system would inevitably involve would impede the flow of communications between interested Washington agencies and the unified Foreign Service establishments abroad, with a resulting decrease in over-all operational efficiency.

Issue 2: Authority of the chief of the diplomatic mission

On the assumption that a number of agencies, in addition to the Department of State, will continue to have their own staffs abroad, to what extent should such staffs be subject to supervision and control by the chief of the diplomatic mission?

This issue would not arise, except with respect to military staffs, if the previous issued were to be settled by the adoption of either of the alternatives under which all civilian staffs abroad would come under the supervision and control of the Secretary of State. It cannot be assumed, however, that such an alternative will be adopted. It is therefore necessary to consider the present issue and the one that follows.

Even with a wide dispersion of program responsibility and authority among Washington agencies, a considerable degree of responsibility and authority for supervision and coordination in the field might be centered in the chief of the diplomatic mission in each country. The ambassador is the representative of the President and inevitably has the responsibility to keep himself informed with respect to all United States activities in the country to which he is accredited. The question seems to be mainly one of the extent to which the ambassador can be made responsible for coordination of all United States activities on the spot without destroying the responsibility of agency representatives abroad for progress in the accomplishment of program objectives.

Various shadings of authority and control by the ambassador have been experimented with, as previously noted in this chapter. The major alternative positions seem to be respectively (1) no direct control of other agency representatives; (2) administrative control, but without authority to require substantive action; and (3) full administrative and substantive control.

Alternative 1 is no direct control, but general recognition of the position of the ambassador as ranking representative of the United States.

This alternative would leave the personnel of Washington agencies, other than the Department of State, free of direct control by the ambassador. Advice sought from or proffered by the ambassador would not be binding upon such representatives. However, the right of the ambassador would be recognized to demand the recall of individuals whose work or behavior he found unsatisfactory, or even to veto proposed personnel assignments, in the case of major appointments to the post.

Proponents of this alternative point to the achievements of the Economic Cooperation Administration country missions as illustrative of the advantages of an arrangement resembling that described. They contend that the success of these country missions was in no small

measure due to their independence of embassy control and consequent ability to cut "red tape," streamline activities, and concentrate on the single responsibility of program execution.

The argument for control by the ambassador, on the other hand, points to the practical value of a centralization and subsequent delegation of authority and responsibility. Such control, it is urged, is needed not only with respect to agencies active in the policy area, but also those engaged solely in operations. In regard to the latter, the degree of delegation of authority and responsibility by the ambassador might depend on whether the particular program was considered to have little or much foreign policy significance. Such control, it is contended, would provide needed guidance to insure the greatest possible dovetailing of foreign activities for the achievement of over-all policy objectives.

Alternative 2 is administrative control, but without authority on the part of the ambassador to require action contrary to the substantive instructions received by the agency representative from his Washington principal.

This alternative would accord the ambassador sufficient authority to prevent the agency representative from taking a proposed action which the ambassador thought undesirable. Thus, the ambassador would be able to direct the agency's representative to postpone a proposed action in order to consider its relation to other matters being handled by the ambassador, or on occasion to request reconsideration of the problem in Washington.

The proponents of this alternative consider that the suggested arrangement would afford ample opportunity for proper coordination by the ambassador but would not permit him to direct the taking of action which might be prejudicial to the interests of the agency or the achievement of its policy objectives. Opportunity would be afforded for interagency consultation in Washington by referring matters from the field for decision and the subsequent issuance of appropriate instructions to the ambassador and the agency representative. The likelihood of a serious action error would thus be reduced.

Opponents of this alternative point to the allegedly unfortunate results which have sometimes attended the uncontrolled activities of independent representatives, such as the chiefs of the Economic Cooperation Administration country missions. They claim that developments of this nature are inevitable if an independent status is given to representatives of other agencies. More is required, they contend, than the possibility of the use of a suspensory veto by the ambassador. In a time of crisis, such as the present, the ambassador should have full administrative and substantive control to assure proper over-all supervision and coordinated action. To give him administrative control of the nature proposed by this alternative, without giving him

authority in substantive matters, would have the objectionable feature of placing upon him the onus of great responsibility without proportionate authority.

Alternative 3 is full administrative and substantive control and supervision with the ambassador taking responsibility for the proper execution of the instructions of Washington agencies.

This alternative would place full authority and responsibility in the ambassador and make him in fact the supreme United States authority in the country. The argument in favor of this alternative is that the ambassador as the representative of the President should have both the authority and the responsibility at the country level to interpret and implement foreign policy by coordinating the action of all United States agency representatives. The greater the foreign policy significance of a given program the more important it is that adequate measures be adopted to assure control over program execution.

As a corollary, it is contended, a closer relationship between each agency unit and the ambassador would result, with increased interest on his part in agency programs. The existence of one source within a given country, where officials immediately responsible for operations can obtain definitive policy guidance, would reduce the likelihood of specific operations running counter to general policy, and would avoid the confusion that arises when an agency representative's words or actions are not in harmony with those of the ambassador. It is pointed out that while the power of decision must rest in the ambassador in order to achieve proper action timing, he will always have available the advice of the representative of the Washington agency. It is also contended that control by the ambassador would facilitate the establishment of a better relationship between agency representatives and the authorities of the country, as well as with the ambassador's immediate staff. Also, a better utilization of all United States Government administrative services and facilities would result, with avoidance of duplication of work and personnel.

The opponents of this alternative contend that the proposed arrangement places too great a load upon the ambassador, who may not have the time or energy, or possibly the competence, to do the job; and that in any case he would probably delegate most of the work of coordination to various subordinates on his own staff, with resulting dissatisfaction on the part of agency representatives. Moreover, it is claimed, it is unfair to hold the ambassador responsible for the execution of agency programs with which he cannot be entirely familiar and whose personnel at the post he does not select. In many cases, it is urged, the duties of agency representatives are not concerned with diplomacy or representation, but are purely of a technical nature; consequently, no control by the ambassador or anyone else save the responsible principal in Washington is required.

Opponents also contend that while the ambassador is legally the representative of the President, in actual practice he is more likely to function as the representative of the Department of State, and can seldom be wholly impartial in dealing with representatives of other agencies abroad in situations where there may be a conflict of views at home. He may, in fact, assume that the views of the Department of State should prevail at home and that it is his duty to enforce them in the field, even in situations where the other agency is vested by law or otherwise with substantially full authority.

Opponents of this alternative claim further that a joint committee consisting of representatives of the agencies concerned, with the ambassador, who represents the President, as chairman, could more suitably assume responsibility for coordination; that such a committee would give representation to all of the interested agencies while continuing responsibility for leadership in a neutral official. A rebuttal of this view is the argument that a committee is not an effective instrumentality for resolving issues arising out of situations of divided authority. All the advantages of consultation, it is said, and none of the disadvantages of diffused authority, are to be found in the proposal for centering control in the ambassador.

Issue 3: Control of communications

Again on the assumption that a number of agencies will continue to have their own staffs abroad, to what extent should official communications moving in each direction between agencies in Washington and their representatives abroad be subject to control by the Department of State in Washington and by the chiefs of the diplomatic missions abroad?

As long as separate agencies have their own representatives abroad, the scope and nature of the activities of such representatives will necessarily be determined in large measure by the content of the communications flowing in each direction between the agencies and their representatives. Such communications may be transmitted by ordinary mail or by diplomatic pouch, by telegraph in clear or by telegraph in diplomatic cipher, or by telephone. Communications of civilian agencies by diplomatic pouch and telegraph in code are usually within the exclusive administrative control of the diplomatic mission, since it supplies the facilities. The difficult question has at times arisen as to the extent to which the administrative control of such facilities should be utilized as a means of substantive control. When such questions cannot be settled by full agreement of the parties, further issues may arise as to the use of open mail and telephone services by the agencies and their representatives abroad, since such means of communication readily escape the administrative control of the diplomatic mission.

The issue here raised is closely related to the previous issue as to the degree of control that is to be exercised over the activities of agency representatives by the chief of the diplomatic mission. If the chief of diplomatic mission, for example, were to have full administrative and substantive control over the activities of agency representatives, it might be assumed that he should also have full control over their communications. But even this would not be agreed by the program agencies, where the point of view would undoubtedly be found that if their representatives are to be supervised abroad in ways beyond the control of the agencies, at least the agencies should be able to ascertain what is going on through free communication with their own people.

The three main alternatives to be considered are as follows: (1) full freedom of communication; (2) full freedom to send and receive communications, but with provision for informing the Department of State and the chiefs of diplomatic missions of the content of all communications, and the right on their part to comment and to register objections without delaying the communications; (3) full control of communications by the Department of State and the chiefs of diplomatic missions.

Alternative 1 is full freedom of communication without provision for informing the Department of State or the chiefs of diplomatic missions of the content of communications.

This alternative parallels alternative 1 under the preceding issue, which proposed no direct control by the chief of the diplomatic mission over the activities of representatives of agencies other than the Department of State. If no such direct control exists, it would be natural to assume that there should be full freedom of communication between the representative and his Washington principal without provision being made for copies of communications to be furnished for substantive purposes either to the Department of State or the chiefs of the diplomatic missions. Communications would enjoy administrative privacy and copies would not ordinarily be seen by persons other than those engaged in controlling administratively the facilities for transmission and in the physical task of handling messages.

The argument for this alternative is to the effect that if neither the Department of State nor the chief of the diplomatic mission is to exercise control over the activities of the agency or its overseas representatives, the latter should have full freedom of communication, since there would be no substantive reason why arrangements should be made to furnish copies of communications to the Department of State or the chief of the diplomatic mission.

The argument against this alternative is that it involves on the part of an individual agency and its overseas representatives almost complete irresponsibility in relation to the Department of State and the

ambassador, inevitably leading to uncertainties and confusion in interagency relations and in the relations of the United States with the given country. Even in the absence of authority to control the activities of the agency and its overseas representatives, knowledge of the content of communications would permit advice being given by the department or the chief of mission in order to avoid inopportune action by agency representatives which might prejudice not only the attainment of an agency objective but over-all United States Government objectives.

Alternative 2 is full freedom to send and receive communications but with provision for informing the Department of State and the chiefs of diplomatic missions of the content of all communications, and the right on their part to comment and to register objection without delaying the communications.

This alternative, its proponents claim, affords the maximum control of communications that should be exercised, if an agency other than the Department of State is to have representatives abroad for any purpose. If the creation of communication bottlenecks and resulting injury to the execution of programs is to be avoided, authority to delay transmission of communications cannot be agreed to, they assert. The right accorded to the ambassador and the Department of State to comment or register objections without delaying the transmission of communications, the argument continues, adequately safeguards the interests of the embassy and the Department of State, and over-all foreign policy considerations.

Proponents of this view contend that the success of the Economic Cooperation Administration country missions was in no small measure due to the freedom from Department of State and embassy control over communications and the consequent speed with which communications between the field offices and Washington were handled. Such freedom and speed were necessitated, it is alleged, by the urgency of the job, as well as by the fact that technical knowledge available in the Economic Cooperation Administration in general was not to be found in the Department of State or the diplomatic missions. The independent status accorded the Economic Cooperation Administration and the lack of such technical knowledge in the Department of State and the diplomatic missions ruled out any proposal to give control of communications to them. The embassy was kept informed of the content of communications and the ambassador had the power of the suspensory veto if he wished to exercise it.

It is pointed out that freedom of communication is something distinct from administrative or substantive control discussed under the preceding issue. If the ambassador were given control of action in the country, he could direct nonaction by the agency representative,

even while forwarding the latter communications to the contents of which he objected.

The argument against this alternative asserts that while the furnishing of information to the Department of State and the chiefs of diplomatic missions concerning the contents of all communications is in itself desirable, it does not go far enough. The right to withhold or delay transmission is necessary, it is claimed, in order that the chiefs of the diplomatic missions and the Department of State, who are more fully aware of the details of intercountry relations than other agencies, may by withholding transmission prevent possible errors of commission or omission with regard to substantive matters or timing.

Alternative 3 is full control of communications by the Department of State and the chiefs of diplomatic missions—communications to be subject to review by them, with authority on their part to delay or withhold transmission, on the understanding that notification of such action will be furnished the originator.

This alternative proposes that, in conferring over-all responsibility for the conduct of foreign relations on the Secretary of State in Washington and the chiefs of diplomatic missions abroad, authority also be conferred on them to review communications between Washington agencies and their field representatives, including in appropriate circumstances, authority to delay or withhold transmission. The argument in favor of this alternative asserts that such authority is necessary in order to assure full coordination of policy and operations. Without such authority mistakes and misunderstandings are inevitable. The Department of State and the embassies are better grounded than other agencies in matters pertaining to the foreign relations of the United States generally, as well as relations with particular countries. Review, involving possible delayed transmission or nontransmission of communications by the Department of State and the diplomatic mission, will frequently prevent the transmission of inaccurate, incomplete, improper, or misleading information and instructions. This will be beneficial not only to over-all intercountry relations but to the execution of individual agency programs.

Opponents of this proposal assert that it is important to program agencies in Washington to have full and frank statements of fact and opinion from their overseas representatives; that equally the Washington agency should be able to send its views and instructions without interference by the Department of State or the chiefs of the diplomatic mission in order that agency representatives on the spot may know accurately the views, desires, and reactions of the agency. They contend that the proposed control would often delay and hamper program operations. The furnishing of information copies of all communications, they assert, would adequately safeguard the interests of the

Department of State and the diplomatic missions. It would afford later opportunity for discussion and agreement at a top level without delays at an intermediate level. While properly preoccupied with problems falling in the policy area, Department of State and embassy personnel, if given the opportunity, would inevitably tend to intervene in operational problems which in the final analysis would not be their responsibility.

FURTHER ANALYSIS AND CONCLUSIONS

The facts brought together in earlier pages of this chapter are an indication of the wide variety of existing arrangements for carrying on the work of the United States in other countries. It seems clear that so much variation is neither necessary nor desirable. It probably impedes efficiency in the conduct of the public business, and it appears to lend itself to confusion on the part of foreign governments as to the intentions and desires of the United States.

We believe that positive changes in the present situation are necessary, and make suggestions to that effect in the following pages. As a general comment, however, it seems appropriate to remark that the more basic aspects of existing difficulties will not be met merely by formal changes in organization or operating directives. The major difficulties arise not only from awkward organizational arrangements, but also from failure on the part of the personnel to adapt fully to the requirements of the situations in which they find themselves. The cure must be found through a variety of means, but possibly the most important is through a greatly increased emphasis upon measures of personnel indoctrination and training. That is probably the most important way by which responsible officials at home can seek to expedite the adaptation of agency staffs abroad in a rapidly changing situation.

The training problem exists both for new staffs and old staffs, although the nature of the problem is strikingly different in the two cases. The new staffs obviously require far more extensive indoctrination and briefing before they are sent abroad than they have been receiving, together with a continuing emphasis upon training after they arrive at their posts. That is needed for many purposes, but not least in order to provide a greater understanding of appropriate relationships in each case with the diplomatic mission and the chief thereof.

On the other hand, the senior diplomatic personnel abroad and particularly the ambassadors need and are entitled to a more adequate briefing with respect to each new program and program change than they have often received in the past. Frequently new programs and new staffs have been thrust upon the missions abroad with a minimum

of explanation in usable form as to the purposes and intent of the new programs or of the means by which it was proposed to carry them out. Recently there have been concerted efforts to improve the flow of organized information to the field, and the view abroad is that some improvement has occurred. The practice of holding regional meetings of ambassadors at which several major officials are present from Washington to exchange information and to assist in organizing the discussion also appears helpful.

Such measures are particularly necessary because of the broad and increasing responsibilities of the ambassadors. Each ambassador has always served as the representative of the President and as head of a diplomatic mission, but many of them now find themselves acting as heads of large administrative establishments numbering employees in the hundreds and serving as leaders of a team of agency representatives. The matters for which any ambassador to a major country is currently responsible reflect in their number and variety the bewildering range of almost the entire Federal Government, with the additional complexities of a foreign setting and the idiosyncrasies of the other government.

The diplomatic missions of the United States typically have great prestige and local influence in the countries where they are located. They can be helpful in the conduct of almost every activity involving relations with the country. They can be left aside in the administration of particular programs only at considerable hazard to the programs themselves as well as to the national interest generally.

Separate versus integrated foreign field services

The first issue discussed in this chapter is essentially the question of whether there should continue to be a multiplicity of separate foreign field services or whether some or all of the existing separate services should be consolidated and brought under the Department of State, as was done with the foreign reporting staffs of the Departments of Agriculture and Commerce in 1939. Four alternatives were discussed in a previous section. The first and fourth alternatives offer a choice between continuance of the existing situation and the creation of an inclusive general purpose civilian staff operating under the supervision and control of the Secretary of State. Neither seems desirable.

To leave things as they are would be to continue a situation which is highly unsatisfactory in many respects, while to consolidate all civilian staffs abroad into the Foreign Service along its existing organizational lines or even into an inclusive general service under the Department of State would unquestionably create as many problems as it would solve, if indeed such a proposal could be considered in any way practical for many of the overseas staffs.

The second and third alternatives assume the need of many agencies to have their own representatives abroad. The former proposes a limited form of supervision by the Secretary of State and the latter a greater degree of supervision through temporary integration into the service of the Department of State abroad in the case of employees stationed abroad for agencies other than the Department of State. We believe that each of these alternatives has merit in particular situations, but that neither can be adopted for universal application.

The fact is that the problem is so complex that no simple solution can be uniformly applied. Moreover, it is not merely an organizational problem. It is also a problem in personnel administration and to some extent it is a problem in budgetary control. Integration into the Foreign Service as presently constituted not only means administrative control by the Department of State; it also means bringing the personnel concerned under a highly specialized code of personnel regulations. It usually means, moreover, either immediately or in the end, a transfer of financial responsibility under which the Department of State accepts the onus of justifying the budget for work done abroad even in cases where the work is done primarily or exclusively for the purposes of another agency.

The budgetary aspects will receive some further consideration in this chapter. The personnel administration aspects of the problem will be discussed in the next chapter, and will receive only passing reference here.

We believe that the true complexity of the problem and the general form of the desirable solutions can be seen only by reviewing the distinctive problems presented by the existence of at least six different personnel groups: (1) the existing Foreign Service, (2) military representatives of the Department of Defense, (3) representatives of the Economic Cooperation Administration, (4) civilian representatives of permanent departments other than the Department of State, (5) civilian personnel of the military departments, and (6) other miscellaneous civilian staffs.

The existing Foreign Service.—The relationships of the existing Foreign Service to the chiefs of diplomatic mission abroad and to the Department of State at home tend to become the standard of comparison for other groups in the discussion of the present problem. The amalgamation of 1939, however, put the Foreign Service in the position of carrying on certain duties of a representational character to meet various specific requirements of agencies other than the Department of State. This has resulted in problems that are discussed below.

Military representatives of the Department of Defense.—As previously noted, military personnel overseas, in addition to those engaged in military operations and occupation duties, include the

military, naval, and air attachés, the military assistance advisory groups attached to diplomatic missions, and other military missions that cooperate with the armed services of the countries where they are stationed.

It appears to be generally agreed that the requirements of military representation abroad could not be met readily or effectively by the use of personnel who would be a part of a civilian foreign service. The organizational relationships between these military groups and the diplomatic missions appear to be stable and satisfactory, and it would seem that in general those relationships should remain unchanged. The military representatives function under the supervision of the chiefs of diplomatic mission so far as diplomatic representation and collaboration are concerned. They maintain direct relationships with the military services of the other governments, and on technical military matters they obtain their instructions from the military agencies of this government.

Representatives of the Economic Cooperation Administration.—The existing country missions abroad of the Economic Cooperation Administration are a particularly acute problem at present, since it is generally assumed that the agency will be continued, or a successor agency will be established, to carry on special foreign economic activities arising out of the defense emergency, with special economic staffs abroad. These staffs will doubtless be similar to the existing Economic Cooperation Administration staffs, since the emphasis will be on close relationships with foreign governments for the purpose of advancing an emergency program of action.

It appears to be generally recognized that the Economic Cooperation Administration country mission staffs should be brought into a closer relationship to the embassies than has obtained in the past, in view of the requirements ahead. An obvious suggestion would be to combine the Economic Cooperation Administration missions with the economic sections of the embassies under a single chief reporting to the ambassador; but this seemingly simple solution presents many difficulties in practice as long as the Economic Cooperation Administration and the Department of State remain separate and autonomous.

In view of the urgent requirements of an action program, we are compelled to agree that the responsible agency should be permitted a considerable discretion with respect to the maintenance of staffs abroad under its own supervision. We do not believe that it would be practical at this immediate juncture to make all chiefs of diplomatic mission fully responsible for the Economic Cooperation Administration operation in their respective countries, as would be implied in any full consolidation of overseas staffs by transfer of funds and personnel to the Department of State.

It would seem that the appropriate approach would be to effect consolidation on an individual country by country basis where feasible, and we are inclined to believe that this is the road to follow. That would mean that in the case of the countries where the Economic Cooperation Administration and the Department of State are able to agree on consolidation, or where, in the absence of agency agreement, the President so directs, a full consolidation of the embassy and the Economic Cooperation Administration country mission would be effected, with the ambassador assuming responsibility for the Economic Cooperation Administration work as well as retaining responsibility for the other work of the diplomatic mission. We recognize that changes in existing legislation may be necessary to facilitate such arrangements, and would favor such changes.

In other countries, which may temporarily at least be in the majority, it will be necessary to continue most elements of existing practice. In all such cases, however, there should be recognition of the authority and responsibility of the ambassador for insuring unified foreign policy action at the country level and for coordinated recommendations to United States regional representatives and to Washington.

It will be recalled that the existing military assistance advisory groups are under the supervision and control of the chiefs of diplomatic mission for purposes of diplomacy and negotiation, although they represent the Department of Defense. In view of the close working relationships that are needed and are expected to prevail in the future between embassies, military assistance advisory groups, and economic cooperation country missions, it would seem that the economic missions should be placed under the authority of the chiefs of diplomatic mission at least to the same extent as the military missions as rapidly as feasible. There are various ways in which this might be done and some variation in pattern from country to country may be necessary, particularly at first, but general recognition of the authority and responsibility of the principal representative of the United States in each country, the chief of diplomatic mission, would appear to be an essential first step.

Regardless of the degree of consolidation on a country-by-country basis or otherwise, we believe that the Economic Cooperation Administration should continue to be responsible for funds spent for personnel engaged in its work abroad, and for the selection or approval of the personnel that it employs or nominates to the Department of State for employment on its behalf. In cases where consolidation occurred, the Economic Cooperation Administration could transfer the necessary funds, and it would continue to nominate the necessary individuals for appointment, but they would then serve

under the immediate jurisdiction of the Department of State while abroad.

Representatives of permanent civilian departments other than the Department of State.—It has been noted earlier that one means adopted for obtaining performance overseas of the functions of representation and reporting for departments other than the Department of State has been to consolidate existing foreign services of such departments (for example, the Departments of Commerce and Agriculture, in 1939) into the Foreign Service under the Department of State. In many instances where such a step has not been taken and where the regular Foreign Service is not given responsibility for the performance of such functions, arrangements are made for their performance by the assignment overseas of departmental representatives. There are two principal patterns of departmental representation which are utilized for this purpose: (1) representation through the assignment abroad of representatives who retain their civil service status and who work in close association with the diplomatic mission, as in the case of the Treasury Department financial representatives; and (2) representation through the nomination by the interested department of representatives for appointment by the Department of State, with the expectation that such representatives will eventually return to the interested department after their tour of duty abroad, as in the case of the Department of Labor Office of International Labor Affairs and the Veterans' Administration.

It would seem to us that any Federal civilian department or agency that finds need for specialized representation abroad of such a character that it cannot be readily obtained through the regular overseas staffs of the Department of State, should be permitted to get on with its own work by financing and sending its own representatives to accomplish the work. No such representative should be sent, however, without consultation with the Department of State to ascertain that the proposed assignment will be consistent with current policy as to relations with the country concerned. The cooperation of the Department should also be sought with respect to administrative arrangements. We further believe that the best arrangement under such circumstances would, except in special circumstances, such as those discussed below under the heading "*Miscellaneous civilian staffs*," consist of an agreement between the agency concerned and the Department of State under which a transfer of funds to finance the work would take place, and the personnel would be transferred to the Department of State for duty abroad, while retaining the right to return eventually to their home agency and the expectation of doing so. We believe this type of temporary integration to be of particular importance in the case of personnel engaged in the policy area.

The existing Treasury Department arrangement appears to be working well at present on the basis of interagency comity, which has been facilitated by the stability of personnel covered by the arrangement. Moreover, the Treasury employees sent abroad appear to have been carefully indoctrinated as to the relationships that it is intended that they shall maintain with the embassies. Nevertheless, in terms of longer-range considerations and in the interests of a satisfactory policy that could be uniformly applied for all agencies in a similar position, it would seem that the Treasury Department could accept an arrangement along the lines described above under (2) without any damage whatever either to its own interests as an agency or to the public interest.

Conversely, we believe that the obligations now imposed upon the Department of State and the Foreign Service to provide personnel or services to meet highly specialized requirements of other agencies should be reconsidered. The specialized requirements of the Maritime Administration for information on ship construction costs abroad, for example, do not seem a proper charge against the Foreign Service budget nor against the time of personnel selected and trained for foreign service. It would seem preferable in such cases to permit the Maritime Administration to meet its own requirements through the procedure described above under (2), at least at any post where the requirements involve the full-time work of one or more employees. At times a roving commission could be given such a departmental or agency specialist.

The requirements of the Departments of Agriculture, Commerce, and Labor for overseas representation and reporting are in part highly specialized and in part somewhat general. Good basic economic reporting would meet a part of the requirements of each of the three; on the other hand, each has specialized requirements that have been a source of difficulty when the attempt is made to meet them through appointments in the regular Foreign Service. The problem has recently been under consideration by the Committee on Agriculture of the House of Representatives, which has issued an interim report of its study of the Office of Foreign Agricultural Relations. The report contains correspondence between the Departments of State and Agriculture as well as the views of the Committee on Agriculture.

It appears from this report that the two departments have made considerable progress in reaching a satisfactory and workable understanding with respect to their mutual problems and requirements, and that the Committee on Agriculture has been sufficiently impressed with this progress to withhold any urgent attempt to secure legislative change. Nevertheless, there are several points of interest in relation to the problem as it appears in a larger setting.

A distinction is made by the Department of Agriculture between agricultural attachés and commodity representatives. It has been proposed that the Secretary of Agriculture be authorized to select and appoint commodity representatives and other special representatives for duty abroad, although leaving agricultural attachés in the regular Foreign Service. This proposal would seem to have some merit; nevertheless, it would seem that the Foreign Service Reserve provisions of existing legislation could appropriately be used for agricultural commodity specialists, particularly if the Department of Agriculture were prepared to transfer the funds necessary to finance their employment.

On the other hand, the Department of Agriculture apparently agrees that agricultural attachés should continue to be appointed as regular officers for lifetime careers abroad under the Department of State and should be financed as such through the budget of the Foreign Service rather than by transfer of funds from the Department of Agriculture. Considerable emphasis is given to the need for appointment of additional junior grade Foreign Service officers with agricultural backgrounds and to the problem of securing adequate opportunities for promotion for senior agricultural attachés who have difficulty in advancing to the upper Foreign Service classes under existing administrative practice unless they abandon agriculture as a specialty. It is noteworthy, however, that there is almost no emphasis upon recruitment into the Foreign Service by lateral transfer from the career service in the Department of Agriculture. There is likewise no mention of the possibility that senior agricultural attachés might appropriately leave the Foreign Service to continue their careers in the higher posts of the Department of Agriculture itself; yet it would seem that there must be a number of senior positions in that Department for which experience in agricultural representation abroad would be a useful qualification.

It would appear to us that many of the interests of the Departments of Agriculture, Commerce, and Labor can appropriately continue to be met by personnel abroad who are fully under the permanent jurisdiction of the Department of State, while other and more specialized interests can be met by the nomination of qualified individuals for temporary duty abroad under the Department of State, followed by return to their home agency. At the same time, we believe that the outcome of all of these arrangements would be far more satisfactory if there were fewer obstacles to transfers of personnel in each direction between the Foreign Service and the career departmental services. This will be considered as a problem in personnel administration in the next chapter; here it is appropriate to remark that existing legislation does not wholly prevent administrative emphasis

upon the facilitation of transfers. Vigorous emphasis in that direction could do much to improve performance abroad of services for the several departments, as well as to improve relations between the Department of State and other departments.

Civilian personnel of the military departments.—As a table presented earlier in this chapter indicates, the civilian staffs abroad of the military departments are now in excess of 50,000 employees and far exceed in numbers the civilian employees abroad of all other Government agencies. The vast majority of the civilian employees abroad of the military departments are locally employed nationals of the countries concerned, but the number of American employees is large. Some of these American civilian employees are stationed at military, naval, and air bases at widely scattered points; others are attached to military establishments concerned with military occupation activities; others are a part of military aid or other military missions cooperating with other governments; still others are on the staffs of the military, naval, and air attachés at embassies and legations.

The civilian employees in connection with military operations and occupation duties in almost all cases have no official representational function to perform for the military departments and are similar in that respect to the miscellaneous groups next discussed. There is no apparent reason why these employees should be brought under the diplomatic missions organizationally, and it would not seem even feasible to do so.

Integration into the overseas staff of the Department of State would presumably be feasible for the civilian employees of the military aid missions and attaché offices. For many purposes these civilian employees are already regarded as parts of the official family of the respective diplomatic missions, as are the military personnel whom they assist. But they are on the payroll of the Department of Defense, as are the military personnel, and it would seem pointless to transfer the civilian employees of military missions to the Department of State except as a part of some general change in the relationship of the military staffs to the diplomatic missions. On the other hand, the inequality of conditions of service for civilian employees doing like work at the same foreign posts is one of the main factors suggesting the need for changes in personnel systems, as will be seen in the next chapter.

Miscellaneous civilian staffs.—These groups include approximately 1,200 employees, nearly all Americans, of the Agricultural Research Administration of the Department of Agriculture combating the hoof-and-mouth disease in Mexico, the several hundred employees of the Bureau of Public Roads of the Department of Commerce who are engaged in the construction of highways in Latin America and elsewhere, the employees of the Veterans' Administration and the Treas-

ury Bureau of Accounts who distribute millions of dollars annually to veterans in the Philippines, and many other smaller groups of employees who are stationed abroad for purposes having little or nothing to do with representing the Government of the United States in its relations with the central governments of foreign countries.

The interagency problems arising out of the fact that these employees are stationed abroad are primarily problems of personnel administration. Those problems are in some ways acute, but it is not clear that they would be solved in any desirable way by attempting to incorporate personnel of these diverse types into a comprehensive foreign field service operating under the Secretary of State.

Moreover, aside from the arrangements with other governments involved in the stationing of such employee groups abroad, it would seem that their presence would seldom be a cause for concern to the Department of State or its representatives in the countries in question. Recognition by such groups of the chief of the diplomatic mission as the ranking representative of the United States and ultimate source within the country for policy guidance should, however, be unequivocal. Such recognition would involve knowledge of the fact that the chief of diplomatic mission already has authority to request the return to the United States of any such employee whose behavior is unsatisfactory.

Authority of the chief of diplomatic mission

In the event that representatives of several different agencies of the United States continue to be assigned to individual foreign countries, all of whom seek to deal with officials of the central governments on various aspects of public business, some degree of confusion and uncertainty is unavoidable in the absence of measures of coordination and control on a country basis. If the relations of the United States with a particular country are to be coordinated as a whole, the responsibility for taking steps to secure such coordination must be focused in particular individuals, namely, the Secretary of State at Washington and the American ambassador at the seat of government in the other country. The Secretary of State has many responsibilities and must perform his duties with respect to coordination of relations with individual countries mainly by delegation. The ambassador, on the other hand, has the duty of concentrating his attention upon relations with a particular country. After he has been at his post for a reasonable length of time, he should have a more comprehensive grasp of the relations of the United States as a whole to the particular country than any other officer of the United States. He also heads a staff which gives him assistance of an institutional sort, a staff which collectively is expected to have an intimate knowledge of all major aspects of the other country and its government. The ambassador as head of the diplomatic mission should accordingly be in the best position to assume

major responsibility for the coordination of all United States relations with the particular country.

In discussing the second issue of the present chapter, on the extent of the authority to be vested in the ambassador for supervising all United States representatives at his post, three alternatives were posed. The first would provide no direct control of the personnel of other agencies at the foreign capital, but would rely on general recognition of the position of the ambassador as the ranking representative of the United States. This appears to be the minimum that could be contemplated under any conditions. In relatively untroubled times it might be considered a sufficient safeguard, provided the responsibilities of the ambassador, as the representative of the President and ultimate source for policy guidance within the country, were thoroughly understood by the various agency representatives and provided the ambassador himself were sufficiently vigorous in seeking information on his own initiative as to what was currently transpiring in matters of concern to the United States. There can be no doubt that the ambassador is at all times entitled to inquire into the activities of any American official in the country. He is likewise at all times entitled to intervene as the representative of the President for the purpose of expressing his official views as such, and he may at any time report his recommendations to Washington for such action as may there be deemed appropriate. These are by no means insignificant powers in the hands of an individual who understands the inherent responsibilities of his office and who proposes to meet those responsibilities while he occupies the office.

Nevertheless, the mere stationing in a given country of representatives of any department or agency who are not under the formal control and supervision of the ambassador tends to weaken his general responsibility for control and supervision over the representatives of other agencies and to minimize the responsibility of the latter for currently informing him as to their activities. Some greater measure of supervisory control appears necessary. This is particularly the case with respect to activities capable of seriously prejudicing relations between the United States and other countries during a time of international tension such as the present.

If the preceding conclusions of this chapter are accepted, the present issue will be largely resolved. The authority of the ambassador is already recognized in appropriate degree so far as the military representatives attached to diplomatic missions are concerned; incorporation of representatives of other civilian departments and agencies into the overseas staffs under the Department of State on either a temporary-duty or permanent basis would automatically establish the channels of authority with respect to such representatives and their

respective relationships to the chiefs of diplomatic missions. At the same time, acceptance of the principle that agencies desiring representation abroad for their various specialized purposes should finance such representation from their own budgets would make clear the nature of the primary claim on the time of the representatives concerned and the character of their responsibilities. When utilized, integration into the diplomatic missions would amount to acceptance of the third alternative, under which the ambassador takes responsibility for the proper execution of all Washington instructions and has full administrative and substantive control for the purpose.

So far as the country missions of the Economic Cooperation Administration are concerned, our view as to the need for greater integration into the diplomatic missions has already been expressed. The Economic Cooperation Administration is no longer devoting itself primarily to the European recovery program as originally conceived, for which it could be given a separate and unified responsibility. It is instead devoting itself increasingly to activities that are only a part of the larger and more complex undertakings brought on by the defense emergency. The diplomatic missions abroad, particularly in the European countries, have a peculiarly central function to perform in the execution of present programs. Under such conditions, the previous autonomy of the country missions of the Economic Cooperation Administration is no longer justified and could be positively detrimental if left unchanged.

Control of communications

Communications flowing in both directions between a Washington agency and its representatives abroad are vital to the success of operations. Full freedom of communication without provision for informing the Department of State or the chief of the diplomatic mission in a given country of the content of communications would leave the President's principal adviser on foreign affairs, the Secretary of State, and his representative in the given country, the ambassador, ignorant of activities, proposals and plans that might seriously affect important American interests other than the execution of a given program. This clearly would seem ill-advised.

In the case of those civilian agency representatives over whose activities the chief of the diplomatic mission is given full administrative and substantive control and supervision, this would seem to give him corresponding control over communications between such representatives and the agencies in Washington, and also to give to the Secretary of State similar control over such communications. Since, however, such control could be used as a means of preventing full exchange of information and views between overseas representatives and their

Washington agencies, it would seem that full control of the content of communications should extend only to telegrams and that no effort should be made to extend such control to informal official correspondence.

In the case of civilian agency representatives over whose activities the chief of the diplomatic mission is given administrative control only, that is, in effect, the right to use the suspensory veto, he will require authority to exercise administrative control over communications in order that he may exercise administrative control over activities. Merely to furnish him with copies of communications already sent could frequently preclude the exercise of such administrative control.

It would be expected that in practice an administrative arrangement would usually be worked out so that little control would in fact be exercised over communications dealing with purely technical and operational matters. The existence of authority to control would assure the carrying out of any arrangement made.

With reference to military communications, particularly in the present emergency, a special situation exists. Full control by the ambassador is for a variety of reasons impracticable in many instances. Nevertheless, the military representatives overseas should generally be held responsible for obtaining policy guidance from the chief of the diplomatic mission; in turn they should keep him fully informed with respect to the content of military communications that might have a bearing on subjects in which he is or might be interested. Military communications dealing with purely operational matters should be handled through military channels. Borderline cases should be treated as dealing with policy matters.

In general, the essence of the entire problem of communications control appears to be that mere physical possession of the facilities should not be utilized as a means for securing or exerting a degree of administrative or substantive control not otherwise recognized and accepted as appropriate. Violations of this obvious principle are almost inevitably detrimental to friendly and cooperative agency relationships. On the other hand, there appears to be general recognition that physical possession of communication facilities may appropriately be used as a means of channeling the flow of information and thereby keeping the diplomatic missions and the Department of State continuously informed, thus facilitating their functions of review and coordination.

Conclusions

1. The necessities of military representation appear to require the assignment of military staffs abroad. The existing organizational

relationships between the military groups and the diplomatic missions at the posts abroad appear for the most part to be stable and satisfactory.

2. Country missions of the Economic Cooperation Administration should be brought into a closer relationship to the diplomatic missions than has obtained in the past, and should be under the authority of the chiefs of diplomatic missions at least to the same extent as the military aid missions. Some variation in pattern from country to country will be necessary and should be accepted; in the case of those countries with respect to which the Economic Cooperation Administration and the Department of State are able to agree, or the President so directs, there should be full consolidation under the ambassador, with transfer of administrative funds accordingly to the Department of State. The Economic Cooperation Administration should continue to be responsible for defending the estimates and authorizing expenditures in detail for personnel engaged in its work abroad, and for nominating any personnel to be appointed for duty abroad on its behalf by the Department of State.

3. Many of the interests of the Departments of Agriculture, Commerce, and Labor can appropriately be met abroad by personnel who are fully under the permanent jurisdiction of the Department of State; other and more specialized interests should be met by the nomination of qualified individuals for temporary duty abroad under the Department of State with the expectation of eventual return to the nominating agency. The existing arrangements for Treasury attachés appear to be working well, but in the interest of consistency it would seem desirable for those attachés to be nominated to the Department of State for appointment for their periods of duty abroad. In general, we believe that all agencies with specialized requirements for representation abroad should be permitted to detail their own employees for such service, but that ordinarily the process should consist of nominating the employees to the Department of State for temporary appointment during the period of duty abroad. The agencies requiring the specialized work abroad should be responsible for securing the necessary funds and for making such transfers of funds to the Department of State as are necessary to finance appropriate arrangements.

4. To the extent that there is permanent or temporary integration of other staffs into the diplomatic missions, questions as to the authority and responsibility of the ambassador for supervision and coordination will be largely resolved. Where independent staffs remain, there should be full recognition of the leadership and coordination functions of the ambassador as representative of the President.

5. The problem of communications control likewise will tend to disappear to the extent that there is permanent or temporary integration of other staffs into the diplomatic missions under the administrative authority of the ambassador. But to the extent that the autonomy of agency representatives abroad is deliberately maintained, freedom of communication between the agency and its representatives is an essential part of that autonomy and should at most be subject to substantive control in the nature of the suspensory veto.

CHAPTER VIII

PERSONNEL ADMINISTRATION FOR OVERSEAS CIVILIAN STAFFS

Statement of the Problem

Foreign affairs programs, even those operating under traditional labels, have come to represent essentially new fields of activity for the Government, requiring staffs possessed of high levels of specialization, experience, and motivation. Such staffs are always difficult to recruit. It is equally difficult to retrain and newly motivate existing staffs that have been accustomed to programs of lesser complexity and slower pace. It is especially difficult to recruit and to retain adequate staffs for service abroad in a period of full employment and manpower shortages, when alternative competing opportunities of great attractiveness are available at home to the most desirable prospective employees.

Requirements for overseas positions must almost universally be higher than for comparable jobs in the United States, because almost every staff member must be capable of sharing in the representation of his country and able to work effectively in strange environments, frequently across a language barrier and always across some cultural distance. The number of qualified people who not only meet these special standards but are also willing to undertake a tour of duty overseas is limited. The number of such qualified persons might nevertheless be fully adequate if the method of recruitment were not so unfamiliar to many citizens and so complex that many prospective employees with high qualifications are lost.

The past decade has been characterized by a great expansion of overseas staffs, first during the war period, with a sudden but limited contraction at the end of the war, followed quickly by another expansion resulting from the inauguration of new programs. The new decade begins with the prospect of continuing importance for our overseas programs; even if size of staff is foreseen as leveling off, there is in sight no decrease in urgency, complexity, or difficulty of assignments.

The exigencies of the wartime programs brought a general suspension of many restrictions in the established personnel systems. As noted in chapter II, the end of the war saw the enactment of the Foreign Service Act of 1946, which made limited concessions to some of the new patterns of foreign affairs programs but quite understand-

ably did not anticipate the full scope of responsibilities overseas which the United States would assume in the postwar world. As a result, during the past 3 years, the legislation for new programs has brought new exceptions in personnel administration (notably in the Economic Cooperation Administration and the point-4 programs), while strong criticism has been directed at the established systems, especially in the reports of the Hoover Commission.

The crucial role of personnel administration in the new foreign affairs programs is most clearly demonstrated in the establishment and the operations of the Economic Cooperation Administration. One of the important factors in the decision to conduct the foreign economic program through a new agency was the widely held judgment that such an agency, with its accompanying greater freedom in personnel policy, could more quickly and more effectively assemble the kind of staff needed for an action program of great urgency, complexity, and novelty.

The assumption that the United States will continue to maintain overseas large civilian staffs engaged in the execution of urgent, complex, and novel programs of great difficulty poses the central problem of personnel administration in foreign affairs.

The problem is to determine the kind of personnel administration that is needed for the recruitment and retention of the overseas civilian staffs essential to the foreign affairs programs.

BACKGROUND AND DEVELOPMENT OF THE PROBLEM

The transformation of prewar foreign affairs activities into postwar assignments of greater range and difficulty, and the emergence of large new programs, as noted in the preceding chapters, have meant that the personnel needs of overseas programs have greatly outrun the machinery for personnel administration which was devised for simpler conditions. This lag in the development of personnel policies suited to the greatly increased overseas staffing requirements is the product of a variety of factors: the assumption that these new demands are of an "emergency" character, and overseas activities will soon return to "normalcy"; the related conclusion that the new problems can best be met by extemporized solutions of limited scope; and the more general fact that statutory changes in personnel policies represent difficult and troublesome legislative ventures.

Patterns of overseas personnel administration

The result of the lag has been the growth of a patchwork of personnel administration for overseas staffs, a patchwork composed of

a mixture of traditional personnel policies and of extemporized temporary personnel systems developed under emergency conditions. The range of our reliance upon a composite of overseas personnel systems is most clearly revealed by a brief review of the six major variations in personnel administration now in use for overseas staffs of the United States Government.

The Foreign Service system.—This personnel system is based upon the Foreign Service Act of 1946 which replaced the Rogers Act of 1924. It is a form of personnel administration especially adapted to the traditional activities and programs of the overseas staffs of the Department of State, emphasizing the personnel policies and practices considered appropriate for a stable career service engaged in the practice of prewar diplomacy: representation, reporting, and negotiation. The Foreign Service personnel system is administered by the Department of State, and in a manner intended to preserve the values of that Department and of the service.

The act of 1946 created a complex personnel system, defined in great detail in the statute itself. The overseas staff under its jurisdiction is divided into four tightly compartmentalized categories in addition to the chiefs of mission: Foreign Service officers, Foreign Service Reserve officers, Foreign Service staff, and alien personnel. The central concern of the system is with the primacy of the officer category. The basic characteristic of the act and of its administration is its elaborate development of what amounts to five personnel systems—one for each category—and the resulting inflexibility and inconsistencies in the use of staff; transfers between categories, for example, are difficult and infrequent as a result of provisions intended to make them so.

The table below indicates the division of personnel among the five categories:

Categories of Foreign Service Personnel

	January 1939	Sept. 1, 1948	June 30, 1949	June 30, 1950
Chiefs of mission.....	51	63	64	69
Foreign Service officers.....	715	1,289	1,250	1,153
Foreign Service Reserve officers.....	715	202	211	289
Foreign Service staff officers and employees.....	(876)	4,028	4,173	4,387
Alien employees.....	2,107	6,799	5,683	16,852
Total.....	3,749	12,381	11,391	22,750

NOTE: In the chief mission category are listed career Foreign Service officers as follows: 1939—27; 1948—43; 1949—44; 1950—49. The Foreign Service staff category did not exist in 1939; the 1939 figure of 876 covers American noncareer vice-consuls, clerks, and other American employees who today would be classed in the staff category. In the 1950 listing of "alien employees" some 9,065 Germans on the staff of the United States High Commissioner for Germany are included; these employees are not paid from United States Government funds.

When confronted by the necessity to staff new programs, or to expand the staffs of established programs at new levels of specialization, the managers of the Foreign Service personnel system are under strong statutory and environmental pressures to give first attention to the reconciliation of the inharmonious interests of the permanent career group and of the proposed new program staff. In terms of personnel administration, the result is frequently caution, delay, and a minimum of positive recruitment. The staffing histories of the information and the technical assistance programs are cases in point. Important problems are also encountered in the staffing of activities carried on abroad by the Department of State for the Departments of Agriculture, Commerce, and Labor.

The civil service system.—This personnel system is based on the Pendleton Act of 1883 and the Classification Act of 1923, both acts having been substantially amended, especially by the Veterans Preference Act of 1944 and the Classification Act of 1949. These acts vest the powers of general personnel administration in the Civil Service Commission, an agency which for almost 70 years has concentrated its attention upon the personnel problems and the staff needs of agencies engaged in domestic rather than foreign affairs activities. The personnel policies and practices developed under the civil service system quite naturally reflect little consideration of the distinctive personnel requirements of foreign affairs agencies.

Several Federal agencies use the civil service system for their overseas civilian staffs, but in limited situations only. These agencies have found that the application of domestic civil service standards and methods to overseas staffs is an awkward, in fact usually an unworkable, arrangement. The civil service system, like the Foreign Service system, represents an elaborate form of personnel administration operating within detailed statutory provisions and under even more detailed rules of procedure designed to control the staffing of domestic agencies. The special personnel needs of overseas programs are not merely left out of account in such a system; their problems are increased by its rigidities.

The personnel system for ECA.—The statute establishing the Economic Cooperation Administration in 1948 contains the first major legislative recognition that the Foreign Service personnel system and the civil service personnel system are not satisfactory forms of personnel administration for the new postwar foreign affairs programs. The act establishing the Economic Cooperation Administration provided that, with respect to overseas personnel, the Administrator might appoint persons under those provisions of the Foreign Service Act of 1946 concerning the Foreign Service Reserve and staff, or that he might nominate such persons to the Secretary of State who in turn might appoint them to Foreign Service Reserve or staff positions.

Under this statutory grant of personnel autonomy, the agency has been able to develop an overseas personnel program suited to its own particular needs, being relieved of most of the limits imposed by the act of 1946. Since the Economic Cooperation Administration has itself administered its overseas personnel system, without supervision by the Department of State or the Civil Service Commission, it has been relatively free from the necessities of conforming to the rules and procedures of a permanent career service. As an agency assumed to be temporary, it has been able to give direct and unencumbered attention to staffing its programs with the specialists and other already experienced personnel needed for its particular and immediate assignments. The results have been, on the whole, satisfactory in the judgment both of the agency and of outside observers, although some criticism has been registered, mainly by members of the career foreign service. As of September 30, 1950, the Economic Cooperation Administration had 3,595 employees overseas.

The schedule A civil-service system.—Other agencies with overseas staffs, but lacking the statutory authority of the Economic Cooperation Administration to establish independent personnel systems, have resorted to the large scale use of a special civil service rule under which the agencies are permitted to administer their overseas personnel under a category which the Civil Service Commission calls “schedule A.” This rule allows the agencies to recruit and appoint their overseas staffs without regard to civil service examining and certifying procedures; this delegation of authority under schedule A remains subject to withdrawal by the commission. All other provisions of the civil service statutes are applicable to these overseas staffs, including the provisions of the classification act and the veterans preference act. Some agencies also use a minor variant, called “schedule B.”

The agencies using the schedule A system for overseas personnel administration now number almost a score; included are the civilian overseas staffs of the three military departments which amount to about two-thirds of the total civilian staffs employed overseas.

The schedule A personnel system, like the Economic Cooperation Administration and point 4 systems, is clearly a stop-gap personnel arrangement. Its main virtue is that it waives a set of rules which are impractical when applied to overseas employment. But it goes no further; it supplies no long-range program of personnel administration, and it retains restrictive features not appropriate to overseas problems. The result is that the schedule A system is a source of dissatisfaction to the agencies and to the Civil Service Commission; and it is even less satisfactory to the employees. These dissatisfactions stem largely from competitive and unstandardized methods of recruitment among the agencies, from difficulties surrounding the transfer of staff from one personnel system to another, and from uncer-

tainties concerning tenure of employees and duration of programs. Thus the schedule A system fails to provide either the needed flexibility or the desired stability of a personnel program especially developed to meet the problems of a foreign affairs staff.

The point 4 personnel system.—The agencies sharing responsibility for the technical assistance program have been compelled due to the special exigencies of their staffing problem and to the absence of a workable existing system appropriate to their needs, to develop a new design for overseas personnel administration. In essence the point 4 personnel program represents an amalgamation of the schedule A personnel system with the personnel system of the Economic Cooperation Administration: appointments to point 4 staffs by the agencies will be made under the schedule A provision; classification and compensation will be determined under the provisions of the Foreign Service Act of 1946.

This newest personnel system for overseas staffs permits each agency participating in the point 4 program to administer its own recruitment and selection of staff; it also insures that classification and pay will be determined under rules developed especially for overseas service. In these respects the system has more assets than liabilities. In other respects, however, it shares the limitations of the schedule A system; and it adds still another variant to foreign affairs personnel systems, already confusing in number.

The military personnel systems.—The growing importance of military assistance in foreign affairs programs brings into greater prominence the problems created by the existence of military personnel systems (that is, the personnel systems for the members of the uniformed military forces) alongside the several civilian personnel systems in overseas establishments. Although these military personnel systems were also initially created for the administration of uniformed forces stationed in the United States and its possessions, they have undergone systematic revision and accommodation to overseas military personnel problems.

The main significance of the military personnel systems in relation to overseas civilian personnel problems lies in the contrasting conditions of appointment, tenure, compensation, and allowances. Differences in allowances and related perquisites constitute the major items of contrast. The increase of military personnel in military assistance programs, stationed in close contact with overseas civilian personnel, adds sharply to these problems.

These additional stresses and strains in overseas personnel administration serve to underscore the need for a comprehensive revision of the overseas civilian personnel systems, not only to remove conflicts and inequities between them but also to reduce the contrasts between civilian and military personnel administration.

Recent proposals for improvement of overseas personnel administration

There are at least three important landmarks in the postwar years which serve to illustrate the main efforts to find a general solution for the problems and dilemmas of overseas personnel management. These landmarks are: (1) the Foreign Service Act of 1946; (2) the reports of the Hoover Commission on foreign affairs and on overseas administration in 1949; (3) the report of the Secretary of State's Committee on Personnel (Rowe Committee) in 1950.

The Foreign Service Act of 1946.—This act, written mainly by a group of career foreign service officers with some participation by Department of State officials, and enacted without significant amendment by the Congress, represents a conscientious effort to anticipate the necessities of postwar personnel administration in the foreign service. Its main shortcomings have proved to be (1) the understandable failure to foresee the great expansion of overseas programs in the postwar period (e. g., the economic, technical, and military assistance programs; the overseas information program), and the consequent failure to provide a personnel system sufficiently flexible to accommodate the staff needs of these programs; (2) the failure to work out an adequate and satisfactory arrangement for representation of other permanent agencies (especially Agriculture, Commerce, and Labor) within the Foreign Service; and (3) the failure to work out effective relationships between the personnel systems for Department of State employees at headquarters and for Foreign Service employees overseas.

Those deficiencies have become more pronounced during the past 3 years, especially as novel and complex programs have become more and more characteristic of our overseas responsibilities. Dissatisfaction with the act has been steadily increased by the fact that, as it has been administered, it has failed to provide a personnel system with sufficient flexibility and adaptability to meet the needs of most of the new programs. Meanwhile, even within the more limited range of the Department of State and foreign service personnel needs, the act has not succeeded in emancipating the department from the inflexibilities of an overelaborate personnel code which inhibits recruitment of specialists, transfers of personnel, and the development of satisfactory career opportunities for members of the staff outside the foreign service officer corps.

The Hoover Commission reports on foreign affairs and on overseas administration.—During the latter half of 1948 a task force of the Hoover Commission studied the organization for and the administration of United States foreign affairs, and in February 1949 the commission issued its report on foreign affairs, together with the report

of the task force. These two documents, representing the most thorough examination of foreign affairs problems for many years, gave primary attention to the organization of the Department of State and to the Department's staff at home and overseas. The conclusions of the commission on foreign affairs personnel administration acknowledged the advances made by the act of 1946 but found them inadequate for the future management of the foreign affairs staff.

The central recommendation of the Hoover Commission on foreign affairs personnel administration was that—

The personnel in the permanent State Department establishment in Washington and the personnel of the Foreign Service above certain levels should be amalgamated over a short period of years into a single foreign affairs service obligated to serve at home or overseas and constituting a safeguarded career group administered separately from the general civil service.

The Commission expressed its conviction that the division of the foreign affairs staff into two groups approximately equal in size was "a source of serious friction and increasing inefficiency. Such a division of personnel in foreign affairs has been abandoned in all but a handful of countries," the commission noted. "Among those in which it still exists, the United States is the only great power."

Amalgamation of these two staff groups into a single personnel system was seen by the Commission as a first and indispensable step toward a solution to most of the deficiencies in the act of 1946 which had been pointed out by the Commission's task force. But the Commission further declared that

the assignment of personnel within the consolidated system requires a flexible system of personnel administration so that the Secretary of State is free to draw upon not only the various talents within the service as he needs them, but also on qualified personnel from elsewhere in the executive branch and from outside the Government. This flexible system should also make it possible for members of the foreign affairs service to transfer to positions elsewhere in the executive branch. * * *

Amalgamation, in other words, was seen as a method for unifying, for simplifying and for bringing flexibility to the system of personnel administration in foreign affairs.

The main limitation of the Hoover Commission recommendation for an amalgamated foreign affairs service was its failure to take the whole problem of overseas personnel into account. At best, the Commission's recommendation represented a blueprint for the Department of State and its overseas staffs alone. Its preoccupation with the Department of State and the Foreign Service led to an indirect rather than a thorough-going program for solution of the personnel problems of such departments as Defense, Agriculture, Commerce, Labor, and other permanent agencies in their overseas representation; even less did it meet the large and complex problems of personnel administration represented in the staffing of the Economic Cooperation Ad-

ministration, of the technical assistance programs, of the occupied areas administration, and of other newly emerging overseas responsibilities.

This limitation the Hoover Commission itself indirectly acknowledged in its March 1949 Report on Overseas Administration. The Commission was not able to arrive at a definitive recommendation on the problems of overseas administration, but it did suggest two alternatives for further study. One of these, and for which the Commission expressed a preference, was the creation of "a separate Administration of Overseas Affairs, to which would be transferred all administrative responsibilities abroad, excluding, of course, the diplomatic and consular services of the State Department." In this separate and unified agency the Commission believed would be found, among other virtues, a resolution of some major remaining personnel difficulties: "It would make possible the development of a corps of career men trained for foreign administration as distinguished from training for the foreign diplomatic service."

The Rowe Committee report.—The Hoover Commission recommendations on foreign affairs personnel administration produced some immediate results. The legislation of 1949 providing for general reorganization of the Department made the Director General of the Foreign Service a staff advisor to the Secretary of State, thus giving the latter formal and direct authority over the administration of the Foreign Service. The secretary subsequently placed the two personnel offices of the Department under a single director; considerable personnel authority was delegated to the new regional bureaus; and a program to increase the number of personnel interchanges between headquarters and overseas staffs was initiated. But the amalgamation proposal was not acted upon. Instead, in January 1950, the Secretary of State appointed a committee on personnel with an assignment to consider and to report upon the amalgamation proposal, together with any other recommendations the committee found desirable. The chairman of this committee was James H. Rowe, Jr., who had been a member of the Hoover Commission; the other two members were Robert Ramspeck, former member of the House of Representatives and Chairman of its Civil Service Committee, and Ambassador William E. DeCourcy, a career Foreign Service officer. The Rowe Committee filed its report with the secretary on July 30, 1950.

In essence the Rowe committee reaffirmed the Hoover Commission recommendation for an amalgamated foreign affairs service, spelling out in considerable detail the personnel policies under which the amalgamated staff should be administered. The Committee interpreted its assignment as being limited to consideration of the personnel problems of the Department of State and the Foreign Service. Consequently, its report shares the limitation of the Hoover Commission

report; it does not attempt to develop a comprehensive solution for all overseas personnel administration.

The Rowe Committee made 20 specific personnel recommendations to the Secretary of State. The first and most important reads: "There should be a single but flexible personnel system for the Department of State and the Foreign Service instead of the separate systems that exist at present." The Committee then went on to specify how the single but flexible Foreign Affairs Service should be established: It should be outside the present civil service system; it should be based upon a new statute; it should be flexible enough to permit adequate lateral entry of specialists and administrators into the middle and higher grades; transferability of employees should be facilitated by single-salary, retirement, and leave systems.

After almost 9 months of consideration within the Department of State, the Secretary released the Rowe report to the public on April 16, 1951, together with a departmental directive which outlined the several steps which the Department would undertake "in line with the committee's recommendations" and which, the Secretary stated, "will lay the groundwork for undertaking possible further integration of the two services at some time in the future." These steps, as outlined in the directive, include greater emphasis upon (1) the interchange of personnel between the Foreign Service and the departmental service, (2) the lateral recruitment of specialists into the Foreign Service Officer corps, (3) the wider use of the Foreign Service Reserve, and (4) a program of improved personnel administration.

The basic recommendation of the Hoover Commission and the Rowe Committee, the creation of an integrated foreign affairs service, has thus (for the time being at least) been rejected by the Department. The program accepted by the Department represents a limited and partial series of steps toward the possible future integration of the two services, but the context within which these steps are to be taken (namely, emphasis upon the Foreign Service personnel system, especially its officer corps) creates the equally strong possibility that the two services will become more rigidly separated rather than integrated. If this should develop, the Department will not merely have rejected the goal of integration; it will have moved sharply in the opposite direction.

MAIN ISSUES AND ALTERNATIVES

During the postwar period the problems of personnel administration in foreign affairs have grown in urgency and complexity. Of the three major efforts to find a solution—the Foreign Service Act of 1946, the Hoover Commission Reports of 1949, and the Rowe Committee Report of 1950—only one has resulted in basic action; and none has represented a search for a comprehensive system which would

provide a program of personnel administration for all overseas civilian personnel. There is on all sides an impressive unanimity of judgment that the present medley of personnel systems constitutes an important drag on the effective conduct of foreign affairs programs. But so far there is no accepted comprehensive administrative doctrine, in the executive branch or elsewhere, upon which a unified personnel administration in foreign affairs programs can be built.

The major personnel difficulties which characterize the present situation are at least four in number. The first of these is the failure of existing personnel systems (despite the limited success of one or two of them) to facilitate the speedy recruitment and the retention of the highly specialized and motivated staffs needed for the new overseas programs, especially the staffs needed for information programs, for economic assistance, for technical assistance, for occupied-areas administration, and for other new types of activities. It is in fact not possible for the two basic personnel systems—the foreign service and the civil service—to respond completely to the special personnel requirements of programs that must develop new methods and secure results quickly. Each of these traditional personnel systems is designed primarily for the recruitment and retention of stable career staffs charged with the conduct of established and slowly developing activities. The restrictive terms of the governing statutes of these personnel systems, as well as the procedures, the convictions, and the deep-seated habits of the personnel specialists who administer them, make it extremely unlikely that either of them can in any brief period accommodate their methods to these new requirements.

No less costly in its impact upon the administration of overseas affairs is the second major difficulty, the failure to develop a flexible system for the transfer of personnel within the foreign affairs programs. The scarcity of personnel available and qualified to perform the newer types of foreign affairs work places a high premium upon the mobility of staff. Transfers from one segment of a program to another, or between programs, or between assignments at home and assignments overseas, are made difficult (indeed, they are not infrequently made impossible) by the complexities of personnel processes, by the differences between personnel systems, by the failure to develop machinery for facilitating such transfers, and by the penalties to which personnel who transfer are often subjected, financially and by way of loss of rights. These barriers are a natural product of separate personnel systems, especially because these systems were developed with a strong emphasis upon the safeguarding of career groups and the providing of incentives for remaining within the group.

The recruitment, development, and retention of executive personnel is one of the crucial problems of foreign affairs administration. The absence of any special recognition of this fact in any of the personnel

systems is the third of the difficulties referred to above. Personnel administration as practiced in other environments is often characterized by deficiencies of emphasis upon executive recruitment and selection, in part because of the fact that in most stable organizations the higher posts tend to be filled by processes of natural selection and promotion from within. In the new foreign affairs programs, however, this common defect in personnel administration is made more serious by the necessity for extensive recruiting at the executive level and the greater scarcity of available personnel at that level with the appropriate skills, experience, and adaptability. Even in the regular diplomatic missions the executive responsibilities have been so widened in recent years that not merely for chiefs of mission but also for all the key mission posts the need for personnel with broad administrative experience as well as training in foreign affairs has multiplied. In the special missions, where the novelty and complexity of problems are especially pronounced because of the newness of the programs, executive requirements are proportionately more difficult to provide. The importance of executive personnel in foreign affairs administration is also increased by the fact that, as the Economic Cooperation Administration program of executive recruitment has shown, the caliber of the whole staff to be recruited is affected positively by the selection of high quality executives.

The three difficulties enumerated above—the failure to provide adequately for recruitment and retention of specialized personnel, the failure to provide for easy interchangeability of staff, the failure to give effective attention to executive personnel—are compounded by the fourth difficulty, the existence of the several different personnel systems for the administration of foreign affairs staffs. These several systems, operating without the stabilizing influence of an accepted basic concept of what the systems should provide and of how they should be related to each other, have produced a wasteful, unnecessarily competitive, and morale-damaging personnel environment in the foreign affairs programs. This condition is the result of differences in the appointment process, in the tenure of employment offered, in the opportunities for advancement and transfer, in compensation, in allowances and leave systems. All these variations serve to make the personnel processes the object of staff resentment and misunderstanding. They serve also to divert the managers and the staffs of the programs away from effective attention to their substantive assignments, by involving them in efforts to reduce the delays and other barriers in the personnel processes. Time which needs to be expended upon the productive work of the overseas programs is thus unavoidably spent upon efforts to overcome the red tape of personnel processes, a red tape which is itself the product of personnel systems

awkwardly adapted to overseas programs and competitive or inconsistent with each other.

The problem accordingly as stated previously is to determine the kind of personnel administration that is needed for the recruitment and retention of the overseas civilian staffs essential to the foreign affairs programs.

The issue most prominent in public discussion of foreign affairs personnel administration in recent years has been the recommendation of the Hoover Commission, subsequently reaffirmed by the Rowe Committee, that a single foreign affairs service be created, in which the departmental staff of the Department of State and the Foreign Service would be consolidated. Because it is the most familiar and in a sense the most basic issue, it is discussed first, but in a general form which recognizes the pertinence of the issue to the other agencies with foreign affairs staffs as well as to the Department of State.

The proposal for a single foreign affairs personnel system, whether accepted, modified or rejected, raises other closely related questions. One of them is whether, in the further development of personnel administration for overseas staffs, primary emphasis should be given to the concepts of career staffing or to the premises of program staffing.

The determination of official doctrine upon the questions of single versus multiple personnel systems and of career staffing versus program staffing involves still another issue, whether a new center of general administrative responsibility for foreign affairs personnel policies should be established within the executive branch.

The issue of the center of administrative responsibility, in its turn, poses two closely connected issues of delegations. The first issue is that of what degree and what kinds of delegations of authority for personnel management should be made by the central personnel agency to the program agencies. The second and closely related issue is what pattern of decentralization of personnel authority should be established within each agency, especially as this pattern affects the discretion of chiefs of mission in overseas agencies.

These five issues do not include all of the problems to be found in the personnel administration of the foreign affairs programs. But they do call attention to the problems that are most distinctive for overseas staffs; and these are the issues upon which decisions must be reached before the many remaining problems can become the subject of analysis and recommendation.

Issue 1: Creation of a New Foreign Affairs Service

Should certain home and overseas staffs of foreign affairs agencies be brought under a single personnel system separate from that of the general civil service?

To the extent to which the personnel problems in foreign affairs are related to the inconsistencies, the frictions, and the complexities produced by a multiplicity of personnel systems, this is the key issue in foreign affairs personnel administration. And to the extent to which the personnel problems are the result of domestic personnel policies and practices transplanted awkwardly to overseas situations, this is the most relevant issue. It is further the issue which has been longest under debate, having been suggested in 1923 by former Secretary of State Lansing; it was considered during the drafting of the Foreign Service Act of 1946 and subsequently made a major item of discussion by the Hoover Commission and the Rowe Committee reports. The issue involves consideration of fundamental changes in the structure of federal personnel administration. In this consideration, three alternative courses of action are presented: (1) to decide against the creation of a new foreign affairs personnel system; (2) to establish a new foreign affairs personnel system under which would be consolidated the staffs of the Department of State and the Foreign Service, but not including the staffs of other overseas agencies; and (3) to establish a new foreign affairs personnel system to include all civilian foreign affairs staffs of American nationality at home and abroad.

The choice between these alternatives is a difficult and complex decision. A major part of the difficulty centers around the dilemma as to whether the improvement of personnel administration is a basic Government-wide problem to be tackled as a whole by simultaneous reform of the civil service and the foreign service or whether the problem can best be approached by separating out the foreign affairs personnel problems for immediate and special action because of the urgency and the distinctive characteristic of overseas personnel difficulties. Even if this question is resolved by the decision to improve foreign affairs personnel policies first and separately, the choices remaining are not without complexity.

Alternative 1, to decide against the creation of a new foreign affairs personnel system, is to give great weight to the argument that the present situation should be tolerated until the personnel problems of the Federal Government can be resolved by moving toward the creation of a unified single personnel system for all civilian employees of the executive branch. The creation of a separate personnel system for the staffs engaged in foreign affairs at home and overseas would delay this movement, it is argued.

This proposal also takes into account the possibility that, if it is desired to reduce the number of personnel systems and the inconsistencies which they represent, then the most productive first step may be to reduce the personnel systems to one system embracing all

civilian employees working in the United States and another system including all employees overseas.

Against these arguments, those who favor the creation of a new foreign affairs personnel system maintain that the personnel problems of foreign affairs programs are not only unique, but that the mobility of staff between headquarters and overseas assignments in foreign affairs agencies is more important than staff mobility between the home offices of all Federal agencies. They argue further that it is impractical to attempt, in one full sweep, the creation of a single Federal personnel system. It is much more likely, they say, that progress will come by separate consideration of the personnel policies for domestic agencies and the personnel policies of foreign affairs agencies. This is true, they continue, even if the ultimate objective (as expressed, for example, by the Hoover Commission) is the merger of all civilian personnel into a single system.

Alternative 2, to accept the Hoover Commission and the Rowe Committee recommendations for a new foreign affairs personnel system limited to the consolidation of Department of State and Foreign Service personnel, has the possible merit, assuming that the need for treating foreign affairs agencies separately is conceded, of confining the initial experiment to one agency.

The Department of State and the Foreign Service, the proponents of this alternative argue, constitute the most appropriate initial group for a significant trial of the assets and liabilities of a separate foreign affairs personnel system. They point, too, to the fact that the Rowe Committee found, through a carefully administered questionnaire distributed to a representative sample of departmental and overseas personnel, a majority of the employees to be in favor of a consolidated service. It is in this agency also, the proponents maintain, that the greatest need for a separate unified personnel system exists; the present division of the staff into two very different personnel systems, they assert, is the source of staff friction, the cause of staff inflexibility in assignments, and deprives the Secretary of State of the effective use of a staff which needs to be equally familiar with foreign affairs problems at home and in the field.

The arguments against this proposal are clearly those arguments presented in favor of alternative 1.

Alternative 3, to establish a new foreign affairs personnel system which would include all foreign affairs staffs, is the logical extension of alternative 2.

It is supported by the argument that the newer programs in foreign affairs (the economic assistance staffs in the Economic Cooperation Administration, the technical assistance staffs being developed under the direction of several agencies, the overseas civilian staffs of the military departments, and the new or enlarged overseas staffs of other

agencies) are in equal, perhaps even greater, need of a personnel system adapted to their special requirements. A new and flexible personnel program, adopting some of the advantages of the Economic Cooperation Administration personnel system in more permanent form, it is claimed, would measurably improve the staffing and staff utilization of these newer foreign affairs programs. The extension of the new foreign affairs system to include all overseas civilian staffs of American nationality and all of the staffs predominantly engaged in foreign affairs in the home service of the agencies concerned with foreign affairs, would, it is argued, encounter fewer difficulties than would be involved in continuing the present makeshift arrangements. The great need, the proponents assert, is for a comprehensive and unified personnel system for foreign affairs staffs, in which the transferability of staff is maximized and under which staffs may be speedily recruited at the required levels of specialization.

The considerations against this alternative are embodied in the arguments for alternatives 1 and 2; they center primarily in the preferences for a single, all-inclusive civilian personnel system or for a limited experiment in the creation of a new foreign affairs system.

The choice among these three courses of action will be somewhat influenced by expectations concerning the development of the civil service personnel system toward a more adequate program of personnel administration. It will be affected also by the increase or decrease in the personnel difficulties currently being encountered in the foreign affairs programs; these difficulties vary with the size of staffs involved, the novelty and complexity of the work undertaken, the rate of expansion or contraction in staffs, and the attractiveness of alternative opportunities for employment within or outside the Government service.

Issue 2: Career and program staffing

In the further development of personnel administration for foreign affairs staffs, what principle of staffing should be given primary emphasis?

A decision to accept or reject a new foreign affairs personnel system would not in itself resolve the question of which among several choices will determine the emphasis to be followed in the development of the basic personnel policies for foreign affairs staffs. There are three main alternatives for consideration: (1) To give primary emphasis to career staffing; (2) to give primary emphasis to program staffing; and (3) to develop a personnel program in which emphasis can be given to career or program staffing as circumstances require.

The ideal of a career service has been one of the basic values of personnel administration under the merit system. The main elements of a

personnel system designed for a career service are: recruitment of young men and women at the beginning of their careers for long tenure; orderly and usually slow advancement to higher rank on the basis of seniority and merit; minimum entry of new recruits at the intermediate and higher levels of the service; a compensation and retirement plan based upon expectations of long and secure tenure; and the systematic indoctrination of the members, especially the new members, in the traditions, the values and the working methods and standards of the career group.

The concept of program staffing is a commonsense adaptation to the necessities of new, expanding, or rapidly changing programs. The main elements of a personnel system designed for program staffing are: active and extensive recruitment for personnel to be appointed at all levels of rank within the organization; recruitment of persons already equipped by training and experience to assume responsibilities at a high level; recruitment of persons interested in particular programs rather than in public service careers; a compensation and retirement plan adapted to temporary employment; advancement to higher ranks based upon capacity to assume and meet responsibilities with little or no emphasis upon seniority; reliance upon motivation based on attachment to program objectives rather than upon career aspirations.

An important factor in the choice between the three alternative emphases is the great weight of precedent and official doctrine in favor of career staffing. The civil service reform movement, out of which the premises of federal personnel administration developed in the nineteenth century, placed great stress upon the career concept. As a consequence it is deeply imbedded in the personnel statutes and in the policies and practices of personnel agencies. To this must also be added the strong attachment which existing career staffs have to the personnel arrangements under which they were recruited and upon which they have built their career expectations. As a consequence of these factors, the concept of program staffing has not been widely articulated. Although it has been extensively used, as in the staffing of the emergency agencies of the 1930's, in the war agencies of the early 1940's, and in the recent postwar and mobilization agencies, the concept has never been given the status of official doctrine. Instead, its use has been regarded as an exception to meet an emergency; the preferred policy, to which early return was urged, has usually been that of career staffing. Despite this doctrine, however, the practice of program staffing has been widespread in the executive branch for 20 years; its use has perhaps been least pronounced in the foreign service under the acts of 1924 and 1946.

Alternative 1, to give primary emphasis to career staffing, is defended by its proponents on the grounds that this concept is in-

dispensable to the recruitment of a high quality foreign affairs staff that will be prepared to assume all of the responsibilities of the service, including assignments to bad posts as well as good and the loyal carrying out of orders to which the individual himself may even be opposed.

Its advantages, it is argued, are the important assets of protection against the patronage system, the high standards of a professional service, the values of continuity and conservation of experience and skills within the foreign affairs staffs, the preservation of staff morale and *esprit de corps*, and the development of higher prestige for the public service.

The critics of this alternative assert that primary emphasis upon career staffing is not necessarily, nor even desirably in many instances, equated with the maintenance of the merit system; merit standards, they assert, actually demand program staffing in a large number of agencies, and most often in foreign affairs activities under present conditions. They stress the tendency of career services to evaluate their own performance by criteria peculiar to themselves, to resist innovation in policy or working methods, and to become protective of their members even when they are privately acknowledged to be inadequate.

But the most important objection to the career emphasis, the critics conclude, is its impracticality and its inadequacies as a personnel policy when new programs are established, when established programs are being greatly and rapidly expanded or when basic changes in policies or in methods are required. New programs, expanding programs, or changing programs require personnel with levels of specialization in knowledge, skills, and experience not found in sufficient numbers in career groups. Nor, they add, do members of career groups except rarely possess the program motivation, the innovating and risk-taking attitudes, needed to get such programs rapidly and affirmatively under way.

Alternative 2, to give primary emphasis to program staffing, underscores the felt necessities of the managers of the new programs and the changing programs.

The main advantages of program staffing, in this context, are that the personnel system is shaped to facilitate the accomplishment of the immediate program objectives, the processes of recruitment and appointment are simplified and speeded up, the barriers to recruitment of program specialists are removed, and the agencies are able to acquire staffs whose motivations are directed toward program results. The proponents of this alternative point to the Economic Cooperation Administration and point 4 personnel programs as examples of the necessity for emphasis upon program staffing; they argue, further, that the underlying features of these temporary and improvised

personnel systems need to be raised to the status of recognized personnel systems within the official administrative doctrine concerning personnel administration.

The arguments against alternative 2 are essentially those presented in favor of alternative 1. In addition, it is contended that program staffing tends to have adverse effects upon established career groups whose recruitment, appointment, advancement, and compensation are more tightly controlled.

Alternative 3, to seek to combine in a flexible personnel system the virtues of both career staffing and program staffing, is proposed upon the grounds that the choice between the career concept and the program concept is actually a choice of emphasis and that, considering both the strong tradition in official doctrine for a career service and the practical necessities for program staffing, some balanced emphasis between the two is the only viable solution.

The need, it is argued, is for a personnel system which is sufficiently flexible to meet the prevailing needs of the foreign affairs agencies at a particular time, stressing the needs of new or changing programs in one period and the values of a career service in another. It is important, they continue, to have this balanced emphasis made an official basis of personnel policy; if it is not, the career groups will continue to have unrealistic expectations of limited competition, and personnel procedures will continue to lack adaptability to the staffing needs of programs.

The arguments against this alternative are clearly those advanced in favor of each of the two competing alternatives.

Issue 3: Center of administrative responsibility

In the further development of personnel administration for foreign affairs staffs, should a new center of administrative responsibility for personnel policy in foreign affairs programs be established within the executive branch?

The continued growth of overseas civilian staffs and the establishment of new foreign affairs agencies, together with the expansion of established agencies into new program operations, brings into prominence the need for a reconsideration of the administrative arrangements through which personnel policies for foreign affairs staffs are now determined. These present arrangements represent a combination of traditional centers of responsibility, only partially modified to meet new conditions, and additional temporary arrangements for the new agencies and new programs.

The resolution of this issue involves the appraisal of at least five main alternative courses of action: (1) to continue the present arrangements; (2) to locate central authority and responsibility in the Civil Service Commission; (3) to locate central authority and respon-

sibility in the Department of State; (4) to locate central authority and responsibility in the Executive Office of the President; and (5) to locate central authority and responsibility within the Executive Office of the President in an office of personnel management having responsibilities with respect to all civilian personnel systems.

The choice among these alternatives requires a careful weighing of the assets and the liabilities of each course of action against the merits and the defects of the others. These are somewhat closely balanced considerations. The decision will also be affected importantly by the course of action determined upon with respect to the two issues discussed above—the issue of a new foreign affairs system and the issue of career staffing versus program staffing.

Alternative 1, to continue present administrative arrangements, would accept the present division of authority and responsibility for personnel administration of foreign affairs staffs.

Under this alternative, the Civil Service Commission would continue to determine and supervise personnel policies and practices affecting the home staffs of foreign affairs agencies and to deal with the personnel problems of overseas staffs by the process of passing upon proposed exceptions to normal procedure. The Department of State would continue to manage the foreign service personnel system, the Economic Cooperation Administration would continue its separate personnel system, the military departments and other agencies would continue to administer personnel systems for their overseas staffs mainly under the schedule A program, and an interdepartmental committee (with the State Department providing the chairman) would continue to supervise the point 4 personnel program.

The primary justification for continuing these existing arrangements are the claims that further experience is needed with the new and special problems of foreign affairs personnel, and that more time is needed before concluding that the large new overseas programs of recent years represent something more than a temporary pattern of activities. Only then, it is argued, will it be possible to make an intelligent choice among the other competing courses of action. Meanwhile, the argument continues, experience will be gained in observing in operation a variety of personnel policies and practices while avoiding the unknown hazards of commitment to a permanent arrangement.

Against these considerations, it is argued, the evidence is clear that the United States will for a long period be engaged in large-scale foreign programs, even though the content and the administrative pattern may change often and significantly. It follows, then, that the basic improvement of foreign affairs personnel arrangements ought not be postponed, especially since the defects of the present systems and the serious conflicts between systems have not only been sharply

demonstrated over a 5-year period but constitute a major obstacle to the efficient conduct of foreign affairs programs.

Alternative 2, to locate central authority and responsibility in the Civil Service Commission, is asserted to have the advantage of investing basic authority and responsibility for the improvement of foreign affairs personnel administration in the agency which for many years has had the most general assignment and the broadest experience in personnel administration.

This course of action also, it is claimed, comes nearest to meeting the needs for improvement of federal personnel administration through a unified approach toward the ultimate objective of a single and flexible Federal personnel system. The Civil Service Commission, it is also pointed out, is a central personnel agency, and thus presumably capable of developing and supervising a personnel program with impartiality and objectivity toward the competing jurisdictional claims and aspirations of the several agencies with foreign affairs responsibilities. To these advantages, it is argued further, can be added the presumption that a personnel system developed and supervised by the Civil Service Commission would maximize the transferability of staff between the various foreign affairs agencies, and between staffs at home and overseas. Finally, it is emphasized, the Civil Service Commission now recognizes its large responsibilities in the foreign affairs personnel field and under its new leadership is prepared to act constructively and promptly in this field of personnel administration.

But, it is argued in rebuttal, this alternative has important liabilities. The Civil Service Commission, despite its broad assignment and experience, has so far exercised minimum responsibilities in the field of foreign affairs personnel administration. Its preoccupations, the critics assert, have been almost exclusively with the staffing of domestic agencies; and its staff is trained for and habituated to the administration of personnel policies and methods in the domestic administrative environment. There is the great risk, therefore, it is contended, that the Commission would fail to give separate and major attention to the special problems of foreign personnel administration but would instead impose upon the foreign affairs agencies a personnel system copied from the patterns of domestic personnel administration. The Hoover Commission and the Rowe Committee each concluded, after considering this alternative in a related context, that the improvement of the civil service and the foreign service (to quote the language of the Hoover Commission) "should for the present proceed on separate bases but that the top officials in both systems should keep in close touch with each other so that the guiding principles in both readjustments are not at variance."

Alternative 3, to locate central authority and responsibility in the Department of State, has the claimed advantages that it would place the authority and responsibility for improvement in the agency which has had the greatest amount of experience in foreign service personnel administration, and in the agency which has the primary continuing responsibility for the conduct of foreign affairs.

The Department of State, it is asserted, has a personnel staff which has long administered a personnel system adapted to the special conditions and problems of foreign affairs personnel administration. This staff, it is argued, has had, especially under the Foreign Service Act of 1946 and throughout the postwar period, significant experience with the adjustment of a prewar personnel system to the requirements of new programs and to some of the needs of other agencies. In one important field, the administration of standardized overseas allowances and differentials in compensation at overseas posts, it is claimed that the Department of State personnel staff has recently acquired broadening experience in the Government-wide supervision of personnel policies.

The major arguments against this alternative are that the Department of State has strong jurisdictional interests in its own programs, and that the Department of State personnel staff could not escape the necessity (or, equally damaging, the suspicion) of serving the Department's jurisdictional aims through the administration of a personnel system to which other agencies were required to conform. It is pointed out that the Department of State has long been committed to the maintenance of a particular personnel system—the Foreign Service, with its strong emphasis upon a closed career service—and that this commitment would compel the imposition upon all other agencies of the rigid personnel controls characteristic of such a special career service. The results, it is contended, would not only hamper the foreign affairs work of other agencies but would ultimately be damaging to the prestige of the Department of State, to the Foreign Service personnel system, and to Federal personnel administration generally.

Alternative 4, to locate central authority and responsibility in the Executive Office of the President, would place at the Presidential level, at least for a temporary period, the main responsibility for developing an improved, more flexible, and more uniform personnel system for the staffs engaged in foreign affairs.

The responsibilities thus centralized would consist of the development, drafting, and issuance of foreign affairs personnel regulations (including appropriate Executive orders), the audit of agency performance in personnel administration, the provision of energetic leadership in the improvement of foreign affairs personnel administra-

tion, and particularly leadership in the development of the necessary proposals for new legislation.

The organizational arrangements for the exercise of these responsibilities within the Executive Office of the President, as seen by the proponents of this alternative, would take the form initially of an administrative assistant to the President, serving as head of a high-quality but small and temporary supporting staff.

The head of this special staff would presumably rely upon the Bureau of the Budget to provide general assistance in the preparation of Executive orders and accompanying regulations and in salary, allowances, and leave system administration. The Bureau would also be in possession of useful information for auditing agency personnel performance; and other staff groups within the Executive Office would have valuable resources for him.

The major advantage claimed for this alternative is that the unresolved and seemingly insoluble problems of foreign personnel administration under present arrangements would be raised to the level in the executive branch at which there would be the greatest prospects of speedy and fundamental solution. The creation of a special unit with clear responsibility to work out a Government-wide program for foreign personnel administration and the location of this unit above the level of jurisdictional conflicts between agencies are considered indispensable to any general solution, especially in the early stages of such a personnel program. It is argued that the direct authority of the President, his special responsibilities for the conduct of foreign relations, and the close relationship of personnel policies to the other instruments of central coordination in the Executive Office would constitute important additional assets for this alternative.

The main argument against this alternative is that it adds another special function to the Executive Office of the President. It is argued also that, on the one hand, this alternative does not resolve the problems associated with maintaining two separate civilian personnel systems—the civil service and the foreign service; and that, on the other hand, it detracts from the concept that the Department of State should control the basic administrative arrangements for the conduct of foreign affairs.

Alternative 5, to locate central authority and responsibility within the Executive Office of the President in an Office of Personnel Management having responsibilities with respect to all civilian personnel systems, is a logical extension of alternative 4. Its proponents claim that it has all the advantages of alternative 4 and that, in addition, it meets successfully the basic criticism against that alternative. Such an office, it is argued, would represent a valid and important addition to the staff resources of the President's Office, an addition

of a kind urged in 1937 by the Brownlow Committee and in 1949 by the Hoover Commission. Its establishment, it is maintained, would provide the leadership, the authority, and the facilities for moving toward a unified but flexible personnel system for all civilian staffs of the executive branch. Nor would the establishment of such an office, it is asserted, detract from the special position of the Department of State in the conduct of foreign affairs.

The present proposal contemplates a new unit in the Executive Office which would build upon the existing Liaison Office for Personnel Management, with a substantial expansion of its functions as an advisory agency to the President and as a coordinating center for policy respecting all phases of civilian personnel administration throughout the executive branch. The organization envisaged would be small, certainly with fewer than a hundred staff members, and would be concerned primarily with the development of basic legislation and the preparation of Executive orders and general regulations in the field of personnel administration, as well as providing leadership and direction to the steady improvement of personnel administration throughout the executive branch. Such an office, it is claimed, could give whatever priority attention is needed to the special and immediate problems of foreign affairs personnel administration. Thus, if necessary, it is asserted, all the advantages of alternative 4 could be realized within the framework of an organizational arrangement capable of moving without ambiguity or interruption toward a fully integrated Federal personnel system.

The organizational arrangements for such an office might follow, to some extent, the recommendation of the Hoover Commission that the chairman of the Civil Service Commission

should serve in the President's Office in a coordinate capacity with such officials as the Director of the Office of the Budget. He should be the President's principal staff adviser on all matters dealing with the career civilian service * * *

If this step were added to the proposal, the chairman of the Civil Service Commission would serve also as the director of the new Office of Personnel Management. The proposal contemplated here, however, is somewhat different from that of the Hoover Commission. It does not attempt to deal with the internal reorganization of the Civil Service Commission's establishment or with the proposed transfer of that establishment to the Executive Office of the President. The assumption is that these are separate questions and are unlikely soon to be dealt with in such sweeping fashion as was suggested by the Hoover Commission; in any event they are beyond the scope of the present report.

The major arguments against this proposal are that it may attempt too much in one step, that the special problems of foreign affairs staffs would be submerged, and that its acceptance by the Congress would

be doubtful in view of the disposition so far made of the related but more far-reaching recommendations of the Brownlow Committee and the Hoover Commission.

Issue 4: Delegation to the agencies

In the further development of foreign affairs personnel administration, should there be emphasis upon delegation of responsibility for personnel management to the several agencies?

The decisions concerning the creation of a foreign affairs system, the choice of emphasis between career staffing and program staffing, and the decision as to a new center of administrative responsibility for foreign affairs personnel in the executive branch are closely inter-related with the issue of the amount of delegation to be made in personnel authority to the operating agencies from wherever responsibility for personnel policy is centered.

Two alternatives will be discussed, one providing for a minimum delegation to the agencies, and the other providing for maximum delegation as the ultimate objective and for rapid action toward that goal.

The choice between these emphases of policy involves consideration, within the context of foreign personnel administration, of the complex issues of centralization and decentralization in administration. It will be affected also by the preferences decided upon in resolving the earlier issues discussed in this chapter.

Alternative 1, to decide upon centralization of personnel administration in the foreign affairs field, has the advantages, it is claimed, of securing greater standardization and uniformity in the application of personnel policies, of securing closer control by centrally located executives over the staffing of the programs, and of greater protection against patronage, favoritism, or lowering of standards in other ways.

Centralization also serves, it is argued, to minimize the problems of competitive and duplicating recruitment practices among agencies, to reduce the problems arising out of differences in compensation or advancement, and to eliminate or decrease the barriers to transferability of staff. Finally, it is maintained, centralization is an important aspect of personnel administration in protecting the career staffing concept; especially is this true in foreign affairs staffs for whom careers must be developed in diverse geographical, even global, assignments and transfers.

The arguments against this alternative are mainly the arguments in favor of the second alternative. In addition, it is asserted that the failure to delegate personnel authority to the agencies results in excessively rigid controls over the managers of programs, subordinates programs to the red-tape of personnel administration that is unrealistic because it is far away and not responsible for program

results, produces delays in staffing and prevents full and speedy utilization of a mobile staff by the agencies. It is also argued that centralization of personnel authority necessarily inhibits the use of the program staffing concept even when program staffing is clearly unavoidable.

Alternative 2, to decide upon decentralization of personnel authority to the agencies, is claimed by its proponents to be supported by the forceful observations of the Hoover Commission report on personnel administration on this issue.

Such delegation of personnel authority to the agencies, it is contended, will assure flexibility and speed in staffing, will permit adaptability to the special needs of new, expanding, or changing programs, and will allow maximum discretion to the executives who are responsible for program results. Only if delegation is substantial, it is asserted, will it be possible to use effectively the concept of program staffing. While the central agency must provide the general and basic policies for Government-wide foreign personnel administration, it is maintained, delegations of authority to apply these policies must be made to the agencies if crippling delays and restrictions upon the management of overseas programs are to be avoided.

The arguments against this alternative are clearly the arguments in favor of alternative one.

Issue 5: Delegation to managers

In the further development of personnel administration for foreign affairs staffs, should there be emphasis on delegation of personnel authority within agencies, especially delegation to overseas chiefs of mission?

This issue and its resolution is in part dependent upon the decision reached concerning the issue of delegation from the central personnel agency to the program agencies. But, whatever decision is reached on that issue, the question of what emphasis to give to the principle of decentralized personnel administration within agencies remains to be considered. The issue acquires its importance from the fact that centralized personnel administration has had and still enjoys strong traditional support in foreign affairs administration, while the need for decentralization has been increasingly asserted by the program managers and chiefs of missions in both the traditional and the newer foreign affairs activities.

The two alternatives considered are (1) to continue to emphasize centralized personnel administration within agencies, and (2) to adopt the policy of decentralized personnel administration and to move rapidly toward delegation of significant personnel powers to the program managers at home and abroad.

The choice between these two alternatives is not primarily a decision in technical personnel administration. Instead, it is a choice closely related to the general pattern of administration preferred by particular agencies; that is, in an agency which has centralized policy and program controls there will be an associated tendency to prefer centralized personnel administration, and in an agency which emphasizes decentralization of program execution there will be a greater tendency toward larger delegations of personnel authority. In foreign affairs agencies, too, there is a further consideration: the unusual, even unique, geographical dispersion of overseas activities gives a special turn to the problem of centralization versus decentralization.

Alternative 1, to maintain emphasis on centralization of personnel controls, is said by its supporters to guard against the hazards produced by the wide geographical scattering of foreign affairs staffs in relatively small groups around a large part of the world. This fact, it is asserted, makes central personnel control a practical necessity; the geographically isolated chiefs of mission cannot, it is argued, develop the necessary personnel skills nor possess the required knowledge to make personnel decisions which affect, at least cumulatively, a large part of the whole agency. The small size of most of the missions is pertinent in this connection, while missions both large and small are by definition absent from the area in which American staffs presumably should be recruited, namely the United States. The fact that the staff is so widely dispersed, it is claimed, makes central personnel decisions desirable in foreign affairs agencies even though the values of decentralization are conceded in other situations.

The arguments against this alternative are those in favor of the second alternative.

Alternative 2, to emphasize the values of decentralized personnel administration, is advanced by those who seek to avoid the delays and the uncertainties which surround the referral of all personnel decisions to a remote and overburdened headquarters personnel office.

The limitations of the chiefs of mission as personnel experts, it is declared, are more than offset by the lack of local knowledge at headquarters. Centralization, it is contended, subordinates the immediate and urgent program needs to the requirements of personnel management which could be more effectively realized, in terms of agency program objectives, by a personnel postaudit rather than by the preaudit of individual personnel actions. The successful demonstration of decentralized personnel administration in the Economic Cooperation Administration, in which the European regional office was given authority to make most personnel decisions for the European missions, is cited as proof that decentralization has fewer hazards than advantages; and some observers argue that further decentralization to the

missions themselves is an indicated next step. The proponents of this alternative point also to the recommendations of the Hoover Commission and the Rowe Committee in favor of greater delegation of personnel authority to the managers of programs as an essential part of their responsibilities.

The proponents of this alternative concede the greater difficulty of decentralizing overseas personnel administration as compared to personnel administration for staffs at home. They maintain, however, that substantial delegations of personnel authority can be made. The most difficult problem is that of initial recruitment of staff, since the field mission is remote from the source of supply; but, it is argued, the missions can and should be given the initiative in stating their recruitment needs and be made, to the maximum extent possible, full partners in the final stages of the selection process. In all other personnel areas, it is claimed, decentralization encounters fewer barriers. Initiative and the authority to make individual personnel decisions, it is asserted, can be effectively and desirably made in connection with position classification, in the transfer of personnel, in promotions and other forms of advancement, as well as initiative and discretion in training programs and in the settlement of employee grievances. The fact that each of these delegations must be limited to preserve basic personnel policy and because of the special factors of overseas administration, it is explained, does not invalidate the great values of decentralization. In addition, it is pointed out, the possibilities of delegation are greatly increased wherever the agency concerned has a regional overseas center, because such a center can provide technical personnel guidance not available in small missions and because a regional center can supervise a sufficiently large segment of the agency staff to permit orderly administration of such personnel decisions as transfers and promotions. Finally, it is argued, the delegation of personnel authority to the missions in respect to local (i. e., alien) employees can and should be very broad since this aspect of personnel administration is in most respects (except for security) a matter of local concern only.

The arguments against this course of action are those in favor of an alternative one.

FURTHER ANALYSIS AND CONCLUSIONS

The goals of an effective personnel administration for foreign affairs agencies are prompt and adequate staffing of the agencies, mobility and interchangeability in the staffs, adequate specialization and training of the personnel, preindoctrination for overseas service, continuing development of potential leadership personnel, and the progressive adaptation of personnel policies and techniques to the chang-

ing managerial necessities of the foreign affairs programs. The importance of these objectives must be measured by the crucial role of foreign affairs administration under present conditions.

The prompt and effective staffing of foreign affairs agencies will be insured only by a system of personnel administration that gives high priority to this objective. In such a system of personnel administration certain features of doctrine and practice will be paramount. These features will include the basic doctrine that personnel administration is not an end in itself but that, on the contrary, the function of personnel administration is to assist the administrators and the managers of the substantive programs in the accomplishment of their assignments. This doctrine requires in practice a set of organizational arrangements for personnel administration that, while giving appropriate attention to security measures, will result in the expert and rapid handling of personnel actions rather than in subjecting them to inhibitions and tight controls unrelated to program objectives. Flexibility rather than red tape is the desired result. Simplicity, foresight, skill, and requisite speed in the recruitment, appointment, and transfer processes are indispensable requirements of such a personnel system.

Mobility and interchangeability in foreign affairs staffs can be realized only in a personnel system that minimizes the barriers interposed by traditional personnel practices. The multiplicity of personnel systems in foreign affairs agencies adds to these barriers. Differences in the appointment process, in the acquisition of status or tenure, in retirement systems, in compensation schedules, and in leave and other allowances—specially when these have statutory origins, but also when they are embedded in rigid procedural requirements—contribute heavily to the immobility of foreign affairs staffs. These are the results of a personnel doctrine which has placed little emphasis upon staff mobility and flexibility. The present and future needs of foreign affairs administration, however, require maximum mobility in foreign affairs staff. Transfers from one assignment to another, from headquarters to overseas, from overseas to home staff, from agency to agency, from domestic civil service to foreign service, are increasingly important for the most effective use of specialized personnel and the prompt and effective execution of programs. But these are difficult and time-consuming processes under current personnel systems.

In chapter I of this study we have argued that the United States has a new and difficult set of responsibilities in foreign affairs, of such an order of magnitude as to be unmatched, at least in our history if not in all history. This new position of the United States in foreign affairs has a special relevance to foreign affairs personnel administration: it helps to explain why existing personnel systems have revealed

such sharp limitations. The importance of this position underscores the need for basic rather than superficial modifications in the traditional approaches; it emphasizes the urgent need for solution of the personnel problems in foreign affairs. In the context of this new position of the United States in foreign affairs, we have also identified in chapter I the elements of the administrative process which take a special importance in foreign affairs: specialization, adaptation, anticipation, equalized attention, coordination, and policy control. All of these elements are important in foreign affairs personnel administration; several of them have crucial significance for the personnel process.

For example, foreign affairs staffs must be built upon adequate specialization. This is a foundation difficult to establish in personnel systems where the great emphasis upon the career service concept has limited the opportunities to recruit laterally in order to obtain mature, highly trained, and experienced specialists. Specialization of staff becomes, therefore, an administrative necessity which points strongly toward the greater use of the program staffing concept and toward the concept of decentralized personnel administration.

The analysis presented in this chapter, together with the consideration developed in chapter I and throughout this study, demonstrate the central importance of an adequate personnel administration for foreign affairs agencies. The discussion also, despite the complexity of the subject, indicates the immediate goals as well as the main long-range objectives toward which foreign affairs personnel administration should proceed.

Perhaps the widest agreement prevails upon the concept of greater decentralization of personnel administration as a goal. There is a common emphasis on the values of greater delegation of personnel authority in recent studies of Federal personnel administration, beginning with the Brownlow Committee report in 1937 and reaffirmed by the Hoover Commission reports on personnel administration and on foreign affairs as well as by the Rowe Committee. Centralization of controls has long been a strong tradition of personnel administration; in the administration of overseas staffs, centralization has been especially pronounced. It is recognized that decentralization encounters special difficulties in overseas situations, but it seems clear that decentralization of personnel authority to the program agencies is now both feasible and necessary. The desirable range of such delegation of authority is suggested by the amount of discretion in personnel administration granted to the Economic Cooperation Administration, if that delegation were accompanied by the general policy supervision of a central personnel agency. This general pattern of decentralization is especially important if the objectives of specialization, adaptability, and mobility of staff are to be realized.

Within particular agencies, the delegation of personnel authority and responsibility to overseas chiefs of mission or heads of overseas establishments presents some additional administrative difficulties, as outlined in the earlier discussion of issue 5, but there is widespread agreement that there should be greater delegation than is now the prevailing pattern. The successful experiment with decentralized personnel administration carried out by the Economic Cooperation Administration through its personnel delegations to the regional Office of the Special Representative in Paris has demonstrated some of the practical possibilities in overseas personnel management. More willingness to work out the arrangements necessary for successful delegation is necessary if overseas managers are to have the authority they need to direct their staffs.

Decentralized personnel administration, that is, greater delegations of personnel authority to the foreign affairs agencies and, within agencies, to the overseas managers, is accordingly both an immediate and a long-range goal. The trends toward such decentralization now embodied in the legislation for emergency programs, as in the statutes governing Economic Cooperation Administration and point 4 operations, should be retained and the trends now reflected in the administrative practices of these programs should be encouraged. The further development of decentralization is an important continuing objective.

There is also substantial agreement upon the importance and the desirability of an expanded foreign affairs personnel system. The Hoover Commission recommendation for a new service which would combine the departmental and the overseas staffs of the Department of State has been reaffirmed by the findings of the Rowe Committee. As the discussion in this chapter has indicated, these are recommendations which in our opinion move in the right direction.

The most practical approach to the establishment of an expanded and more flexible foreign affairs personnel system would seem to fall into two parts: (1) the steps which may be taken by administrative action, and (2) the steps which require substantial revision of existing legislation.

A substantial amount of the program of personnel improvement recommended by the Hoover Commission and the Rowe Committee can be accomplished by administrative action under present legislative provisions, if the program is undertaken by determined leadership. For example, the interchangeability of staffs between the State Department and the Foreign Service can be simplified and the practice of actual exchange of personnel between staffs at home and abroad greatly expanded. The broader use of the Foreign Service Reserve as a method for increasing the adaptability of the present personnel system provides an opportunity of equal value. Perhaps of greatest importance are the neglected possibilities for the lateral recruitment

of significant numbers of experienced and mature persons from the permanent civil service and elsewhere into the middle and upper brackets of the Foreign Service Officer Corps. This use of section 517 of the Foreign Service Act of 1946 could provide a supply of the experienced specialists so necessary to the new programs and responsibilities of the Foreign Service.

The Hoover Commission and the Rowe Committee recommendations for improving the personnel arrangements between the Foreign Service and such Departments as Agriculture, Commerce, and Labor having responsibilities overseas can also be accomplished in considerable measure by administrative action. Thus, for example, the proposal that such Departments designate personnel for assignment within the Foreign Service and obtain the appropriations for their work overseas could be worked out within the terms of the present statute.

A further important step can also probably be taken within present statutory provisions. This would involve the progressive absorption into the Foreign Service of the experienced overseas staff of the Economic Cooperation Administration and the staff of the Technical Cooperation Administration now being recruited. This program would require administrative arrangements between the Department of State and the Economic Cooperation Administration which would provide for the lateral entrance of the Economic Cooperation Administration staff into the officer or reserve categories of the Foreign Service, and for similar arrangements within the Department of State for the Technical Cooperation Administration staff. Such a program for increasing the strength and the specialization of the Foreign Service would be consistent with the objectives set forth by the Hoover Commission and the Rowe Committee.

These immediate and practical objectives, which can be accomplished by administrative action, need to be accompanied by the prompt development of a long-range program providing for the creation of a new foreign affairs personnel system in which eventually all, or nearly all, civilian foreign affairs staffs at home and abroad would be included. This program clearly involves the preparation and enactment of new basic personnel legislation, a matter which may involve cooperation between the foreign relations and civil service committees of each house of Congress. It requires also the development of administrative plans for the various stages by which the new foreign affairs personnel system will be extended to include various groups of personnel. The first stage in such a program would most appropriately provide for the immediate inclusion of the home personnel of the Department of State and the personnel of the Foreign Service, as recommended by the Hoover Commission and the Rowe Committee; the staffs of the Economic Cooperation Administration and the Technical Cooperation Administration; and the civilian per-

sonnel of the Department of Defense who are stationed at diplomatic missions. The second stage, to begin perhaps after a year or two of experience and adjustment, would involve the additional overseas civilian staffs of the permanent departments. The third stage, to follow after further experience and adjustment, would involve consideration of the inclusion of any remaining overseas civilian staffs and of those staffs at home substantially concerned with foreign affairs programs. Whether certain marginal groups should be included in the foreign affairs personnel system could then be determined upon the basis of a body of experience not earlier available. Alien staffs abroad would continue to be administered as a separate category within the foreign affairs personnel system, under policies and procedures intended to bring about consistency so far as feasible in the treatment of alien personnel of the several agencies operating abroad in the same localities.

The main technical problem that will remain after the creation of a new foreign affairs personnel system is the issue of transferability of staff between the new system and the civil service personnel system. The removal of barriers to staff mobility should be a prime concern of those who develop the new system. There would seem to be no good reason why, given cooperative intentions, the eligibility of staff members to transfer between the two services should not be made as clear and as workable as such transfers are now within the regular civil service. The present barriers are many and complex; but the creation of a new foreign affairs personnel system would seem to provide opportunity for minimizing, if not for almost completely removing, these barriers. Mobility and interchangeability of staffs in the whole civilian personnel field should be seen as a basic objective of policy and practice.

This new foreign affairs personnel system should permit an emphasis upon program staffing at least as clear as that presented in alternative 3 of issue 2, which proposes a combination of the program and career concepts. The most important requirement in this matter is that official personnel doctrine should be modified to include recognition of program staffing as a legitimate personnel concept, not merely its recognition as a concession to emergency conditions. Program staffing is a necessary and desirable concept in foreign affairs personnel administration. It provides the main foundations for securing the specialization and the adaptability required for foreign affairs staffs in assuming the new and expanding responsibilities of present and future programs. It is, in fact, an indispensable concept in staffing any programs that are new in content or magnitude.

The retention within the new foreign affairs personnel system of a protected career group, analogous to the present Foreign Service Officer Corps, is a separate question. The advantages and disad-

vantages of such a career group are much debated, and there is no immediate prospect of any widely accepted resolution of the debate. The most practical disposition of the matter for the time being would seem to call for the continuance of this kind of an identified career group within a broad and flexible foreign affairs personnel system. In such circumstances the value of a separate executive career group can be further tested in comparison with the less protected career groups and with the groups recruited through the use of the concept of program staffing. The successful establishment of a new foreign affairs personnel system depends basically upon a clear and unequivocal fixing of responsibility for initial administrative leadership in the development of a personnel program which will make possible the proper staffing of foreign affairs agencies. For this purpose the location of central leadership and responsibility in the Executive Office of the President seems indispensable. There are at least two organizational arrangements for accomplishing this; they are discussed as alternative 4 and alternative 5 under issue 3 in this chapter. The fourth alternative would seem, under the initial circumstances and as a temporary measure, to have a clear superiority in its prospects for securing action on the problem here under consideration.

Accordingly, we favor the designation or appointment, within the Executive Office of the President, of an administrative assistant to the President with a small high-quality supporting staff, who would devote himself intensively to the problems of foreign affairs personnel administration for a period of at least 1 to 3 years. The initial assignment of this new unit should be to develop as expeditiously as possible, in consultation with interested agencies, a proposed statutory definition of the basic concepts needed for foreign affairs personnel administration, and to supply the leadership and staff work necessary for assisting in its enactment into law. Accompanying this assignment, and hardly less important, is the task of developing proposed arrangements for personnel administration which would be consistent with and would insure, so far as possible, the carrying out of the new objectives to be established in legislation. Upon the enactment of the new statutory foundations for an improved foreign affairs personnel administration, the responsibilities of the unit, in collaboration with the agencies concerned, would consist of the development, drafting, and submission to the President of appropriate Executive orders and foreign affairs personnel regulations.

Thereafter the future of the unit would appropriately be subject to reconsideration. If the unit were to be continued on an indefinite or permanent basis, presumably it would be responsible for the audit of agency performance in foreign personnel administration, the provision of leadership in the continued improvement of foreign affairs personnel administration, and participation in the recruitment, selec-

tion, and development of top-level executive personnel for foreign affairs programs.

The importance of the ultimate goal of a more unified Federal personnel program for all civilian employees of the executive branch has long been recognized; its desirability has been stressed by the Brownlow Committee, the Hoover Commission, and other studies.

Accordingly, if a special unit to deal with matters of foreign affairs personnel administration is established in the Executive Office on either a temporary or indefinite basis, one of the major responsibilities of the head of the unit should be to consider from time to time, together with the Chairman of the Civil Service Commission, how the two major personnel systems—the civil service and the foreign affairs system—might be brought to the stage of unification under a single center of responsibility for all civilian personnel administration. The ultimate administrative arrangements for central personnel administration, however, cannot at present be clearly foreseen; and that is why we favor initially a temporary arrangement to deal specifically with the problem with which we are here concerned.

Conclusions

1. Prompt and adequate staffing of the agencies, mobility and interchangeability in the staffs, adequate specialization and training of the personnel, pre-indoctrination for overseas service, continuing development of potential leadership personnel, and the progressive adaptation of personnel policies and techniques to managerial necessities are the goals of effective personnel administration for foreign affairs agencies.

2. Greater decentralization of personnel authority and responsibility to the agencies responsible for foreign programs is desirable, coupled with general policy supervision from a central source. Within agencies, there should be greater delegation of authority and responsibility to heads of overseas establishments and missions than is generally the practice at present.

3. The recommendations of the Hoover Commission and of the Rowe Committee are for changes in the direction of an expanded and simplified foreign affairs personnel system. This is desirable and should be pressed, particularly insofar as it can be accomplished through administrative action. There is need for the development of a long-range program involving new basic personnel legislation, which would contemplate the creation of a foreign affairs personnel system inclusive of all, or nearly all, civilian foreign affairs staffs at home and abroad. The first stage in such a program could appropriately include the personnel of the Department of State and the Foreign Service, the home and overseas staffs of the Economic Cooperation Adminis-

tration, and the civilian personnel of the Department of Defense who are stationed at diplomatic missions abroad.

4. Program staffing is a necessary and desirable concept in foreign affairs personnel administration. It should not be adopted to the exclusion of the career staffing concept, but should be recognized as legitimate and essential in a balanced approach to the expanding responsibilities of foreign affairs staffs. The new foreign affairs personnel system should give full recognition to the concept of program staffing.

5. The successful establishment of a new foreign affairs personnel system depends upon a clear and unequivocal fixing of responsibility for administrative leadership during the initial period. We therefore favor the designation or appointment, within the Executive Office of the President, of an administrative assistant to the President who would devote himself intensively to the problems of foreign affairs personnel administration for a period of 1 to 3 years, with the assistance of a small high-quality supporting staff. It would be the initial assignment of this unit to develop the necessary legislative proposals in consultation with interested agencies and to be of assistance during the period of their congressional consideration. Upon the enactment of basic legislation, the unit would concern itself with the preparation of such Executive orders and foreign affairs personnel regulations as would then be needed. Thereafter the future of the unit would be subject to reconsideration, taking into account such progress as may have occurred in the general development of the central personnel institutions of the Government.

CHAPTER IX

COORDINATION THROUGH INTERDEPARTMENTAL COMMITTEES

STATEMENT OF THE PROBLEM

As earlier chapters of this report have indicated, a characteristic feature of the executive branch at the present time is the increasing use of interdepartmental committees in situations where there is a need for interdepartmental coordination. This tendency to establish committees is a reflection of the growing problems of coordination throughout the executive branch. Those problems are nowhere more conspicuous than in connection with the administration of foreign affairs. They exist both in Washington and in the foreign field services overseas, with a growing tendency to use committees in both cases.

The methods for bringing together points of view and for securing decisions on matters of interest to several agencies can in general be classified into two main groups, within each of which various subdivisions can be distinguished. One group of methods is essentially voluntary in character, and relies mainly upon cooperation among the agencies concerned, however such cooperation is organized. The other group of methods looks to the exercise of higher authority, and relies mainly upon processes of organization and staff work that will prepare matters for decision and bring them before an appropriate higher official, in many cases the President. The voluntary methods range from the most informal of relationships between agency personnel to the formal establishment of interdepartmental committees whose terms of reference are imbedded in statute law. The methods based on higher authority may similarly vary from the gentlest kind of persuasive comment by members of a higher official's staff to the issuance of a formal command in the form of an Executive order, backed by the President's authority to remove from office if final disciplinary measures become necessary.

The two groups of methods can be distinguished, but it should not be supposed that they are necessarily independent of each other. On the contrary, voluntary methods may prove futile as a means of reaching agreement in the absence of firm support and encouragement

from above, while the exercise of higher authority will be hampered even in the cases where it is most necessary if the channels of authority are cluttered with too much business.

Nevertheless, every decision to establish an interdepartmental committee involves some review of other possibilities that might be considered as alternatives. There is the question of voluntary versus authoritative methods of coordination, and even if voluntary methods are favored, informal methods may be preferred to the establishment of a committee unless, as is often the case, informal methods have already proved inadequate.

In some respects, the use of interdepartmental committees may have the effect of qualifying executive responsibility. The traditional approach to United States Government organization and procedure is to divide responsibilities among executive departments, and to assign full authority to them. To the extent that it is possible to make clear jurisdictional assignments, interdepartmental committees would perhaps not be necessary. But actual problems do not ordinarily arise in separate and clearly divided categories, least of all in the field of foreign affairs.

Experience seems to show that there are situations where a formally organized committee provides a useful framework for purposes of coordination. Nevertheless, there appears to be a need for more care in the establishment of committees, to limit their scope to matters on which they can be expected to be productive, to insure better performance when they are necessary, and to prevent them from being established merely to forestall other forms of action that might be more effective.

The potentialities of the committee device require testing by analysis of existing experiences, after which there will be more of a basis for determining the extent, if any, to which it should be preferred to other measures for securing coordination.

The problem is to determine when and how the interdepartmental committee should be used in preference to other coordinating devices in the administration of foreign affairs activities requiring special emphasis upon interdepartmental coordination.

BACKGROUND AND DEVELOPMENT OF THE PROBLEM

Whatever the reasons in individual cases, the number of interdepartmental committees in the field of foreign affairs has tended to grow. This has happened, moreover, in spite of the fact that there appears to be a considerable amount of dissatisfaction with the general performance of the committees, on grounds that they consume exorbitant amounts of the time of hard-pressed officials, often delay

action rather than expedite it, sometimes result in stalemates or in meaningless compromises, and may serve to prevent problems from being taken in hand by other more effective processes.

A member of the Hoover Commission has stated that "the permanent interdepartmental committee is probably the least satisfactory of all coordinating devices." On the other hand, use of the device is apparently unavoidable in a situation in which government has become increasingly complex, and in which foreign affairs have become so inextricably intermeshed with domestic affairs that the alternative to coordination by interdepartmental committees would seem to be a foreign affairs agency which was inclusive of most of the functions of government. Even in that case, it is unlikely that utilization of committees would diminish.

Trends in use of committees

The Nelson report in 1946 on the organization of the Department of State listed 20 interdepartmental committees of which the Department was the chairman and 16 of which other agencies held the chair; 13 of the first category were active, 11 of the second category were active. As of March 1950, the Department of State was represented on about 50 interdepartmental committees, exclusive of those concerned with personnel matters.

In the work done by the Hoover Commission in 1948, 33 presumably active interdepartmental committees were subjected to investigation. Efficiency ratings, based on questionnaires, were prepared for these committees. It is clear from the analysis by the Hoover Commission's staff, as well as from later independent research, that dependence on the interdepartmental committee as an instrument in situations of divided responsibilities had not, as of 1948, and has not, as of 1951, diminished. The most pressing recent problem relating to interdepartmental coordination, that of programing military and economic aid, has only recently been resolved by the establishment of an interdepartmental committee at the subcabinet level.

The broad scope of the foreign policy interest needs no additional emphasis here. The interests of economic and military agencies of the Government are the stuff of which foreign policy is made. In the absence of some comprehensive system of coordination between agencies, only two alternatives are possible: A situation of anarchy, in which each goes its own way; or the bringing of a very substantial part of the Government of the United States into a single agency.

Even were coordination to be sought by aggregating all of the foreign affairs activities of the Government under one vast roof, the problem of coordination would merely be removed from the inter- to the intradepartmental level; and bureaus or offices, rather than departments or agencies, would be represented on coordinating com-

mittees. The need for coordination within agencies and the attempt to achieve it through intra-agency committees is already marked. A substantial share of the time of agency personnel is spent, at present, in formal or informal committee meetings whose purpose is to firm up an agency position. Although most such meetings are informal and *ad hoc*, the use of the committee device within as well as among agencies underlines its importance as a coordinative device, sufficiently flexible to bring into focus varying views and varying types of expertness, and sufficiently rigid to transmute discussion into policy.

Finally, it should be noted that a requirement for effective top-level coordination is that the maximum degree of agreement be attained at the lower coordinative levels. The President can carry out his important coordinative functions only if every effort is made to coordinate the interested agencies before each problem reaches the White House. The easy solution to a number of controversial problems may seem to be to bring them to the White House for settlement, either by utilization of existing Executive Office mechanisms or by establishment of new White House coordinators. In some cases, involving matters of the highest importance, this may in fact be necessary. But to overdo the solution which refers interagency problems upstairs is to impair the effectiveness of that solution itself.

Thus, where interagency problems are not of a sort that can be resolved by assignment of responsibility to a single agency, and few problems of foreign affairs are of this type, the interdepartmental committee remains as at least one of the chief coordinative mechanisms available to the Government.

It may be helpful to an analysis of the utility of the interdepartmental committee device to examine the status and history of notable examples. The five committees selected for treatment here are: The Trade Agreements Committee; the Executive Committee on Economic Foreign Policy; the National Advisory Council on International Monetary and Financial Problems; the Air Coordinating Committee; and the Foreign Military Assistance Coordinating Committee. These committees have all functioned in the area in which authority and responsibility are divided among several agencies, but there are marked differences among them—as to establishment, level of representation, manner of operation, and effectiveness—which may afford profitable sources of comparative analysis.

The Committee on Trade Agreements

The Committee on Trade Agreements (TAC) was established in June 1934, by letter of the Secretary of State to the heads of the various departments and agencies concerned with foreign trade matters, re-

questing the appointment of a representative. Its functions have since been explicitly spelled out by Executive orders issued in 1947 and 1948. Its terms of reference call upon it to serve as the central governmental agency with respect to intergovernmental trade agreements, and to consider and analyze studies by the Tariff Commission or Department of Commerce or other constituent agencies and views presented to the Committee for Reciprocity Information. The latter provides the means by which views of interested private persons on proposed tariff changes can be presented to the Government. The objective of these analyses by the TAC is to make recommendations to the President. The membership of the committee includes the Departments of State, Treasury, Defense, Agriculture, Commerce, Interior, and Labor, the Economic Cooperation Administration, and the Tariff Commission. Its chairman and secretariat are provided by the Department of State. It has subcommittees whose responsibility is the preparation of material relating to designated countries.

Common consent gives the committee a high place in any list of effective committees. The Nelson report on the Department of State organization is generally critical of the type of leadership provided by the Department in interdepartmental matters, but speaks highly of the committee in this regard. Similarly, the background reports of the Hoover Commission speak well of the committee. The view of most government officials concerned with interdepartmental committee matters, as well as those concerned with the substantive area covered by the committee, is that it does its job well. There is no apparent difficulty in other agencies with respect to leadership by the Department of State, and it is generally felt that the committee is competently handled.

Much of the success of the committee has evidently resulted from the procedures and principles developed early in its history. These include full disclosure of all pertinent facts to the other interested agencies; preparation of agenda and distribution in advance; careful execution or transmission of the recommendations agreed upon by the committee; and care not to change any committee decision except on reference of the matter back to the committee. Probably other factors as well enter into the picture. The most important of these may be that TAC is predominantly a technical rather than a policy committee. It deals with a specialized field, has a membership of technically competent persons who tend to remain for relatively long periods of time in their fields and on the committee, and has built its reputation during a period when governmental policy in its field was relatively stable.

The trade agreements field is a technical one because tariff negotiations involve a mass of details, as do negotiations in the related fields of customs procedures. Though the issues involved in questions

of quantitative restrictions may be basic, any set of negotiations dealing even with this type of policy tends to involve highly technical draftsmanship. Under these circumstances, the tendency has been for the committee to be composed of technical experts, who, almost by definition, have given a considerable amount of time to their special field of interest, tend to remain in it, and are likely to regard their fellow committee members as fellow technicians rather than representatives of an agency point of view. To overemphasize this point would be a mistake, for dealing with technical matters does not exclude decision on policy as well. Moreover, the general attitude of the Tariff Commission is somewhat different, on trade agreement matters, from the general attitude of the Department of State. But the generalization will stand up as well as most, and may account in large proportion for the success of the committee.

Another factor in the success of TAC has been the consistent policy of the United States, since 1933, to reduce trade barriers and to negotiate for tariff reductions. There may well be disputes among the members of the committee as to the weight to be given to the views of a particular industry on a proposed tariff reduction, or as to the effect that a cut in rate will have on that industry. But the primary policy line is set for the committee by the Trade Agreements Act. The basic conflict between United States domestic and foreign economic policy—that is, the divergence between United States domestic agricultural policy and economic foreign policy—does not come directly into the field of the committee.

When one considers that the Executive Committee on Economic Foreign Policy began to run into trouble soon after its formation, and that the National Advisory Council on International Monetary and Financial Problems is now in somewhat troubled waters, the history of TAC is remarkable. But it should not be forgotten that there are not many areas of United States foreign policy in which the line can remain relatively unchanged for almost 2 decades; and perhaps not many in which it should. The TAC experience indicates that a committee that is competently staffed and operated, that operates on a basic and accepted policy line, can effectively bring together the interested departments, and can make a substantial contribution to effective government in the situation of divided authority which predominates. Such a committee can escape the generally accepted rule that interdepartmental committees have only a limited effective life. But it does not necessarily follow that such a committee can resolve basically divergent points of view.

The Executive Committee on Economic Foreign Policy

The Executive Committee on Economic Foreign Policy (ECEFP) was established under the chairmanship of the Department of State

in April 1944, under the authority of a letter from the President. Its terms of reference are to examine problems and developments affecting the economic foreign policy of the United States and to formulate recommendations in regard thereto for the consideration of the Secretary of State, and, in appropriate cases, the President. Its membership has included the Departments of State, Treasury, Defense, Interior, Agriculture, Commerce, and Labor, the Tariff Commission, the Bureau of the Budget, and the National Security Resources Board. It has had liaison representatives from the Export-Import Bank, the Federal Reserve Board, and the Securities and Exchange Commission. Its secretariat has been in the Department of State.

The terms of reference of the ECEFP are extremely broad, and hopes with respect to it were at one time high. But almost from the beginning of its existence, the jurisdiction and the unifying influence of the committee have been whittled away. Other relatively autonomous and major interdepartmental committees were created, in areas comprising substantial segments of the foreign economic policy of the United States. The establishment of the National Advisory Council on International Monetary and Financial Problems effectively settled the question whether ECEFP would be responsible for coordination in the foreign financial field. A part of what might have been the jurisdictional responsibilities of the committee passed into other hands, also, with the establishment of the National Security Council and the National Security Resources Board. The Economic Cooperation Administration remained aloof from the committee, presumably because of the statutory provision that conflicts between the Secretary of State and the Administrator were to be settled by the President.

The ECEFP developed an elaborate structure of subcommittees. These have included committees on customs procedures; economic policy toward China; foreign investment policy; foreign patent protection; foreign travel; Inter-American economic affairs; international commodity problems; legislation regarding American business abroad; state trading; and the United Nations Economic Committee. The Committee on Private Monopolies and Cartels was brought into the ECEFP subcommittee set-up in May 1944.

The jurisdiction and authority of the ECEFP were a matter of continual debate. Other agencies, notably the Department of the Treasury but also the Department of State itself, hesitated to bring matters to the committee which they considered of principal concern to themselves and to one or two other agencies. The Department of State also seemed to recognize in other ways the disabilities attendant upon too broad a representation on the committee. Despite some contributions, notably in the development of the recently abandoned Charter of the International Trade Organization, the committee gave few signs of usefulness in its later years. Overlarge and jurisdiction-

plagued from the start, and subject to competition from more energetic bodies, the committee is clearly now moribund, though some of its subcommittees retain a certain amount of vitality. The Department of State has recommended its official dissolution.

The basic weaknesses in performance on the part of the ECEFP can be summarized in the statement that the practice of bringing matters under discussion to a prompt and definite conclusion was not successfully established in that committee. The reasons why this was so are debatable, but the fact that it was the case must have been responsible in part for the challenges to a jurisdiction which the committee never effectively exercised and for the establishment of numerous subcommittees as alternative places for the accomplishment of work.

The National Advisory Council on International Monetary and Financial Problems

The National Advisory Council (NAC) was established by the legislation of 1945 in which the Congress authorized adherence to the Articles of Agreement of the International Monetary Fund and of the International Bank for Reconstruction and Development. Suggestions for the creation of the council appear to have come principally from the Federal Reserve Board, although as early as midsummer of 1944 the Department of the Treasury had proposed the establishment of an interdepartmental committee, under departmental chairmanship, to advise the United States Executive Directors on the Bank and the Fund. The Department of State had proposed the creation of a financial subcommittee or section of the ECEFP, such subcommittee to be chaired by the Department of the Treasury.

The issue was settled legislatively. The suggestions of Chairman Eccles on behalf of the Federal Reserve Board, emphasized the need to coordinate United States policies vis-à-vis the bank and fund, and in relation to such an established lending agency as the Export-Import Bank. The legislation, however, goes beyond the mere coordination of the lending and closely related activities of the United States or of international institutions on which it participates. It speaks also of coordination of

* * * all * * * agencies of the Government to the extent that they make or participate in the making of foreign loans or engage in foreign financial, exchange or monetary transactions.

Membership of the Council was established by statute. It consisted of the Secretary of the Treasury, as chairman; the Secretaries of State and Commerce; the Chairmen of the Federal Reserve Board and the Export-Import Bank. In 1948, the act creating the Economic Cooperation Administration added the Economic Cooperation Administrator to the membership of the Council and added to the func-

tions of the NAC review over certain aspects of the agency's activities, including the nature and terms of its assistance and the use of counter-part funds.

The secretariat of the Council was established in the Department of the Treasury, with an official of its Office of International Finance acting as the head. From the beginning, the secretariat is considered to have been effective and objective.

The council has also used a staff committee. This committee, which is composed of agency representatives ranking just below the Assistant Secretary level, has proved to be a most effective device for straightening out policy controversies, and for saving the time of the council itself. The staff committee, on which a representative of the Securities and Exchange Commission participates together with the statutory members of the Council, has itself operated on the basis of reports made to it by various *ad hoc* working parties which are from time to time established to deal with current problems. The working parties bring together representatives of the more directly interested agencies at the so-called technical level. They may or may not consist of representatives of all of the NAC agency members, more often than not being limited in size. As is the case in both the staff committee and the Council, representatives of other interested agencies may be invited to participate in working party meetings.

Although the Council commands respect, and the quality of participation on its subordinate bodies has remained high, the general feeling in agencies with a major concern for foreign affairs is that the Council cannot make a broad and important contribution in presently controversial areas of foreign affairs. Within the limits of coordination of loan and closely related policies, the Council performs effectively. But the Treasury Department element in the Council, for example, has considered that the coordinative functions of the Council should go considerably further. Such agencies as the Federal Reserve Board apparently believe that a broad range of current foreign affairs issues should be brought into the Council under cover of its broad coordinative responsibilities in the foreign financial and monetary area.

The immediate, urgent, and important problems arising out of the economic and military aid program, however, have not been brought to any substantial extent into the Council. There appear to be three main reasons for this, each of which is relevant to a broad analysis of the role and methodology of the interdepartmental committee.

First, the NAC is primarily a financial body, even though in a broad sense. The foreign affairs functions of the Government implicate financial policy deeply; but they are not primarily financial. The administration of even the pre-Korea economic aid program was not of such a character that it could reasonably have been assigned to a

financial agency such as the Department of the Treasury; post-Korea aid is measurably farther away in character. For this reason, assignment of considerable responsibilities with respect to foreign affairs matters to an agency or a committee whose interests are primarily financial would be to let the tail wag the dog. And, though the foreign financial interest has often been very strong and has been powerfully used as a springboard, there is a deep reluctance and resistance to assign to the Council the responsibilities which, by reason of the financial implications of most aid actions, have sometimes been claimed on its behalf.

Second, the Council, when it is not drafting instructions to the United States Executive Directors on the International Fund and Bank, is essentially an adviser in fields in which one agency or another actually has operating responsibility, or at least has authority. Thus, even on such a clearly financial matter as the European Payments Union, it is known that the views of the Economic Cooperation Administration, as the relevant operating agency, prevailed over the views held, at least initially, by most members (the Department of State perhaps excepted) of the Council. Particularly is the position of the individual agency strong when, as in the case of the Economic Cooperation Administration, it has the administration of appropriated funds and the necessity of filing a report with the Congress in which it must explain and justify its actions. In such cases, the views of an interdepartmental committee may be taken into account by the responsible agency but, if it has authority to act, or the power to refuse to act, it is likely to push very hard—and successfully—for the adoption of a policy formulation which it feels is consistent with its own best showing.

Third, the membership of the Council is fixed by statute. This fact, thought by many to be a source of strength, has in fact proved to be a source of weakness, since the recent important foreign affairs financial problems have strongly involved the Department of Defense. It is not represented on the Council. Although invitations to participate in NAC work are extended to the Department of Defense in any cases in which matters of interest to it are to be considered, the Department has shown a marked lack of enthusiasm for an arrangement in which other agencies determine what is of interest to the agency which is at least one of the three primarily concerned. This lack of enthusiasm has not been lessened by the strong feeling, not merely on the part of the Department of Defense, that recent foreign financial problems, some of which might conceivably have been handled in an agency like the Council, were not of any real concern to such agencies as the Federal Reserve Board, the Export-Import Bank, or the Securities and Exchange Commission. There has, therefore, been a strong tendency for some time to consider foreign financial matters in which the

Department of Defense has a major interest in other bodies giving representation particularly to the Departments of State, Treasury, Defense, and, to some extent, the Economic Cooperation Administration. This tendency has been greatly strengthened by the establishment, with Department of the Treasury participation, of the International Security Affairs Committee.

It may be noted that the Department of the Treasury itself has displayed somewhat divided attitudes toward the Council. The Department, as noted, provides the secretariat of the Council; popularly the NAC is considered to be almost a part of the Department. The Department of the Treasury, with assistance from other agencies, has strongly backed the utilization of the Council. But the Department has also insisted on its own participation, as the Department of the Treasury, in discussions that have not utilized the Council, and has been insistent on its own representation on the recently formed International Security Affairs Committee. Surely the role of the Department of the Treasury in the latter committee will be to introduce considerations which might otherwise be considered NAC problems. It is difficult to see just where this will leave NAC, at least insofar as the financial aspects of the international security affairs program are concerned.

Quite conceivably the NAC, and particularly its staff committee and working parties, may be usefully utilized on a variety of the financial aspects of the military aid program and other currently important problems of foreign policy. But its role will be a peripheral one. The NAC thus appears to have been removed from the central position it might have occupied in part because of rigidities in its structure. Had recent developments on the international scene been anticipated in 1945, the Council would undoubtedly have been established with different membership, perhaps with different jurisdiction.

The point is that the main stream of the foreign activities of the United States has swung away from the Council; and its statutory character has made it difficult or impossible for the NAC to adjust itself to the turn of events.

The Air Coordinating Committee

The Air Coordinating Committee (ACC) was established by Executive order in September 1946, and amended in August 1948. Its broad functions are to develop and coordinate policies on international and domestic aviation matters, to recommend to the Department of State positions to guide United States representatives to the International Civil Aviation Organization, and to perform certain follow-up functions. The Air Coordinating Committee secretariat, headed by an executive secretary, is responsible directly to the committee, and is financed jointly by the member departments and agencies of the com-

mittee. The secretariat is active in assigning subjects to divisions of the committee for drafting, in helping to mediate in case of conflicts of opinion, and in supervising the preparation of documents. Because of a relatively even balance of interests within the ACC, the secretariat's function as a mediator tends to be greater than in other interdepartmental committees where the pattern of forces is more one-sided.

The usual procedure by which positions for ICAO are formulated follows. (1) Issues referred to the committee by its various member agencies are assigned to particular "divisions" of the committee for study and drafting. (2) The initial preparatory work is actually done by working groups under the divisions which draw upon the most competent personnel resources available with a minimum of jurisdictional concern. (3) The draft proposals are then submitted to the divisions for more formal approval. Agreement is usually reached at this level without appeal to the body of alternates at the next level or to the top ACC. There has been some concern that the top committee has not played a large enough role at this stage. (4) The chairman of the body of ACC alternates then decides what matters should receive higher approval and what matters stand. The views of the executive secretary and the Department of State are important elements in these decisions.

The Air Coordinating Committee is deemed to have been relatively successful as an interdepartmental committee for several reasons. First, the governmental interests in the international civil aviation field are relatively evenly divided, particularly among the Department of State, the Civil Aeronautics Board, and the Civil Aeronautics Administration, and thus require a strong and central medium for reconciliation of views. The three basic tensions that manifest themselves most prominently in this process are those between the foreign and domestic interests, between civil and defense interests, and between the Civil Aeronautics Board and the Civil Aeronautics Administration. A second element in the success of the committee has been its vigorous and active secretariat which, although originally recruited mainly from the member agencies, is responsible solely to the committee. In that position it is better able to win the confidence of all committee members than if it were under the jurisdiction of any one of them. Thirdly, since the United States governmental role in the field of international civil aviation, as it is now organized, is a rather recent development, and since the committee has been an important part of that evolution, it is now an integral part of the United States international aviation machinery. Finally, the efficient organization at the working level of the committee—the working groups and the divisions—has contributed to its accomplishments.

There are problems in ACC operations that require consideration. Occasionally there are difficult jurisdictional tangles that need to be analyzed and clarified. There may be a need for greater energy and authoritative leadership than the committee can supply in securing the execution of decisions which the United States has made in collaboration with ICAO. Finally, simply because of the autonomy of its secretariat and the relatively even distribution of authority within the committee, features that are both in some respects helpful to the committee process, the committee tends itself to become an autonomous agency of the Government reporting directly to the President. Any widespread repetition of the ACC pattern in other fields would not necessarily be helpful and might be positively detrimental in terms of general management and coordination of the executive branch as a whole.

The Foreign Military Assistance Coordinating Committee

The Foreign Military Assistance Coordinating Committee (FMACC) was established in 1949 as a working committee composed of the heads of the units in the Department of State, Department of Defense and the Economic Cooperation Administration who were actually charged with coordination of the day-to-day administration of mutual defense assistance in their respective agencies. The heads of the three departments also comprised an interdepartmental committee which was known as the Foreign Military Assistance Steering Committee.

Matters upon which the FMACC could not reach an agreement were to be referred to the Steering Committee. The FMACC was usually able to reach agreement, except on jurisdictional questions, although on occasion it took too much time. The higher committee was never called together. In general it may be said that FMACC acted as an effective advisory body to the Secretary of State, and more particularly to the Director, Mutual Defense Assistance. The committee secretariat was provided by the Department of State.

It was expected from the beginning that the implementation of the foreign military assistance program would be decentralized among the three participating agencies. It was agreed that the Department of State would furnish over-all leadership and handle political aspects including negotiations with foreign governments, that the Department of Defense would have charge of military aspects of the program, and the Economic Cooperation Administration the economic aspects.

The role of the committee was to determine in detail how those responsibilities were to be carried out, and that all aspects were coordinated. It also was to decide upon the nature of the joint coordinating machinery at various levels in the field. Negotiations on the basic interagency agreement which led to the establishment of the

committee covered a period of about 5 months and were concluded on June 15, 1949, in the form of an agreed directive which was issued within each of the three agencies. A paper setting forth the operating philosophy of the mutual defense assistance program was negotiated at the same time and adopted concurrently. This paper first posed the difficult problem of the basis upon which the size and composition of the overseas military missions would be determined and of the extent to which communications channels of the respective agencies would be employed. It took a period of nearly 9 months before agreement could be reached on these administrative arrangements for the overseas organization.

The committee also considered the terms of reference to be used for the survey missions to the countries of Western Europe, inter-agency accounting and reporting procedures, security procedures, including the exchange of security clearances on personnel. In addition to these questions there was interagency negotiation and paper writing on matters of policy and procedure involving the substantive program under MDAP. The detailed programs for each country were examined and approved by the committee. This included the amount of finished military equipment to be supplied, the character of the training program and the resources to be devoted to the additional military production program.

As a forum for the resolution of problems thrown up by the separate staff work of the three agencies involved in the program, the committee is said to have been moderately successful. The delegation of authority from the President to the Secretary of State was usually regarded as having settled the principal jurisdictional questions. The leadership role of the Department of State for the program was reinforced by placing in its hands the control of funds. A second favorable factor was an apparent realization on the part of the members of the committee, by and large, that jurisdictional interests in a program of this nature should not be pushed too hard. A final factor was that real efforts were exerted to keep problems that did not require collective consideration or decision out of the committee, for example, problems of military procurement. The chief difficulty experienced by the committee was the failure, in some cases, to bring issues to a head, with the result that they were neither resolved nor passed on to higher authority.

As noted in chapter VI, the FMACC was recently replaced by the new International Security Affairs Committee which will continue the work of FMACC with additional duties in the field of security policy and North Atlantic Treaty Organization affairs. The staff that had serviced FMACC was transferred to the new committee.

***Ad Hoc* committees**

When special, temporary problems, as opposed to problems of a continuing nature, necessitate interdepartmental coordination, *ad hoc* committees are often appointed to deal with them. The Advisory Steering Committee on the European recovery program, the chairman and secretariat of which was provided by the Department of State, planned the European recovery program in detail before it was presented to Congress as a proposal of the President. More recent examples of the *ad hoc* committee are the working group on the Palestine Refugee Agency, the Interdepartmental Committee on Land Reform, the Prisoners of War Committee, and the Southeast Asian Policy Committee. These groups have all been given limited assignments that were expected to last only a relatively short time.

The *ad hoc* committee is considered to be a very flexible coordinating device. The work of the committee is thought to be improved by having a single, definite assignment. The rush of activity that sometimes follows the establishment of a standing committee is usually present in the *ad hoc* committee, but the latter usually does not exist long enough to see this activity taper off, as many permanent committees do. Finally, when the work of an *ad hoc* committee is completed, it is usually easier to terminate than a permanent committee.

These factors are thought by many to establish clear advantages for the *ad hoc* committee as compared to the permanent one. When, in addition, there are central secretariat services available, there is no need to provide a permanent special secretariat that might help to prolong the life of a committee after it could otherwise be terminated. It is believed that a trend in the direction of more emphasis on the use of *ad hoc* committees, and less emphasis on the use of permanent standing committees, has been in existence for some time.

MAIN ISSUES AND ALTERNATIVES

There are a number of specific issues that bear directly upon the potentialities of the interdepartmental committee. The first and most fundamental is that of the types of activity that can appropriately and effectively be carried on through interdepartmental committees. A second is that of what to do to secure a decision in those cases where, after consideration of an issue, a committee finds itself deadlocked. A third, closely related to the previous two, is that of the level in the governmental hierarchy at which committees should normally be established for maximum effectiveness. A fourth has to do with the method of establishing and discontinuing committees; a fifth with where responsibility shall be fixed for the administrative supervision of committees, if it is agreed that there is a need for such supervision; and a sixth with the question of how committee secretariats shall be

provided. Several of these issues arise on every occasion on which the establishment of an interdepartmental committee is considered. All are pertinent to our present problem.

Issue 1: Functions of committees

What types of activity can appropriately and effectively be carried on through interdepartmental committees in matters of foreign affairs involving several governmental agencies?

It may be useful for analytical purposes to state a range of alternatives that reflect a spectrum starting with substantive policy at one end and detailed administrative activity at the other. If this is done, the major positions or alternatives along the scale might be somewhat as follows: (1) The formulation of substantive policy, the drafting and adoption of policy papers, and the review of the implementation of policy; (2) responsibility for program planning and review, including the framing of program proposals, adoption of program plans, and review of program performance; (3) responsibility for preparing proposals for presentation to Congress and instructions for negotiations with other governments; (4) responsibility for determining the assignments to be made to the various participating agencies in carrying out agreed programs of action, including the settlement of such incidental jurisdictional questions as may arise; and (5) responsibility for coordinating and controlling program administration in detail when it is necessary to carry on a program through the joint activities of several agencies.

The formulation of substantive policy is widely regarded as the ideal function for an interdepartmental committee, though it is noteworthy that the initial proposal of such broad policies as were embodied in the Marshall Plan and the point 4 program did not arise out of interdepartmental committee deliberations. On the other hand, the elaboration of the fundamental aspects of these policies after the initial statement had been made was carried on with what was considered fair effectiveness by interdepartmental committees; and a great many of the important policy decisions which lie back of present positions of the United States on economic and military aid have been made or initiated through the interdepartmental committee process. Clearly, if the interdepartmental committee has any generally accepted function, it is in the area of formulation of policy—the preparation of statements that can then be the basis for a presentation to Congress, for a negotiating position in relation to another government, or for a position to be taken or program to be adopted by the United States.

This type of decision implies the suitability of the interdepartmental committee for the review of programs, for broad considerations of

policy are involved in the decision whether to continue programs as well as the decision whether to establish them. Moreover, although the usually cumbersome nature of a committee may be thought to restrict its usefulness in the formulation of broad new programs or policies, a committee can more easily perform the almost equally important function of review of policies and programs. Here there is no necessity for opening up broad new vistas; the question is only one of what is to be seen at the end of the vista; and yet the policy problem is an important one, and is the kind of problem on which the views of a variety of agencies may be of real assistance.

It is also possible to consider the alternatives in terms of what appear to be the more obviously inappropriate functions. These relate mainly to the day-by-day administration of governmental programs. Committee functioning has a number of aspects which make the committee an inappropriate device for the conduct of operations. Even where the top command of an agency is a board rather than a single person, it is generally found necessary to delegate power to make day-by-day decisions to a general manager or similar official. Operational responsibilities demand a clear line of command, with responsibility vested in a single person. It is widely accepted that the committee should not be used for anything approaching daily administrative control of an operating program.

Generally accepted though this principle is, it is sometimes difficult to distinguish control over administration from other functions which may be taken over by interdepartmental committees. Thus, the National Advisory Council on International Monetary and Financial Problems has done planning and review jobs, and, through its control of the United States Executive Directors on the International Bank and Fund, has a great deal to do with negotiations having to do with loan and other policies. The work of the Trade Agreements Committee is almost entirely in the planning and review fields: proposed positions for tariff negotiations are worked out in the committee, and the results of the negotiations are there reviewed.

When the scope of the matters considered by such a committee as the Foreign Military Assistance Coordinating Committee (FMACC) is examined, it appears that planning, negotiation, and review functions can all be assigned to a committee. The military assistance programs came before FMACC at all stages; and important decisions affecting what could be variously described as program administration as well as broad policy and program matters were made in the Committee.

Issue 2: Appellate procedures

In the event that an interdepartmental committee finds itself deadlocked with respect to a pending issue, what arrangements should be made to facilitate prompt and authoritative decision of the issue?

Effective operation of an interdepartmental committee depends upon some method of breaking possible stalemates in the committee. Inability to resolve committee differences may lead to reconciliation of views on the basis of the lowest common denominator, or to a postponement of decision, perhaps until the issue is settled by inaction. In addition, it is possible that the primary responsibilities of an agency may be seriously affected by its inability to get a firm decision from an interdepartmental committee on a matter related to the area of its responsibility. The poor reputation of interdepartmental committees among governmental officials is largely attributable to the frequent absence of a clear method of compelling a decision in the event of deadlock.

Difficulties of this sort are at the root of many of the proposals that staff work, particularly in the Executive Office, should be substituted for interdepartmental committees. If an assistant to the President can negotiate a decision when a committee cannot agree, the argument runs, the coordination of policy and planning should be assigned to staff advisers rather than to interdepartmental committees. The answer would seem to be that this argument oversimplifies the issue and may eventually overcomplicate administration. While it is true that an individual with some shadow of Presidential authority can sometimes mediate in situations where committees cannot agree, the fact is that the recurrent use of the interdepartmental device is based on the need to bring together the views of a number of agencies plus a distrust in most agencies for Presidential staff work that disregards agency interests. Staff work at the Presidential level is likely to be successful only if it is supplementary to interdepartmental coordination of most issues before they come to the Executive Office.

Effective utilization of both staff work and interdepartmental committees demands, therefore, that powers of decision in the event of a committee deadlock be vested somewhere. The principal alternatives would seem to be to provide for settlement of the disagreement in one of the following ways: (1) decision by the chairman of the committee; (2) decision by the chairman coupled with the right to take an appeal to (a) a higher level committee, (b) a designated official in the Executive Office of the President, or (c) to the President; and (3) reference to higher authority, as in (2), but without a prior decision by the chairman of the committee.

To give the power to break a stalemate to a committee chairman has certain advantages. The chairman should be fully familiar with the

work of the committee, both from the substantive side and from the point of view of the procedures which have been employed in discussions. It will not ordinarily be necessary to brief him as to the issues. If he had the authority to decide, time would be saved, and perhaps a more expert decision would result than is likely to be the case if an outsider is brought into the committee's work.

This alternative, however, is usually thought to have a number of marked disadvantages, the most pronounced of which will be the committee's reluctance, in the situations of divided authority which are frequently the area in which an interdepartmental committee functions, to accept the finality of the decision of a representative of a member agency. In many of these situations, it is difficult enough to agree on which agency should have the chairmanship. Conflict over choice of a chairman could indeed become serious if he were to be vested with decisive power in the event of a stalemate. In addition, his undertaking to make a decision might, in the eyes of the sponsors of the rejected view, prejudice his impartiality as chairman for the future.

These objections are likely to be deemed sufficient in most cases. It may be thought, however, that they could be overcome if the chairman were to be supplied by the Executive Office, rather than by a member agency. In some cases, this might be a preferred solution, but it is not a solution that can be widely employed. To use it extensively would be to bring the Executive Office into operational policy, with the danger that staff advisers to the President would become representatives of a particular point of view, which then in turn must be coordinated and brought into line with other considerations by other Presidential assistants.

The basic difficulties with vesting the power of decision in the committee chairman might also be obviated if provision is made for an appeal from his decision. In that case, it can be argued, the advantages of an expert decision could be attained, without the feeling that undue power has been given to the representative of a single agency. Moreover, many cases might be resolved by the decision of the chair, and the ability to appeal might serve as a safety valve which would in fact be seldom used.

Appeal of decisions to a higher level committee has had only a limited usefulness, for usually it merely transfers the basic conflict. The same agency division may occur in the higher level committee, with the result that time is lost. This will usually be true even if the committee which cannot reach agreement is a subcommittee of another committee, although on technical issues, reargument at a higher committee level may sometimes produce agreement through consideration of broader policy aspects than can be considered at the technical level. Procedures should ordinarily be provided which would limit discus-

sion in the higher committee while permitting agreement if the possibility of compromise or agreement exists; and the procedures should establish a speedy channel for raising the controverted issue to some more conclusive forum for settlement.

If there is a recognized procedure for bringing appeals to the Executive Office, presumably the status and problems of the committee will determine whether appeal should be to the President or to a designated official. In most cases in which an appeal of this sort is necessary, it may seem unlikely that the issue will be settled short of the President. If this is so, it is probably advisable that the appeal should be directly to the President, who in any case will doubtless obtain staff advice.

When stalemates develop in such situations, it is argued, the decision of a committee chairman obviously will not hold. Some other arrangement will be necessary, and, it is further argued, direct reference to higher authority will ordinarily be the most expeditious method of getting a decision. Against this view, it is said that as many decisions as possible should be settled below the level of the President and the Executive Office. Otherwise the President and the Executive Office will be constantly faced with making relatively minor decisions. The argument against providing for easy reference to higher authority, therefore, is that it does not adequately test the possibility of reaching agreement at the lower level.

Issue 3: Level of committee establishment

At what level in the governmental hierarchy should interdepartmental committees dealing with foreign affairs be normally established for maximum effectiveness?

The level at which a committee is established depends upon several factors relating to the inherent importance of the subject matter, the urgency of making a decision, and the question as to who can make a decision that will be accepted. Prior to the crisis that arose in the spring of 1947, for example, economic aid to Greece on a small scale was already being considered. There was no great urgency to the question at that time, however, and the work was being done at the technical level. When the Government of the United Kingdom decided that it had to withdraw from Greece, the problem immediately became urgent at a much higher level. Both military and economic aid were seen to be necessary, and on such a scale that only the President could make the proposal, which required Congressional decision. An *ad hoc* Cabinet committee composed of the Secretaries of State, War, and Navy advised the President on the problem, and an interdepartmental committee at a lower level was established to work out the proposed program in detail. In many similar circumstances, a problem that ordinarily can be disposed of at the technical level may be placed

suddenly in a new context that requires decision at the political level. Committees may be used in either case.

The principal levels that come under consideration when a committee is to be established are as follows: (1) at the Cabinet level; (2) at the Assistant Secretary, or sub-Cabinet, level; (3) at the chief of bureau or office director level; and (4) at the chief technical and professional level.

The Cabinet level committee has commended itself to various persons, including the Hoover Commission, as being a means of bringing coordinated top level advice to the President. The emphasis of the Hoover Commission, however, was on use of Cabinet level committees where two conditions are present: (1) where the issues transcend the responsibility of any single department; and (2) where Presidential decision is required. It is thus questionable whether the recommendation extends to the use of Cabinet committees in situations of divided authority not necessarily requiring Presidential decision. Thus, the National Advisory Council on International Monetary and Financial Affairs formulates the policies to be followed by the United States representatives on the International Bank and Fund, policies as to which responsibility is divided among several agencies but as to which, ordinarily, no Presidential decision is required.

On the other hand, it is sometimes argued that Cabinet committees with powers of decision are not desirable. It has been said that the members of the Cabinet are automatically the rivals of the President. In addition, it is said that the issues likely to be thought worthy of delegation to a Cabinet committee are also likely to be so important that the President should reserve decision to himself.

When a Cabinet committee operates in a narrower groove than the one of broad policy, there would seem to be no difficulty in its relationship to the Presidency, but there might be doubt as to whether such a committee in reality remains a Cabinet committee. The National Advisory Council works on fairly technical problems. It has been as effective as it has been largely because of the existence of its staff committee, in which almost all major issues are thrashed out at a sub-Cabinet level before being brought to the Council itself.

As between the levels of establishment below the Cabinet, considerations relevant to the type and function of the committee will be determinative. In no case should a committee be constituted at such a level that its members will have difficulty in obtaining the coordinated and agreed position of their own agency. But, aside from this consideration, the level at which the committee is to be constituted will depend on what the committee is to do. If the problems which are to come before the committee are policy decisions of a high level, it would usually be thought that the members should be at least of sub-Cabinet rank. In certain cases, in which policy is well established, and the

questions which come before the committee concern the policy aspects of operations within well-defined and agreed limits, the committee may operate effectively on a somewhat lower level, as, for example, the Trade Agreements Committee.

Issue 4: Method of establishment and discontinuance

What should be the method by which definitive action is taken to establish interdepartmental committees, to specify their membership, functions, and authority, and when necessary to dissolve them?

Practice as to the method of establishing interdepartmental committees has been extremely varied. A conflict is often present between the desire to keep coordinating machinery flexible, so that it can be adapted to changing needs, and the desire to achieve the utmost in prestige and status for the committee's work. Those who favor flexibility will work for informal means of establishment. Those who desire special status usually favor formal means of establishment, including establishment by statute, if possible.

The four principal alternative methods of establishment are (1) by interagency agreement in writing; (2) by Presidential letters; (3) by Executive order; and (4) by statute; the method of discontinuance would usually depend on the method of establishment if the act of discontinuance is to be a definite one.

Establishment merely by agency agreement is often used in handling of passing situations that require something more than informal consultation and less than formal establishment of a committee. Establishment by agency agreement sometimes carries with it the approval of the Bureau of the Budget or of the President, but ordinarily it does not. Almost by definition, therefore, a dispute over terms of reference under this method is unlikely to be referred to higher authority.

If a committee is to function on important problems over a period of time, it is usually thought that it will be assisted by having the sanction of the President for its existence. On the other hand, it is widely agreed that establishment by statute is undesirable, notwithstanding the recent cases in which statutory recognition has been sought for interdepartmental committees in the foreign field. The practice diffuses responsibility for making decisions that presumably should be made by the executive branch and tends to give each such committee the status of a new agency. These tendencies weaken the power and the responsibilities of the President and of the department heads, and complicate the problem of executive control within the executive branch. Moreover, statutory establishment results in inflexibility. The National Advisory Council on International Monetary and Financial Problems was set up on the assumption that the major foreign financial problems would be the restoration of normal

peacetime conditions. When the area of international security affairs became the paramount consideration, the council was in effect left stranded behind the defensive line of its statutory basis.

As between executive order and Presidential letter, the main difference is procedural, since either would involve Presidential action to establish a committee. The executive order method automatically results in a channeling of the proposal through a clearance process before it comes to the President for action. Higher standards of draftsmanship are likely to be imposed, and any statement as to the terms of reference of the committee would be certain to have been carefully considered. The same results would be attained for Presidential letters processed through the same procedure; but if the sponsors of a proposed committee are given their choice, they may quite possibly choose the Presidential letter as the action instrument in order to escape exactly those procedural safeguards that have been thrown around the issuance of executive orders.

It would be possible to decide that one method rather than another will be used on all future occasions insofar as the choice lies within the power of the executive branch. The President, for example, could direct that in future all executive proposals for permanent interdepartmental committees be presented in the form of a proposed executive order. This would have the advantage of establishing a single method other than the statutory one, with the result that it would be possible at any given time to know what standing interdepartmental committees are in existence. The disadvantage would be the degree of formality required and the nuisance aspects of complying with a set procedure in cases where it seemed unjustified.

Issue 5: Administrative supervision of committees

Where should responsibility be fixed for the administrative supervision of committees, including such activities as maintaining a register of all existing interdepartmental committees, reviewing their activity and performance from time to time, taking or recommending action with respect to inactive or ineffective committees, and initiating or considering proposals for the establishment of new committees or the reconstruction of existing committees?

Each study that has been made of the interdepartmental committee in recent years has disclosed the fact that a substantial proportion of the listed committees are in fact inactive. The ECEFP has been moribund for a considerable period of time, but has not been officially dissolved. Many problems are not continuous and could best be handled by short-lived coordinative bodies. Some problems that are properly entrusted to continuing committees eventually are disposed of or become obsolete.

There is little doubt, therefore, that there should be a fixed responsibility for the administrative supervision of committees, including the functions related to establishment and review stated above. The alternatives as to the location of such responsibility appear to be as follows: (1) to continue existing arrangements in the Bureau of the Budget; (2) to provide a special staff unit in the Bureau of the Budget and to issue appropriate instructions to other agencies of the Government; (3) to vest responsibility for administrative supervision of committees in a central committee secretariat in the Executive Office of the President if one is established; and (4) to vest responsibility for administrative supervision of committees in a staff secretary to the President.

As to continuing present arrangements, it may be said that although the Bureau of the Budget often but not always takes an active part when the establishment of a new committee is under consideration, it does not appear to be active in removing the inactive committees from the scene. Secretary Johnson was able to terminate formally a substantial number of committees, when he took over the Department of Defense, and the Department of State has recently worked at the task of policing the situation, so far as it is directly concerned. But a more active review agent is obviously needed, or a more active performance of review functions.

Since the Bureau of the Budget is in any case concerned generally with the establishment and performance of committees, it could be argued that no more is needed than the establishment of a special unit in the bureau to work systematically at the functions of administrative supervision. The establishment of such a unit would be accompanied by issuance of appropriate instructions to other agencies of Government. This alternative would have to commend it also the fact that it would disrupt existing arrangements and responsibilities very little, yet it might result in a substantial lifting in the efficiency with which committee work goes on throughout the Government.

Should a central secretariat be established in the Executive Office, however, it would appear logical that the entirety of the administrative supervision function be assigned to it. The concept of a central secretariat is one of expert and intimate acquaintance with committee structure. It postulates the making of decisions as to the responsibilities as between committees. The central secretariat would thus seem obviously to be the place in which the type of administrative supervision here discussed should take place.

Finally, it would be possible, even in the absence of a central secretariat, to place this type of administrative supervision in the hands of a staff secretary to the President. The advantage gained would be principally that of authority, with perhaps a more vigorous execution of the functions than might otherwise be the case. But the

requisite of vigorous execution in this area is intimate knowledge of men and of problems. The committee structure is so extensive that it seems likely that assistance would have to be procured by any such staff secretary. For both personnel and working knowledge, much reliance would have to be put on the Bureau of the Budget. It might therefore seem wiser to concentrate administrative supervision responsibilities in a central secretariat, if there is one; and if not, to add some staff, with special responsibilities for administrative supervision of committees, in the Bureau of the Budget.

Issue 6: Provision for committee secretariats

What should be done as a general rule to provide secretariat services for interdepartmental committees carrying on activities in the field of foreign affairs?

Experience with interdepartmental committees has shown that secretariat services are ordinarily necessary for the expeditious conduct of business. Secretariats differ as to the duties they perform. The minimum duties pertain to the strictly management phases of committee business—advance circulation of agenda and supporting documents, preparation of minutes, and recording of committee decisions, and the maintenance of a central file of committee records. Some secretariats prepare in addition the substantive documents that form the basis of committee considerations, or some of them, and thus have a great influence on the matters to be discussed and the conclusions that are reached. Some committees, however, especially *ad hoc* ones, take care of these matters informally and have no specialized secretariat arrangements. It is accordingly necessary to consider this possibility among other alternative solutions to the problem, which include the following: (1) no provision for specialized secretariat services, relying on the facilities ordinarily available to the agencies represented on the committees; (2) provision for specialized secretariat services for each committee in a department or agency having a primary interest in the work of the particular committee; (3) provisions for specialized secretariat services for each committee under a full-time executive secretary responsible to the particular committee as a whole; (4) provision for specialized secretariat services for interdepartmental committees dealing with foreign affairs in a central secretariat in the Department of State; and (5) provision for specialized secretariat services for interdepartmental committees dealing with both domestic and foreign affairs in a central secretariat in the Executive Office of the President.

Alternative 1, having no specialized secretariat services, has in its favor that a great many committees are appointed to consider only a special problem. To provide separate secretariats for such committees may prolong their life after their period of usefulness has

passed. On the other hand, it can be said that many of the most important decisions are developed in *ad hoc* committees, and that if no formal secretariat services are provided, it may be difficult at a later date to locate the permanent record of such decisions, or to discover the reasons that led up to them. Committee memberships change; informal papers are lost in the files of individual members. It is argued that informal secretariat arrangements thus tend to neglect the management phases of committee work.

Alternative 2, placing secretariat responsibilities in a department or agency having a primary or large interest in the work of the committee, has a number of advantages. The staff will ordinarily be, in such a case, more familiar with and perhaps more devoted to the work of the committee than might otherwise be the case. It may also be easier to maintain a competent and trained committee secretariat, including persons trained in the substantive aspects of the committee's work. On the other hand, this solution may subject the secretariat to charges of bias; and the role of the secretariat as an impartial administrative aid to the committee as a whole may suffer because of its interweaving with the substantive staff of one of the agency members. It may also prove difficult to select the agency that is to staff the secretariat, if the choice is dependent on agreement as to which agency has the primary or major interest.

Alternative 3, providing a secretariat under a full-time executive secretary responsible to the committee as a whole, is perhaps the best way to guarantee complete devotion and attention to the work of a committee. Except in the case of committees having busy and continuous schedules, however, it may appear to be an expensive and wasteful mode of operation. This leads to the concept of a central secretariat.

Alternative 4 now exists within the Department of State, where there has been established a central secretariat which handles much of the committee work for which the Department is responsible. This has been used to replace a haphazard system of appointing the most available person as secretary of the various departmental and interdepartmental committees. The advantages that have accrued from centralized procedures, exchange of information, and so on, are substantial. It is possible, moreover, that a central secretariat has some ability to reconcile intercommittee jurisdictional disputes. Other experience during the war with the central secretariat idea as exemplified in the Joint and Combined Chiefs of Staff was apparently satisfactory enough so that central secretariat concepts have been attractive to many persons in and out of the Government.

Alternative 5, the possibility of a central committee secretariat in the Executive Office of the President, has so far received no extensive consideration except in connection with proposals for a Cabinet secre-

tariat, a Presidential staff secretary, or a central secretariat for Cabinet committees. All of these proposals have apparently so far come to nothing in part because of a widespread antipathy in Executive Office circles to the formalization of Cabinet work or even to any lesser approximation of British cabinet practice.

A proposal for consolidating the principal existing interdepartmental committee secretariats in a central secretariat in the Executive Office would be somewhat different from prior proposals and might be thought to have certain merits of its own. The argument for such a proposal would begin with advantages of the kind found to exist for the existing central secretariat in the Department of State. It would emphasize the advantages of bringing together the secretariat arrangements for all major committees in one place, so that it would be possible to include committees that are concerned mainly with domestic matters, as well as those concerned mainly with foreign affairs. Presumably this would facilitate the coordination of the foreign and domestic aspects of national policy as a whole, and would be a major reason for locating central secretariat arrangements in the Executive Office rather than in the Department of State, which limits its activities almost entirely to the foreign affairs committees.

It can be argued further that any question of sufficient interdepartmental importance to warrant consideration as to policy by an interdepartmental committee is by virtue of that fact automatically of interest to the Executive Office. The establishment of a central secretariat in the Executive Office would facilitate the exchange of information needed for other phases of Executive Office work. Conversely, the other facilities of the Executive Office could be used to strengthen the quality of the secretariat work and to improve the functioning of the committees. Appropriate staff agencies in the Executive Office would be fully informed in case of deadlock in a committee. Interdepartmental problems would not go unresolved for long periods of time merely because no agency directly concerned was prepared to take the responsibility of bringing it to the President for settlement.

It may also be argued on behalf of this alternative that it would avoid the tendency that is said to exist in the case of committees that have their own secretariats to develop a sense of corporate identity in their own right. Such committees may attain almost the status of small independent executive agencies, and add accordingly to the supervisory burdens of the President. A central secretariat in the Executive Office, with responsibility to serve several important committees, would not need to develop an institutional loyalty to any one of them.

Against such a proposal, it could be argued that the creation of an adequate central secretariat in the Executive Office would be a difficult task. The qualifications of skill and prestige for the chief of such a

secretariat would be substantial. In addition, it would be difficult to recruit and organize the necessary staff if substantive qualifications were expected for the existing wide variety of committee work. Expert personnel in the substantive agencies would probably be reluctant to transfer for service in a purely secretariat capacity, while existing staffs of Executive Office agencies would be severely pressed if expected to supply qualified expert personnel for a constant stream of temporary and *ad hoc* assignments in connection with such a secretariat.

More importantly, it might be argued that the establishment of a central secretariat is merely a first step in the direction of a Cabinet secretariat and that the step should not be taken unless it is desired, as it evidently is not, to go the full way. Against this point, it could be argued that the existing interdepartmental committees do exist, that they are growing in numbers, and that action otherwise appropriate should not be prejudiced by arguing about the Cabinet, which is actually a different kind of a problem.

FURTHER ANALYSIS AND CONCLUSIONS

The strengths and weaknesses of the committee system, by and large, are those of any system that seeks to secure cooperation and compliance by voluntary means. Its strength is that officials, departments, and agencies are most likely to cooperate fully in carrying out decisions that they have participated in making. The weakness is that the process is likely to require full and free debate that is time-consuming and, within a system of executive control, to some extent irrelevant.

Nevertheless, teamwork in foreign affairs is necessary as it has never been before. The use of interdepartmental committees within limits, in some form and for some purposes, therefore appears to be both necessary and desirable. Moreover, the use of staff aids to higher authority to obtain systematically coordinated action as an alternative to committee action can also have only a limited application. Presidential staffs work primarily on matters of Presidential concern, and neither the President nor his staff has the time to be concerned with all matters of interdepartmental relations. Even if there were enough staff assistants in the Executive Office to keep track of all questions of concern to more than one department at the seat of government, it is not at all certain that this process would be more efficient in its total effect, or any less expensive of time and talent, than the committee process.

General considerations affecting committee usefulness

The committee device is most workable when the committee can be made advisory to one agency, which other members of a committee

accept as having the primary action responsibility for matters coming within the committee's purview. This arrangement, when it is possible to recognize a clear leadership responsibility in one agency, tends to minimize the unanimity principle and to allow work to proceed more rapidly.

The reason why committees advisory to an agency of primary interest work best in the American system is that committees of this type do least violence to the line of command and executive responsibility. Jurisdictional issues under these circumstances are not likely to plague the work of a committee, and it remains the responsibility of the agency most involved to accept or reject the advice given. Experience seems to indicate that in the great majority of cases, the agency with primary responsibility has been willing to accept and utilize such advice.

Much of the difficulty that has been experienced with committees has developed in cases where primary responsibility does not reside clearly in any single agency, where the terms of reference of the committee are not clearly defined, or where some members of a committee are attempting to use it to enlarge their own sphere of responsibility. In such cases, issues will inevitably arise that involve appeal to higher authority in case of disagreement. Some experience has developed in the combining of staff and committee work that may be useful in handling such problems; namely, in the designation of a member of a Presidential staff agency to sit either as a representative or as an observer on a committee. A representative of the Harriman office sits on the International Security Affairs Committee, and staff members of the Bureau of the Budget sit as observers on several of the more important interdepartmental committees.

These representatives sit as observers because of the belief that it would be unwise to commit the Executive Office agencies on questions at the departmental level that might later arise for settlement in the Executive Office. This is undoubtedly correct, but an opportunity exists to develop the role of the observer more actively without violating the principle. We believe this to be particularly so in cases where a committee is necessary but where it is not possible to make a clear assignment of primary responsibility. We believe that staff members of the Executive Office should always be assigned to such committees, and can be of special usefulness in seeing that stalemates are not allowed to remain unresolved, but are instead referred to higher authority. In this situation, a combination of committee work and of staff work outside the committee would seem to be of great practical utility.

Even within these terms, the interdepartmental committee should not be considered a panacea for interagency ills. In many cases, informal liaison will be a more effective and less costly way of fixing

policy or administering or reviewing programs. In other cases, the remedy for diffusion of authority may lie in the concentration of authority in a single agency, rather than in institutionalizing relations between agencies of divided authority by establishment of a committee.

Similarly, the committee device should not be used as a means of formalizing and fixing a relatively slight agency interest in a problem or area of work in which the interests and responsibilities of another agency are paramount. When there exists relatively slight interests of other agencies, they may be satisfied more appropriately by arrangements for exchange of information, informal liaison, maintenance of formal liaison relationships, or the like. In such cases the establishment of a permanent committee, or the inclusion of members whose interests are partial or tangential, may serve to stultify the effective development and execution of governmental policy. A primary requisite of government is action; if action is frustrated by an overburdensome requirement of committee clearance, the results can be quite as serious as if no coordination is attempted in areas where it is in fact needed.

In securing successful interdepartmental committee work, there is no substitute for a competent presiding officer who believes in the purpose for which the committee was established. This can hardly be over-emphasized. Many chairmanships tend to be settled on the basis of *ex officio* criteria without regard to experience and skill, notwithstanding the fact that otherwise capable executives are sometimes inadequate as committee chairmen. In such cases the committee's failure is often in fact the failure of the chairman. Moreover, in those cases where it is essential that the chairmanship be held by a particular agency, failure to provide an effective chairman is a significant failure on the part of the agency.

An effective committee must rest on a firm basis of ability of its members to present a coordinated agency position. If coordination within agencies has not been achieved, the meetings of an interdepartmental committee are likely to be time-consuming and fruitless.

Issues in committee administration

Functions of a committee.—With these general considerations in mind, it is possible to consider the more specific issues that were raised and discussed earlier in the chapter. In connection with the issue as to the functions that can be performed by committees, the evidence is somewhat contradictory.

The fact is that each of the types of activity indicated by one of the five alternatives under this issue has at times been carried on successfully and at other times unsuccessfully in an interdepartmental committee. Possibly the general view that committees should concentrate on matters of policy and program formulation and avoid

administration is a quantitative reflection of the experience, but this cannot be the subject of any complete determination in the present state of the evidence.

The difficulty probably results from the fact that several other variables are also at work and affect the degree to which an interdepartmental committee can successfully attack any one of the tasks described. Aside from the obvious factors of personality with respect to chairman, members, and secretary, the extent to which the jurisdictional interests of the various members are clear and certain may be one major point. Another, possibly of general importance, is the extent to which jurisdiction is more or less evenly dispersed among agencies represented on the committee as contrasted with the situation in which jurisdiction is mainly in a single agency, leaving the other agencies on the committee in an essentially advisory and cooperating relationship. There may be a correlation between the jurisdictional pattern and the type of activity that can be carried on effectively: for example, it might be suggested tentatively that committees should consider only policy and program issues in situations in which authority and responsibility are more or less evenly distributed in the committee, while detailed administrative work may be possible and desirable in situations in which authority tends to be concentrated in the agency of the chairman, while other members have an essentially cooperative role on behalf of their respective agencies.

Experience indicates that jurisdictional issues should not be debated in interdepartmental committees. There may be exceptions to this rule, as, for example, the obvious one of an interdepartmental committee set up for the specific purpose of considering a jurisdictional issue. But the more usual situation is the one in which the issue is not clearly stated, and in which the several members of the committee assume primary jurisdiction over a particular area with which the committee is attempting to deal. In such cases, the more or less submerged conflict, if it continues, can lead to no outcome other than a steady deterioration in the work of the committee. As a rule, jurisdictional questions should be settled as fully as possible before an interdepartmental committee is established. In any case, a specific jurisdictional dispute should not be "resolved" by the easy but dangerous method of establishment of a committee with an ill-defined character of responsibilities and on which the disputing agencies are all represented.

At the present time the most that can be said as to functions apparently is that committees have seemed to work best when involved in work of a broad rather than a narrow character. This is a relative matter, and it is related to the experience of the government with the particular field being considered.

Committees have often appeared to be most effective in the early stages in a policy or program problem. Once the major decisions in a subject matter have been made, the committee device appears to lose its chief value, and informal liaison can often carry on from there. The utility of the committee in getting principals and opposite numbers acquainted in the first place, and in setting up an organized system for the exchange of information, however, should not be forgotten.

Appellate procedures.—Ability to resolve conflicts is a necessary part of the efficient functioning of an interdepartmental committee. In the case of a committee that is advisory to an agency, this question should not arise in a formal sense. It is in cases where jurisdiction may be divided rather evenly between two or more agencies that the difficulty is likely to develop. We have already suggested that a combination of staff work and committee work can be helpful in this situation. The value of that approach may be enhanced if channels of appeal are instituted as a regular procedure in the committee structure.

It is questionable whether the chairmen of interdepartmental committees should be given the power of decision in the case of stalemates. Such a procedure would be likely to add further formality to the conduct of business; it might lead to formalized voting procedures which so far have largely been lacking; and it would almost certainly increase the tendency of some committees to think of themselves as corporate entities instead of coordinating devices.

We do not believe that any one method of appeal should be prescribed for all committees, but we do feel strongly that every standing committee existing in a situation of somewhat dispersed authority should have open a definite means for securing action when conflicts develop and cannot be resolved through the committee process. The charter of every committee should contain clear and specific provisions on the point; it is the fact that the channel of appeal is so often left confused and open to doubt that frequently causes most of the difficulty.

All that should be necessary to set an appeals procedure in motion should be for the chairman to recognize the existence of a stalemate. Where a subcommittee is involved, procedures should be provided for clearing the matter expeditiously through the top committee to ascertain whether agreement is possible at that level. When a sub-Cabinet group is concerned, the procedure should also provide for the possibility of decision at the level of the secretaries. When all else fails, and often much sooner, the matter should be picked up for staff work in the Executive Office of the President and possible decision by the President or by an official designated by him.

Level of committee establishment.—Some of the most difficult issues in committee experience arise out of Cabinet-level committees. Such committees if not sparingly used have numerous disadvantages. They

consume large amounts of time of officials that have the least time to spare; they have a tendency to become more formal, both in organization and procedure, than others, and have the greatest danger of violating executive responsibility. Moreover, it is this type of committee that lends itself most easily to statutory enactment, a method of creating committees that is least to be desired.

Cabinet-level committees are sometimes created for two principal purposes other than giving the President advice; namely, to signify final approval of agreements reached by lower-level committees, and to constitute a board of appeals from such committees. In our opinion there is no real reason why Cabinet officers need to meet in person for the first purpose alone, and in fact they are usually represented by alternates on such occasions. On the second point, we agree that face-to-face contact among the responsible Cabinet officials can be an important factor in bringing about agreement. On the other hand, it would always seem possible to convoke an informal meeting of Cabinet officers when the importance of an issue demands it, and it does not seem necessary to establish standing committees for this purpose. The history of the Foreign Military Assistance Steering Committee is an outstanding example of the futility of creating a committee for this purpose. Although the committee itself was totally inactive, its members solved many of the problems for which it was supposed to have been created through other means that seemed to be more flexible and more convenient.

The need for standing committees at the Cabinet-level for any purpose other than to advise the President is therefore questionable. It seems clear that in committees of Cabinet rank not advisory to the President, such as the NAC, the greatest proportion of the work is done by staff committees, and that the top committee exists largely for supervisory purposes which do not really require the actual members to meet. We believe that interdepartmental committees, unless they are specifically advisory to the President, should not as a general rule be established at the Cabinet level.

Coming at the question from another point of view, it is also necessary that representatives on a committee at some point be authorized to commit their department or agency. A person of fairly high rank may be in a better position to do this than one at a low rank. We suggest, therefore, that the level at which most interdepartmental committees probably work best in the making of final decisions ranges between the level of the assistant secretary and the chief of bureau or office director level.

Method of establishment and discontinuance.—Administrative doctrine on one alternative presented under this issue is quite clear, that is, that interdepartmental committees should not be established by statute. This has been especially emphasized in connection with com-

mittees established to advise the President. Such committees are supposed to aid the President through the development of advice on his request. The objection to the establishment of such committees by statute is that they tend to decrease the flexibility with which the President is able to handle problems that concern him. It also tends to create an impression among the members of such a committee that they have a right to advise the President regardless of whether he wishes to receive advice or not. Even committees not advisory to the President are likely to lose flexibility if they are established by statute.

The most flexible means of establishment is the interagency agreement. This method also has the advantage of placing the fewest obstacles in the way of terminating a committee when it is necessary to do so. We see no objection to the use of this method for committees below the Cabinet level of a temporary or *ad hoc* character, or even for permanent interdepartmental committees in the field service at home or abroad.

At the Cabinet level, we believe that even *ad hoc* committees should be the subject of specific Presidential action defining their assignments and responsibilities: in the case of such *ad hoc* committees, however, the action can be informal and should perhaps desirably be so.

Permanent interdepartmental committees at the seat of government almost always involve recognition of an important subject matter of a continuing character and of major concern to several departments and agencies. Such committees should not be established lightly; their establishment should be subject to definite procedural safeguards of exactly the sort that now surround the preparation and issuance of Executive orders of the President. We therefore favor action by the President to prescribe that in the future, all executive proposals for the establishment of permanent interdepartmental committees be presented to him in the form of a proposed executive order. Existing permanent committees should be brought within the same procedure within a reasonable length of time.

Administrative supervision.—Supervision and control of interdepartmental committees is a neglected phase of central management in the Executive branch. While it is probably impossible and undesirable to maintain detailed supervision over committees, in the same sense that action units are supervised, it is probable that many committees are not as effective as they could be if properly supervised, and that others should be terminated. The Department of State has carried out some of these functions for committees in the field of foreign affairs, but this does not exhaust the need.

This issue is closely allied to the provision of secretariat arrangements. Administrative supervision of committees would be a natural function of a central secretariat. In any case, we are convinced that committee supervision is essentially an Executive Office function and

one for which definite responsibility should be fixed. The Bureau of the Budget might be called upon to create a special unit with responsibility for this function. Or, if there should be a staff unit such as a central secretariat created in the Executive Office, we believe that it would be the logical location for supervising the permanent interdepartmental committees.

Provision for committee secretariats.—It is almost axiomatic in the light of accumulated experience that some kind of secretariat arrangements are necessary if interdepartmental committees are to function well. The major questions concern the type of secretariat, what its functions are to be, and how it shall be controlled. Insofar as servicing the needs of committees that focus primarily on foreign affairs is concerned, the Department of State seems to be doing a competent job. But there is no similar staff that can handle, on an over-all basis, interdepartmental committees that are focused primarily on domestic affairs or on national policy as a whole.

Many proposals have been advanced to establish such a staff, including proposals for a Cabinet secretariat or a staff secretary to the President. None of these proposals has been acted upon, apparently out of a desire, in part at least, to retain the primary impetus for coordination at the departmental level, and to reserve the Executive Office for final coordination. In part, there has also apparently been some apprehension that such proposals are a step in the direction of a system of collective responsibility, such as is found in the Government of the United Kingdom.

Yet when all these objections have been made, there still appears to be a gap in United States governmental machinery that needs to be filled. There is a system of committees that has been established and allowed to grow with a minimum of topside direction and control. At times the inner contradictions of this system and the jurisdictional conflicts between committees themselves have required intervention from above. It is generally agreed, however, that occasional attention to the problems of the committee system as a whole is not enough, and that the system could serve the Government better if a more adequate system of administrative supervision were devised.

Central coordination under Presidential leadership

If the preceding pages have left any single clear impression in their analysis of a situation admittedly chaotic, it must be that the interdepartmental committees need management. The committees exist, they consume large amounts of high priority time, they grind out a mass of policy of a sort, and in other cases, while themselves unproductive of policy, they prevent it from being produced elsewhere. There is a considerable amount of knowledge, based on experience in this and other governments, as to how they might be made to operate

more effectively, yet that knowledge is not systematically or generally applied.

Any form of central management of interdepartmental committee work would require the creation of some sort of a new unit or institution within the Executive Office of the President, since there is no other location from which the job could be done.

The main reason why the situation has not been taken in hand, notwithstanding the suggestions for action that have been made from time to time by the Hoover Commission and others, goes directly to the basic questions of central structure in the American form of government. It is difficult to conceive of any fully effective structure for the general coordination of committee work in the executive branch that does not start at the top and spread out below in some sort of hierarchical pattern in which the major committees would find their place. But that amounts to suggesting a Cabinet secretariat. For a period of several years that suggestion was earnestly pressed by at least one member of the Cabinet. The suggestion did not prevail, and probably rightly so. The Cabinet under American practice is not readily adapted to any form of collective action or responsibility even if by decision of the President the way were to be opened for it so to act.

The Cabinet committee idea, however, has begun to gain some headway. Cabinet committees of limited size have been utilized repeatedly on an *ad hoc* basis and with considerable success. Usually they have been set up with some specific assignment from the President in which guide-lines as to basic policy have been laid down in their terms of reference; and their function has been to report back to the President with recommendations. Standing Cabinet committees have less often been created, although there were a number during the period of the Second World War, and apparently there will be more during the present period of defense emergency. They appear to serve a need during periods of program initiation even if later allowed to become inactive. The National Advisory Council on International Monetary and Financial Problems is the principal example of a Cabinet committee established by statute on a basis giving it functions almost completely independent of advice to the President. As this chapter has already indicated, the NAC tends to function more at the sub-Cabinet rather than the Cabinet level for most practical purposes.

The National Security Council goes beyond other experiments with Cabinet committees to the point of being a true innovation in American governmental practice. It may prove to be an innovation of major and continuing importance, particularly if the present period of national defense emergency is long continued. It is more than an interdepartmental committee in any previous conception of the device, although the Hoover Commission lumped it with other Cabinet com-

mittees in discussing its functions. But the fact that the President himself is a member and chairman, even if he does not always attend, distinguishes the National Security Council. The intention of the originators of the idea was to produce a situation in which the President himself would sit in council with his chief lieutenants for national security in order that teamwork might be developed at the highest levels, with the President himself occupying a lead role in the teamwork. In the interval since the outbreak of hostilities in Korea, this idea has been realized in practice to a considerable degree.

For a time, the same fears that have led to antipathy toward use of the Cabinet as an organized advisory body were directed against the development of the National Security Council. It was thought that the members of the Council might utilize its machinery to develop concerted views in opposition to those of the President, yet which he would find difficulty in rejecting because of the formality and unity with which they would be presented. There was also concern lest the President, while presiding over the Council, would commit himself in haste to decisions taken on the spot and without the benefit of the assistance of his own staff or of points of view unlikely to be represented in the Council. All of these fears have proved relatively groundless, particularly since they all anticipate dangers that the President himself can guard against if he sees fit. He has, in fact, protected himself by two procedural devices: (1) specific control of the agenda through his direct and frequent contact with the executive secretary, and (2) the practice that no Council action is final until the President approves it in his constitutional capacity rather than as chairman, and usually on the basis of a separate and later presentation in documentary form.

The National Security Council was much more nearly an interdepartmental committee of the ordinary sort, although clearly pitched at the Cabinet level, during the earlier period before the President began to preside regularly. During that period, the usual practice was for the Secretary of State to preside. The whole look of the Council began to change, however, when the President himself became in fact the presiding officer. It became a far more powerful instrument for central coordination of the most powerful agencies of the Government under the President.

There will be a question as to whether those values could be preserved while giving the President additional assistance through the appointment of a vice chairman of the Council who would be a full-time official within the Executive Office establishment. Such a vice chairman could presumably assist the President in his functions of leadership for the work of the Council in a more positive way than can an executive secretary. The advantages of Presidential staff work could

perhaps be combined more effectively with those of Presidential committee work than would otherwise be possible.

In terms of the permanent problems of governmental administration, the main consequence of the National Security Council has been to establish a new concept in government: A concept of an area of joint work between the Departments of State and Defense that should be organized at the level of the Executive Office and carried out under the immediate supervision of the President. With the coming of the Director of Defense Mobilization as an active participant, and the further development of the work of the Council in that direction, the effective area of joint work has become still more important.

The National Security Council having become established to the extent now apparent, the question arises as to its further development. Earlier in this report, particularly in chapter V, we noted the existence of concepts as to how the council should function that tended to limit its work in several rather rigid ways. Those limitations may have been useful, even essential, during an earlier period without necessarily being permanently valid.

These limitations on the scope of the council, may have been responsible in part for the creation of two other closely related units: the Harriman office in the Executive Office of the President and the International Security Affairs Committee in the Department of State. The Harriman office, as earlier indicated, has been able to utilize in high degree the special advantages of a Presidential staff agency in dealing with central problems of policy and program coordination on behalf of the President. Nevertheless, the unit as presently established gives little impression of permanence. It might be desirable therefore to consider the extent to which the working methods of the Harriman office might be brought at some time within the permanent framework of the National Security Council and its staff. Under some circumstances, the two organizations might be consolidated, or, alternatively, the Council and its staff might be strengthened and given greater range for initiative on behalf of the President.

The National Security Council and the International Security Affairs Committee are clearly distinguished as to the levels at which they operate, and decisions resulting from the work of the Council are binding on the committee, as are other Presidential decisions. Yet the area of unresolved overlap would seem large enough to leave open the possibility that perhaps the committee should be brought into some more clearly defined and organized relationship to the Council. The committee will be dealing, among other things, with various types of questions that will go in the end to the President for final decision. Administrative questions will apparently find their way to the President through the Bureau of the Budget; but such policy questions as may arise, for example, in the drafting of instructions for representa-

tives of the United States on the North Atlantic Council might appropriately, it would seem, be passed to the President through the machinery of the National Security Council. Such instructions must be drafted within the guidelines of basic policy as previously devised in the Council.

These questions are not raised at this time with any thought of making recommendations beyond those presented at the end of chapter VI, but rather of opening up possibilities that merit examination and sympathetic discussion as the situation evolves. In that connection, it seems desirable to recall certain other major problems that have necessarily been left for the future. In particular, the suggestion in chapter IV for the eventual consideration of a Department of Foreign Affairs, organized in triple form similar to that of the Department of Defense, will be recalled. In chapter III, we had already pointed out that the so-called "superdepartment" form of organization was in some degree an alternative to other possibilities that might take the form of the establishment of stronger centers of coordination under the President in the Executive Office. Specifically, it would seem that over the next several years, the course of development should not be allowed to proceed unchecked in the direction of a triple Department of Foreign Affairs without exhaustive consideration of the possibility that something more satisfactory and considerably less complicated as a supradepartmental coordinating mechanism could be evolved within the general framework of the National Security Council. Alternatively, the role of the Council may prove to be that of providing the essential link between two departments organized in similar form, a Department of Foreign Affairs and a Department of Defense.

These broad and speculative possibilities, together with the questions posed in chapter III as to the internal organization of the Executive Office of the President, are intended to indicate the extent to which the administrative situation at the highest levels of the executive branch may be considered fluid. Obviously this report cannot resolve questions of this magnitude, nor should it attempt to do so; they go far beyond its proper scope. But the existence of these questions makes it impossible to deal conclusively with various aspects of the problems that have been under consideration in this report.

That is particularly true for the specific problem stated at the beginning of the present chapter. The general problem of how and when to utilize interdepartmental committees, particularly high level committees concerned with the central problems of policy and program for the executive branch, will remain insoluble in other than *ad hoc* terms until there has been some marrying of concepts as to how Presidential staff work and Presidential committee work shall each be carried on effectively and in relationship to the other in the Executive Office of the President.

There is clearly a need for additional specific studies of Executive Office functions, organization, and procedures that would take account of all of these problems. The conditions of the national defense emergency may make such studies difficult at present, yet the emergency undoubtedly increases the need for a thorough-going inquiry into various specialized aspects of the experience and for more penetrating analyses of the possibilities inherent in the Executive Office of the President as an institution. Pressures for various forms of action are developing from time to time, and lead to expedients and experiments that add to the accumulation of experience. But something further is needed, and in due course the problems should be fully recognized and solutions sought in the most constructive way possible.

Conclusions

1. Executive Office staff work and interdepartmental committee work are to some extent alternatives to each other, but neither can be a completely effective substitute for the other. Interdepartmental committees can be useful provided there is general understanding of their limitations and there are also safeguards against abuses.

2. In securing successful interdepartmental committee work, there is no substitute for a competent presiding officer who believes in the purpose for which the committee was established. In those cases where it is essential that the chairmanship be held by a particular agency, failure to provide an effective chairman is a significant failure upon the part of the agency.

3. Jurisdictional issues should not be debated in interdepartmental committees. Problems of work assignment among agencies should not be handled in interdepartmental committees unless the respective agency jurisdictions are reasonably clear and well-understood. Jurisdictional issues that arise in the course of committee work should be promptly taken elsewhere for decision.

4. The terms of reference for a permanent interdepartmental committee should usually set forth specifically the channel by which any unresolved issue is to be appealed to higher authority, and the deciding authority should be designated.

5. As a general rule, interdepartmental committees should not be established at the Cabinet level unless they are specifically advisory to the President. The assistant secretary or bureau chief level appears most appropriate for committees in which the agency members are expected to commit themselves to an agreed decision as the end product of the committee process.

6. Cabinet-level committees should be established only with specific Presidential approval, although such action may appropriately be

informal in the case of *ad hoc* committees. Other permanent interdepartmental committees should be established only by Executive order, in order that appropriate procedural safeguards may be maintained. *Ad hoc* committees below the Cabinet level need not receive Presidential approval and may appropriately be formed by inter-agency agreement.

7. The supervision of permanent interdepartmental committees is essentially an Executive Office function and one for which definite responsibility should be fixed. The lack of any central secretariat in the Executive Office of the President for the more important standing interdepartmental committees appears to be a gap in the governmental machinery of the United States. The system of interdepartmental committees is unlikely to serve the public interest as well as it should until means can be found by which this gap may appropriately be filled.

8. The uncertainties as to the proper organization and use of Cabinet committees have been a major factor standing in the way of Executive Office action to deal with the general problem of interdepartmental committees. Cabinet committees are being utilized increasingly on an *ad hoc* basis. The National Security Council is a permanent body for the conduct of deliberative activities at the Cabinet level.

9. The National Security Council has become more than a Cabinet committee, inasmuch as the President himself has begun to preside regularly. There is a question as to whether the present values of the council for central coordination could be preserved while securing the advantages to the President that might be inherent in the appointment of a full-time vice chairman of the Council. The existing limitations on the scope of the National Security Council appear to have been somewhat responsible for the establishment of the office of the Special Assistant to the President (Mr. Harriman) and the International Security Affairs Committee. The relationships between the three units may appropriately be subject to a further evolution.

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