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CONGRESS AND FOREIGN AID
THE FIRST PHASE, UNRRA, 1943-1947

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PREFACE

Foreign aid has been one of the foremost instruments of American foreign policy since World War II. It has been important in terms of dollar volume--over one hundred billion--and it has been important within the context of total policy. The Marshall Plan, Food for Peace, and the Alliance for Progress are only three examples of specific programs of foreign aid which significantly influenced broader objectives of foreign policy. Over the last twenty years, foreign aid--more than any other foreign policy--has received frequent and critical examination by Congress. Since Congress must approve expenditures, programs for foreign aid give the legislative branch its most consistent opportunity to support or oppose the conduct of foreign relations by the executive branch.

Congressional acceptance of the idea of spending large amounts of money for foreign countries is only one aspect of the revolution in American foreign policy within the last quarter century. The United States emerged from isolation and accepted world-wide commitments. The change in foreign economic policy is one aspect of this revolution. Foreign aid was a great departure from the economic nationalism of

the twenties and thirties. Then, the American response to international violence was militant isolationism--the neutrality legislation. A decade later Americans responded to a new kind of threat with militant internationalism--the Marshall Plan. This dramatic shift in American policy was possible only because of close cooperation between the executive and legislative branches of government.

The United Nations Relief and Rehabilitation Administration (UNRRA), largely unknown and forgotten in the diplomacy of World War II, is an important part of the foreign aid story. When representatives of forty-four governments formally signed the UNRRA agreement in 1943, the grand alliance established its first operating international organization. UNRRA's purpose was to assist the people of liberated areas by planning, coordinating, and administering measures for their relief and rehabilitation. It was to provide food, fuel, clothing, shelter, medical services, arrange for the return of prisoners and exiles to their homes, assist in resuming agricultural and industrial production, and restore essential services. UNRRA was also to help procure, transport and distribute these supplies and services. UNRRA departed from the policies of Herbert Hoover's American Relief Administration in two important ways. It provided not only soup-kitchen relief, but also a start toward

reconstruction, and it financed its operations through voluntary contributions by its member states, thus avoiding loans to governments needing assistance.

UNRRA was established to ease the transition from a world at war to a world at peace. Instead, it was only a curtain raiser for extensive new programs of assistance which followed. There was one essential difference--UNRRA was an international organization, but the new programs were fundamentally American. American foreign aid cannot be understood without an understanding of its predecessor--UNRRA--and congressional attitudes toward foreign aid cannot be understood without an understanding of congressional attitudes toward UNRRA. It shall be my purpose to trace the story of the relationship between Congress and UNRRA.

The story of Congress and UNRRA can be divided into six periods. The idea of UNRRA originated in 1940 and found expression in the publication of a draft agreement for the new international organization in June 1943. From June to November of that year, the State Department sought behind-the-scenes congressional approval for American participation in UNRRA by means of an executive agreement instead of by a treaty. In the third period, from December 1943 to June 1944, Congress formally established American participation in UNRRA by authorizing and appropriating funds for it.

Congress did not work on any legislation for UNRRA during the fourth period, from July 1944 to August 1945, but individual congressmen became increasingly critical of UNRRA's activities. During the last four months of 1945, Congress passed three bills relating to UNRRA--an appropriation completing the first authorization, an authorization for a second contribution, and an appropriation under the second authorization--but only after complex legislative manipulations. Assured that UNRRA would end in 1947, most congressmen lost interest in its activities, but they did approve two final appropriations with relatively little controversy. It was apparent that areas in Europe and the Far East needed additional relief and rehabilitation, but the United States opposed a third contribution and UNRRA ran out of funds. Congress wanted a new American assistance program instead of the continuation of UNRRA, and the grand alliance's first operating international organization terminated its operations.

In the writing of this manuscript, I have incurred many debts. I wish to thank Philip Brooks and his assistants at the Harry S. Truman Library, Marjan Stopar-Babsek and his staff at the United Nations Archives, and Buford Rowland and his helpers at the National Archives. I am also thankful for the assistance of the staffs of many other libraries and

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Chapter I
ORIGINATING UNRRA
(1940 - 1943)

When James Rowe was an administrative assistant to President Franklin D. Roosevelt, one of his many jobs was to digest book-length reports on a great variety of subjects so that a busy President could get at the meat of a report without having to read it. Even after Rowe left the White House to become Assistant to the Attorney General, the President continued to send reports to him for summaries. On New Year's Day, 1943, Rowe returned to the President a memorandum of seventeen pages describing the historical and legal background of Herbert Hoover's activities in connection with food and relief during and after World War I.

One conclusion of the report was that the experiences of both wars proved the desirability of "putting new wine in old bottles"--working through old organizations or gradually changing them, instead of establishing new ones. Hoover's American Relief Administration had evolved from his work as Director General of Relief for the Supreme

Economic Council, and from his earlier work on the United States Food Administration and the Commission for Relief in Belgium. The second conclusion was that it seemed desirable for the United States to control relief by itself. Both President Woodrow Wilson and Hoover had strongly opposed any kind of program that even looked like Inter-Allied control of economic resources. Since the United States furnished most of the supplies, it did not want an Inter-Allied commission to overrule American decisions regarding distribution of American supplies. Forced to cooperate, the Allies reluctantly agreed to a relief organization controlled by the United States. The Lend-Lease Administration appeared to be the perfect organization to handle relief during World War II. For postwar relief, political considerations would necessitate amending the basic lend-lease act, since lend-lease had been justified to Congress as strictly a war measure.¹

The Roosevelt Administration, however, did not want to follow the pattern for relief after World War I, but avoid

¹Memorandum, Rowe to Roosevelt, January 1, 1942 [sic, 1943], Franklin Delano Roosevelt Papers, Franklin D. Roosevelt Library; hereafter cited as FDR Papers, FDR Library. Letter, Rowe to the writer, February 11, 1966.

it. Instead of an agency like the Lend-Lease Administration to handle relief in liberated areas, a new organization was to be formed--the United Nations Relief and Rehabilitation Administration (UNRRA). It was to be an international organization instead of an American agency. Although the President and his agents in the executive branch formulated and executed American policy regarding UNRRA, that policy was significantly influenced by congressional attitudes and actions. Congress was uninformed about plans for UNRRA until June 1943. In that month a dispute over the propriety of the United States joining UNRRA by an executive agreement instead of by a treaty led to close cooperation between the State Department and Congress. The United States subsequently joined UNRRA by simply signing the UNRRA agreement, but congressmen assisted in writing that agreement. UNRRA could not have operated without the \$2,700,000,000 appropriated for its operations by Congress. The size of the five separate appropriations for UNRRA, together with their timing and the nature of restrictive amendments added by Congress, greatly affected UNRRA's operations. Congress supplied over 70 per cent of UNRRA's funds. Despite the fact that UNRRA was an international organization, and not an agency of the United States government, Congress investigated its operations and attempted to direct its development through legislation.

Congressional dissatisfaction with UNRRA was one of the factors that led to its dissolution before its work was completed. The first phase of Congress' experiences with foreign aid--UNRRA--ended in 1947.

Planning for postwar relief began in 1940, and culminated in June 1943 with the publication of a draft agreement for an international administration for relief and rehabilitation in liberated areas. Although some congressmen were interested in the problem of postwar relief, Congress did not participate in the decision to establish UNRRA. The British blockade of enemy-controlled territory in Europe provided the impetus for relief planning. It was a three-pronged problem. Because of the blockade, food surpluses were building up in supplying areas; if they were released without controls at the end of the war, the effect on the world economy would be disastrous. Food was also a weapon of war. On August 21, 1940, Winston Churchill announced that Britain would not allow food supplies to pass through the blockade, but he added a promise of better things to come:

Let Hitler bear his responsibilities to the full, and let the people of Europe who groan beneath his yoke aid in every way the coming of the day when that yoke will be broken. . . . There will always be held up before the peoples of Europe. . . the certainty that

the shattering of the Nazi power will bring them all immediate food, freedom and peace.²

Finally, allied planners recognized the humanitarian necessity to provide relief in devastated areas. In a letter to President Roosevelt, King George VI first suggested the possibility of considering the establishment of some form of international organization to put plans for postwar-relief into operation.³

Planning committees on both sides of the Atlantic began work almost immediately. In Britain, the Chief Economic Adviser to the government, Sir Frederick Leith-Ross, acting with representatives of the exiled governments in London, formed the Inter-Allied Committee on Post-War Requirements. British government officials staffed an Allied Post-War Requirements Bureau, which prepared estimates of the post-liberation needs of nine European countries. Both Leith-Ross

²Great Britain, Parliament, House of Commons, Debates, CCCLXIV, 55.

Herbert Hoover, who opposed this policy, created a National Committee on Food for the Small Democracies, and won bipartisan support in the Senate for his proposal to provide relief in occupied countries; the Foreign Relations Committee refused to take any action. Herbert Hoover, An American Epic (Chicago, 1964), IV, 1-73.

³Letter, King George VI to Roosevelt, April 2, 1940, United States, Department of State, Foreign Relations of the United States, Diplomatic Papers, 1940 (Washington, D. C., 1958), III, 132; hereafter cited as Foreign Relations.

and John Maynard Keynes, Financial Adviser to the British government, exchanged views with Dean Acheson, the Assistant Secretary of State. Acheson recognized the immense complexity of the entire problem of allied surpluses, European shortages, and reconstruction after the war--both in its immediate and long-range aspects. He thought the first and most important problem was to eliminate current surpluses and meet Europe's immediate postwar needs, but it would be advantageous to negotiate long-run arrangements at the same time. He knew that the bargaining power of the countries with surpluses would be considerable as long as receiving countries needed assistance.⁴

The Soviet Union, in January 1942, offered the first concrete proposal for an international organization to handle postwar European economic problems. Soviet and American entry into the European war, and the formation of the grand alliance, necessitated a broader outlook than that of the Post-War Requirements Bureau organized by Great Britain. The British replied to the Soviet proposals in February 1942, and the United States formulated its plan by May 1942. All of the plans were basically similar: relief work in liberated

⁴Letter, Acheson to Leith-Ross, July 22, 1941, Foreign Relations, 1941, III, 103-07.

areas was to be conducted by an international organization, and each member state would have one representative in the supreme council of the organization. Financial arrangements, the precise nature of the work to be performed, voting procedure, and other details were left unresolved.

The Division of Special Research of the American Department of State began to study the problems of relief, rehabilitation and displaced persons in September 1941, and the Advisory Committee on Postwar Foreign Policy Preparation continued its work. From February to July 1942, the latter's Subcommittee on Economic Reconstruction held ten meetings and eventually drafted a detailed charter for a United Nations Relief and Rehabilitation Administration. The basic idea was to continue the wartime policy of great-power collaboration; the United States and Great Britain wanted to bring the Soviet Union and China into the discussions of postwar economic problems.⁵

Dean Acheson sent the American draft of the UNRRA agreement to Secretary of State Hull on July 11, 1942. For the first time, some of the basic principles of the later

⁵United States, Department of State, Postwar Foreign Policy Preparation, 1939-1945 (Washington, D.C., 1949), 54-55, 83-87, 135; Harley A. Notter was the chief writer of this volume, hereafter cited as Notter, Postwar Foreign Policy Preparation.

UNRRA organization became evident. Measures and supplies had to be ready so that relief could be provided to areas as soon as they were liberated. Relief had to be cooperative, with both supplying and receiving countries doing their share. Relief had to be limited to the transition period before recipients became self-supporting--the goal was "rehabilitation" rather than reconstruction. Relief had to have a broad international basis, with members having an equal voice. There had to be an effective decision-making process, probably by the four major powers, but UNRRA could not be too centralized. UNRRA had to be able to effectively execute its plans, and its executive head had to be an American with broad authority.⁶

It should be noted that the State Department had allowed plans to progress without any consultation with Congress, and there was hardly any concern over the role that Congress would play in UNRRA. It is true that Secretary Hull wanted to avoid the mistakes of World War I, and he tried to maintain friendly relations with leaders of both parties in Congress.⁷ To that

⁶Memorandum, Acheson to Hull, July 11, 1942, Foreign Relations, 1942, I, 118-20.

⁷Cordell Hull, The Memoirs of Cordell Hull (New York, 1948), II, 1656-57.

Roosevelt did not believe Republicans would cooperate in keeping foreign policy out of the 1944 campaign, but he was not opposed to Hull's nonpartisan approach.

end, Senator Tom Connally of Texas and Senator Warren Austin of Vermont became members of the Advisory Committee on Postwar Foreign Policy Preparation on May 27, 1942. Connally was the Democratic chairman of the Committee on Foreign Relations, and Austin was one of the best-known members of the internationalist wing of the Republican party. Five more congressional members were added to the committee on January 9, 1943-- Senator Walter F. George of Georgia, Senator Elbert Thomas of Utah, Rep. Sol Bloom of New York, Rep. Luther Johnson of Texas, all Democrats, and the ranking Republican on the House Committee on Foreign Affairs, Rep. Charles Eaton of New Jersey. Six weeks later another Republican, Senator Wallace H. White of Maine, joined this planning committee of the State Department.

It is doubtful whether any of the congressmen played a very active role in the committee's work during the few remaining months of its existence. None of them were on the economic subcommittees where the problems of economic reconstruction and relief were discussed. Senators Connally and Austin were members of the Subcommittee on Security Problems, but Connally did not attend any of its meetings and Austin attended only one. All of the congressmen were members of the Subcommittee on Political Problems, where the primary topic was a postwar international security organization. The State

Department apparently used advanced congressional consultation more to gain congressional support for a United Nations organization than to seek congressional assistance on the broad spectrum of postwar foreign policy preparation.⁸

Planning the international relief organization continued through the rest of the summer of 1942. The rewritten Acheson draft of May 1942 became the so-called first draft of the UNRRA agreement in August. Other government agencies entered the discussions. Representatives of the Departments of State, Agriculture, Commerce, and Labor, Board of Economic Warfare, War Production Board, Tariff Commission, Public Health Service, and the American Red Cross formed five working committees to make further plans. The Lend-Lease Administration asked to be consulted before any decisions were made, suggested that there be no publicity about the plan until the President had full authority to execute it, and contended that the last could be done by amending the Lend-Lease Act.⁹

Also concerned with the problem of timing and publicity was Vice President Henry Wallace, who was also head of the Board of Economic Warfare (BEW). Upon seeing a copy of the

⁸Notter, Postwar Foreign Policy Preparation, 74, 97, 124, 135-38.

⁹Ibid., 137. Memorandum, Cox to Stettinius, August 15, 1942, National Archives, Record Group 59; hereafter cited as NA, RG.

Acheson proposal in June, Wallace wrote to the President and asked that he be included in any discussion about the proposed UNRRA venture, which he approved, but for which he thought timing was essential. Roosevelt replied that he knew nothing about it, and a meeting was not arranged until September 2. At that meeting Roosevelt approved the draft agreement and authorized further negotiations with British, Soviet and Chinese representatives in Washington.¹⁰

While discussing the subject with the Soviet Ambassador on August 20, Assistant Secretary of State Adolph Berle made it clear that both the American and British governments wanted the Director General of UNRRA to be an American. The most important reason was that the project would thus derive increased political support, an important consideration because UNRRA's success would depend upon substantial appropriations from the American government. Two days later, Secretary Hull clearly expressed the wishes of the United States government that there be no publicity at that time about the discussions for postwar relief. The war was still in its critical stages, and any publicity about formal

¹⁰ Letter, Wallace to Hull, June 17, 1942; memorandum, Roosevelt to Hull, June 24, 1942; NA, RG 59. Letter, Leith-Ross to Acheson, September 3, 1942, Foreign Relations, 1942, I, 135-36.

conferences or postwar arrangements could have led to press criticism, political opposition, or premature speculation, with the entire postwar program placed in jeopardy. Sir Frederick Leith-Ross, who had been in Washington for the discussions, reported this view to the representatives of the exiled governments on the Inter-Allied Committee in London a month later. They were disappointed that Leith-Ross could show them no definite plans, but they accepted his explanation that informed American opinion held that even the adumbration of any grandiose relief plan would lead to adverse political repercussions.¹¹

On November 8, 1942, British and American troops landed in North Africa, and military success in that area meant that plans for relief for liberated areas had to be turned into action. Three days later President Roosevelt asked Governor Herbert H. Lehman of New York to come to Washington. Lehman, who had been Roosevelt's Lieutenant Governor, was just completing his tenth year and fourth term as Governor, but he had not been a candidate for re-election. Roosevelt said that he was going to establish a temporary agency, the

¹¹Memorandum of conversation, August 20, 1942; memorandum of conversation, August 22, 1942; telegram, Winant to Hull, October 2, 1942; Foreign Relations, 1942, I, 128-30, 132-33, 141-42.

Office of Foreign Relief and Rehabilitation Operations (OFRRO), and he wanted Lehman to be its director. He explained that an international relief organization was being planned, and he wanted Lehman to be Director General of that. Lehman seemed to be an excellent choice because of his personal integrity, and his administrative ability in directing huge operations. During World War I Lehman worked in the Navy Department under Roosevelt, and also purchased supplies for the War Department. After the war he worked with the Jewish Joint Distribution Committee, one of the many organizations that provided relief in Europe. Because of Hitler's persecution of the Jews, Roosevelt also thought it "would be a fine object lesson in tolerance and human brotherhood to have a Jew head up this operation."¹²

Secretary of State Hull did not know of the appointment until the President telephoned, with Lehman in the office, and said that he had just asked the Governor to serve in the State Department to head up foreign relief operations. Hull accepted Lehman's appointment and his assignment to the State Department, but was not very happy about it. Hull had been unable to stop a private war within his Department,

¹²Allan Nevins, Herbert H. Lehman and His Era (New York, 1963), 221-22. Samuel I. Rosenman, Working With Roosevelt (New York, 1952), 399.

as different factions sought to grab power for themselves by planning and directing relief and rehabilitation. The Secretary did not want relief work influenced by Henry Wallace, Milo Perkins and Felix Frankfurter, the "radical thought element," "the extreme left-fringe people," or the "social welfarers." Lehman, the reforming New Deal Governor of New York, certainly fitted the image. Breckinridge Long, an Assistant Secretary who agreed with Hull, thought that Dean Acheson and the Frankfurter contingent had won a victory, but he predicted trouble because Lehman's appointment was unpopular, in his opinion, on Capitol Hill. Hull never had a satisfactory relationship with Lehman.¹³

The White House announced Lehman's appointment on November 21, 1942, but there was no direct mention of plans for relief in liberated areas. The press release stated only that Lehman would "undertake the work of organizing American participation in the activities of the United Nations in furnishing relief and other assistance to the victims of war" and that the United States would hope to make "an immediate and effective contribution to joint efforts of the

¹³Fred L. Israel, editor, The War Diary of Breckinridge Long (Lincoln, 1966), 289-91. Julius Pratt, "The Ordeal of Cordell Hull," The Review of Politics, XXVIII (January 1966), 78.

Pratt's two-volume biography of Hull in The American Secretaries of State and Their Diplomacy (New York, 1964) does not mention UNRRA.

United Nations in the field of relief and rehabilitation."¹⁴
A week later Secretary Hull requested his diplomatic representatives to receive definite views on the proposed draft agreement for UNRRA from the British, Soviet and Chinese governments.¹⁵

While the UNRRA draft agreement was in its final stages of negotiation, Herbert Lehman began to plan for postwar relief and rehabilitation. His OFRRO staff developed procedures for procuring and handling supplies, studied relief requirements in occupied areas, formulated policies for the future international organization, and aided in limited relief operations in North Africa. It prepared and gathered together a number of documents relating to all of the actual problems that would confront UNRRA--the draft agreement and its interpretation, administrative organization, projected scope of the organization, relations with governments, policies relating to health, medical care, welfare services, displaced persons, distribution of supplies, procedures for ascertaining needs of recipient countries, and a host of other subjects. The

¹⁴White House press release, November 21, 1942, FDR Papers, FDR Library.

¹⁵Hull to Winant, November 26, 1942, Foreign Relations, 1942, I, 149.