

October 29, 1947

Honorable William Averell Harriman,
Secretary of Commerce,
Washington, D. C.

Dear Averell:

You will recall our brief exchange at the N.A.C. meeting the other day concerning the form of organization within the U.S. Government for handling the European Recovery Program. Since I understand that your Committee is continuing to give consideration to this problem, I should like to give you some additional thoughts on the subject.

I start from two basic premises: (1) that this operation is of such great magnitude and complexity that a new Government agency will have to be set up to handle it, and (2) that this new agency will have to be very closely tied in and coordinated with the rest of the executive agencies. On this second ground it seems to me impracticable to entrust the administration of the program to some independent body of experts along the lines suggested by Mr. Aldrich.

I understand that there is general agreement on the foregoing principles in the Administration and in your Committee but that views have not yet crystallized as to the mechanics of tying in the operations of the new agency with the rest of the Government. It seems to me that this problem will be solved most effectively and most expeditiously if maximum use is made of existing Governmental machinery.

Clearly, the State Department should have some special measure of control over the new agency in view of its importance to the foreign policy of the United States; this might be accomplished by setting the new agency up as an autonomous organization "under the wing" of the State Department (like the present Office of the Foreign Liquidation Commissioner). There remains the broader question of providing general policy guidance to the new agency within the framework of the over-all foreign lending activities of the United States. It seems to me that the existing N.A.C. machinery could be readily adapted to this purpose.

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It is true that there will be a number of important policy questions affecting the operations of the new agency which do not fall within the functions or experience of the N.A.C., e.g., allocation of commodities in short supply, administration of export control, etc. But your Department and the Department of Agriculture have well-defined responsibilities in these fields, and I should think that you could handle these problems through consultation with the new agency without necessitating the creation of new top-level machinery.

I assume that the new agency itself will have the function of reviewing in detail the import programs of the recipient countries, taking into consideration the availability of commodities in short supply, and assuring itself that the programs are appropriately directed toward the objective of European recovery and reconstruction.

At this point, however, some major policy questions will arise, country by country, with respect to the implementation of the programs, and in particular with respect to the provision of U. S. assistance. To what extent is assistance required in view of the over-all balance of payments and foreign asset position of the country concerned? Should the needed financing be provided through special aid under the Marshall program or through other U. S. or international institutions? If from special aid, on what terms, assuming that the Congress leaves room for discretion on this point? It seems to me that on questions such as these, the new agency should receive general policy guidance from the N.A.C. as the governmental body most experienced and best equipped to handle them.

I do think, however, that in the new circumstances a good case could be made for adding the Secretary of Agriculture to the N.A.C. Clearly the food export program and the development of European agriculture will be major elements in our foreign aid program in the coming years. The addition of the Secretary of Agriculture to the N.A.C. would broaden the base of this body and fortify its capacity to make the broad judgments required for carrying out the over-all program of foreign assistance.

Finally, I should like to express my thorough agreement with the idea, which seems generally accepted, that representatives of the Congress and of the general public should be brought into the administration of the program in an advisory, but not an executive, capacity. I would favor the creation by the Congress of a

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joint standing committee to keep in touch with the over-all foreign aid program and the appointment of a committee representing the public interest (such as the Aldrich Committee) to consult with the Government in the carrying out of this program.

Sincerely yours,

W. S. Eccles,
Chairman.

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