INTERVIEW WITH

Dennis FitzGerald

by

Dr. Thomas Soapes
Oral Historian

on

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for

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Dennis FitzGerald
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This interview is being conducted with Mr. Dennis FitzGerald at his home in Tarpon Springs, Florida, on May 26, 1976. The interviewer is Dr. Thomas Soapes of the Eisenhower Library. Present for the interview are Dr. Soapes and Mr. FitzGerald.

DR. SOAPES: First Mr. FitzGerald, very briefly could you give us something about your professional background prior to entering into government service?

MR. FITZGERALD: Well, that goes back quite a long way because I've been in and out of the government service since 1925. Before entering the service in Washington I was on the staff of Iowa State University at Ames as marketing economist. I took a year off to go to Harvard and there my principal professor was John D. Black. This was in the winter of 1932-33 right at the peak of the crisis in the early '30s. J. D. Black and two other persons were asked by the Brookings Institution to undertake a concurrent study of the New Deal. One of the studies was in the agricultural field, particularly the Agricultural Adjustment Administration, and I along with half a dozen others were asked to come to the Brookings Institution to undertake that study. I spent about eighteen months or so with the Brookings Institution and then went to the Department of Agriculture as an

agricultural economist in the mid-'30s. I spent from that time to the mid-'40s in the Department of Agriculture in a variety of capacities. During the course of this ten year period I got a good deal of administrative experience, rather than devoting my time primarily to my educational field. In the mid-'40s, 1946, President Truman was in the White House at the time--there was a good deal of concern about food supplies in the world, and Truman asked former President Herbert Hoover to make a personal survey of the food situation around the world. Hoover was selected by President Truman because of his relief activities after World War I. The then Secretary of Agriculture, Clinton Anderson, ordered me to go along with Mr. Hoover and his commission as a part thereof. Subsequently, I returned to the Department of Agriculture and then was seconded for a couple of years to the International Emergency Food Council, which was an association of about thirty-two countries who were interested in helping deal with the short food supply situation in the post World War II years. I left the International Emergency Food Council after its major job had been completed and went back to

the Department of Agriculture as head of the office of Foreign Agricultural Relations. But at almost that identical moment I was intercepted by Paul Hoffman, who was the first administrator of the Economic Cooperation Administration. He asked me to join his agency for a few months to help get the Agricultural Division of that agency started. Well, as it turned out the sixteen months' assignment extended to sixteen years first as head of the Agricultural Division and finally for the last six years as Deputy Director. As you know, the agency was renamed the Mutual Security Agency, then Foreign Operations Administration and most recently, the Agency for International Development. Most of my work in what is now AID was in the administrative field. My professional training was of some use, of course, but most of my responsibilities were in administrative. From 1955 on I had, in effect, the operational responsibility of the agency. During that period we had a series of administrators whose tours of duty generally were short. I was the only senior continuing influence in the agency. Is that adequate?

SOAPES: That's the type of thing I was wanting, yes. When you say your responsibilities were primarily administrative, you're talking about personnel administration? Exactly what do you mean by that?

FITZGERALD: I suppose the right phrase would be program administration. The personnel division reported to me, but I gave only general supervision to the personnel office and its staff. The aid agency, as you know, at one time was very extensive with offices in fifty or sixty countries and with a staff of several thousand, roughly a third of which were in Washington and two-thirds overseas. My job included, amongst other things, the broad supervision of our overseas missions.

SOAPES: Were you in a policy-making position?

FITZGERALD: Yes.

SOAPES: In the development of the policy of FOA, could you give me something about the routine, how this sort of thing was done?

FITZGERALD: Well, policy making in most government agencies is not simple, and in an agency which deals overseas I think it's probably additionally complicated. I was also in a policy-making position in the Department of Agriculture. And there it seems to me, as I think about it, problems and the alternatives were somewhat less complicated, more clear-cut than there are in an operation which involves major relations overseas. After the initial "Crash" Marshall Plan, with its four year projection, the process, while it varied and probably improved over time, involved an instruction to each one of our missions overseas, to submit a draft program, firm for the next succeeding fiscal year and projected for a period beyond that--perhaps up to five years. There were certain, in fact frequently, very extensive terms of reference laid out for the directors of the mission--estimates of what the agency thought was a reasonable change in magnitudes, in composition, in character, from the program of the preceding year; a variety of instructions with respect to emphasis--technical assistance versus financial grants for example--and a huge variety of general instructions. The program proposed by

the missions were then given extensive review in Washington. The agency also had in my time--I'm not sure just how it operates these days--had a programming division that was headed by a number of people, but in particular by John H. Ohly, whom if his name has not come to your attention I now do so. Ohly is somebody you should very definitely talk to. He's a very competent, very able fellow. Under his specific leadership the AID proposed program, including composition, financial magnitudes, and so on was drawn up, and submitted to and discussed with what was then the Bureau of the Budget. The Bureau of the Budget asked all the embarrassing questions it could think of, and it frequently could think of very many, out of which grew the proposed program which eventually went to Congress for its consideration and approval. For a variety of reasons, we spent a great deal of time on the Hill. We had to go to four committees to start with--every year we had to have both an authorization and an appropriation--so you had to go to both the authorizing committees and the appropriations committees. Frequently you had to go to one or both of the

military affairs committees because in general much of the military assistance program was part of the total aid package. Out of that, of course, eventually grew an authorization bill and an appropriation bill with a variety of provisos and limitations which the Congress in its wisdom thought it was appropriate to include. Once the decisions had been made by Congress and the funds appropriated, then instructions were sent to the field to cut the cloth that they had sent in to the pattern which the Congress had established. A program of this kind is never very definitive. It has to be based on a great variety of assumptions and conclusions, many of which turn out subsequently to have changed. I'm not sure even today--in fact I'm perhaps more unsure today then I was twenty years ago--what is the logical, sound, constructive basis for "foreign economic assistance". There are very, very grave questions about its effectiveness in many circumstances.

Now let me just add that, as you know, our assistance was focused initially on Europe. Most of the countries "developed". Many of them were very well managed and most of them made effective

use of the economic assistance that they were provided. Gradually, of course, the aid program shifted, to the less developed countries, and here you ran into a completely different situation. I don't think, in fact I'm quite sure, that initially we didn't realize how different the problems were, and we perhaps unconsciously tried to use the same criteria for Upper Slobbovia programs as you would for the Netherlands, and of course it just doesn't work that way. I still think we're a long way from having a really decent understanding of the problems of less developed countries and what approaches are likely to be effective. I still think we're groping.

SOAPES: What type of help did these under-developed countries seem to want?

FITZGERALD: Well, it varied of course. I think frequently they didn't know for sure. And I also presume it's not unfair to say that if they could get a check, that would be very satisfactory to them. What they wanted and what they needed were very frequently entirely different. It used to be said, in exaggeration,

that what every under-developed country wanted was a great big steel mill complex and other, great big, physical entities; that somehow or other they thought one just pressed a button and out spewed steel or whatever. Perhaps too frequently, we gave them that when we may have known better. But there was always the question of international politics or foreign relations mixed up in these things. And we always had a State Department that was nervous. If we said "no" to a "friendly" country this was difficult for the State Department; they didn't like for us to say no. And I appreciate their problem; it doesn't make their immediate job any easier when an agency of the U.S. government, particularly one dealing with foreign nations isn't accommodating. I remember many years ago nothing would do but that Syngman Rhee of Korea, had to have a very modern, very up-to-date, plant to produce urea fertilizer. At that time, which is, let's say, twenty five years ago now I guess, maybe more, urea was a new kind of fertilizer very efficient. It had a high nitrogen content and a lot of other things going for it. But the manufacturing process was not simple and there

were three patented processes, all of which were untested. I protested vigorously, saying, "Korean farmers have been using ammonium sulfate since they started using fertilizer; they know how to use it: it's the kind of thing that's relatively simple to manufacture. Let's build and equip an ammonium sulfate plant."

And Governor [Harold] Stassen, who was director of the agency at the time, listened to my pitch and said, "let me think about it." The next day he called, said, "Well, I talked to the State Department and we're going to build them a urea plant."

I screamed bloody murder, but it didn't do any good, and we built them a urea plant which was a mess, just terrible. It cost I don't know how much more, several times more, to build than the estimates, and it wasn't built right. Damned thing would produce only at a small part of rated capacity. There weren't any Koreans who knew how to run it. Way the hell and gone out in the middle of Korea. There were no Korean technicians. We had to hire American technicians and ship them over. We

finally hired an American company that had built and run an urea plant in the United States to go over there, I believe it was for two years, and run the damned thing. That cost another pretty penny: I must say eventually after, I suppose, about twelve or fifteen years and an investment of untold amounts, the plant finally is producing at capacity and indeed at more than rated capacity, but what a headache; what an awful headache.

And this went on all over the place. Instant modernization, I think was a kind of delusion. You just can't, there is no such thing as instant modernization. Korea probably had a better climate for the installation of facilities of this kind than a lot of other places would have been because--say what you want about the Japanese colonialism which was extensive and firm, and in many respects perhaps ruthless--they understood that if one was going to have an efficient community, country, territory, whatever, you had to have the people with basic education. Education. So both in South Korea and in Taiwan there was universal education. All kids had to go to school, they had to learn to read; they had to learn to write. They had to have a

basic education. And I think, frankly, that we are not going to get effective, constructive, long-term development unless you do have a basic education. You don't all have to have Ph.D.s or anything like that but you have to be able to read and write, simple mathematics, the ABCs of education. Until you have that, it's a hard, hard struggle. Take the countries that have developed--with American assistance of course--almost every one of them have had that basic education. Korea, Taiwan, Israel. You just go down the list, and the countries generally who have had the least success in modernizing--sometimes I'm not even sure whether modernization is a good idea or not, illiteracy is pervasive. I'm not sure--I may be too "hep" on this particular subject--that the people in AID or State Department really would agree with me even now. But my experience and observation is that this is the number one requirement.

SOAPES: In terms of the programs that you were trying to get going, you raise this theme of what they wanted, what they needed, you would rank education and agricultural development as the key things that they should have concentrated on.

FITZGERALD: Well, agricultural development is obviously important. But, again, it seems to me that agricultural development again comes back broadly, to education. If the agricultural community is going to expand production, it's got to develop a variety of "expertise" in the agricultural field. It's got to know how to use fertilizers; it's got to know how to use insecticides; it's got to know how to cultivate; it's got to know how to irrigate; it's got to have a reasonable grounding in the techniques. You just don't go out and increase agricultural production out of hand. And again it seems to me that if your agricultural output is going to expand to meet the requirements of the society and/or for export, the farmer's got to be educated. Educated not necessarily and completely in terms of reading and writing and arithmetic, but educated and knowledgeable about the way in which you get increased production. I'm really concerned that, say by the year 2000, agricultural production may not keep up with population increases. And, again, it's in part, because the agricultural population in most of the developing countries of the world is uneducated. Now

there are a lot--I know this is oversimplifying--of other real inhibitions too--land tenure, oh, all kinds of things. We did pretty well back in the original Marshall Plan days in providing western Europe and western Europe's agriculture with the latest we could in agricultural techniques and got pretty satisfactory results, by and large, from that input--some of it capital, but a lot of it technical assistance. Here again, the rural population is relatively well educated.

[Interruption]

SOAPES: Did you feel when you were working in this field that anybody in the executive branch was really interested in this point of view that you have as to the priorities of our foreign assistance programs? Were they willing to listen?

FITZGERALD: Well, I think generally, no. In all fairness let me say that I didn't come to these conclusions immediately or early. It kind of grew, and I felt a lot more strongly about it in 1962, say, than I did in '52. The--how shall I put it--I really don't believe that those who made the final recommendations

that presumably ended up in the President's office really understood what was involved. I remember--when would it be--about the middle of President Eisenhower's term, we were getting a lot of advice from, let's put it this way, the Bureau of the Budget and indirectly the White House staff to the effect that we had too many people overseas. They insisted that we should cut back sharply our people overseas. Then the next day we'd get advice or suggestions, or instructions--"To cut down on the overall cost of the program, but provide more technical assistance." We couldn't find anybody at the top who appreciated that technical assistance meant people. So on the one hand they were telling us to cut down on the people overseas (lower our profile); while on the other hand they were saying furnish more technical assistance. I don't believe it ever dawned on them how inconsistant these instructions were. Of course one could provide some "technical assistance" by bringing people from overseas to this country to go to school or to learn trades or get competence in a particular field. But mostly, technical assistance requires the furnishing of American technicians to work in a foreign

atmosphere, a foreign country, under foreign conditions, and with local people. We did not, however, have nearly as many American technicians that were competent to do this as were needed. And so a lot of our technical assistance was not fully effective. We tried to give them a thirty-minute course on working overseas. But it's very hard, you know, for somebody that's been working at a U.S. university for thirty years to go over to Bangladesh or someplace similar and work in that sort of a social and educational climate; it's damned difficult. And in those days, I don't know what the situation is now, nobody fully appreciated the problems that had to be overcome in working in another society with its own traditions and habits and customs and mores that were so different from those of an American. Now there's a lot of water gone over the dam or under the bridge, or whatever it is, since then and I've lost touch; it may be that this is not the problem now it was then, but it was a major problem of the day. I would guess, that maybe one American out of five was fully effective, and maybe two out of the five were partially effective, and the other two were--who knows? It's a

pretty poor batting average.

SOAPES: The attitudes that you've just talked about, the attitude of send more technical assistance but cut down your people, this came from the Bureau of the Budget, White House staff, all of those people?

FITZGERALD: Yes. I remember particularly it came from one specific source, Richard Nixon, when he was Vice-President. He made a trip overseas--I've forgotten when he went--but he came back satisfied that there were too many Americans overseas. If he'd said too many ineffective Americans overseas, I might have agreed with him. It wasn't the absolute numbers; it was their effectiveness that was the problem.

SOAPES: Now were you the person dealing directly with these other agencies, people like Budget or State or White House?

FITZGERALD: To a considerable degree, yes. The primary responsibility for dealing, with the Bureau of the Budget, rested with the program staff. I got into it and took part in a number of

discussions, but the nuts and bolts and the arguments and the details were left to the program people. And we'd get back a proposed approval from the Bureau of the Budget for a program of certain size and composition, and I'd get together with my regional directors and the program officers and kick it around and decide whether we could live with it or have to appeal. Occasionally I'd make the pitch myself, but more frequently I'd let the program division people go back to the Bureau of the Budget with any appeal.

I was with the agency from '48 to '62; that's fourteen years, isn't it? And in that time I think there were twelve bosses--about one a year. Paul Hoffman and his successor, Bill Foster, were active, integral parts of the agency. They ran the show. Dick Bissell followed briefly, then Averell Harriman, John Kenney. When President Eisenhower was inaugurated, Governor [Harold] Stassen took over--an incredible fellow. He was a driver and completely uninhibited. But oh, what a man to work with, one never knew what would happen next. When he left we had a succession of "fill-ins," beginning with Jimmy Smith and

then John Hollister who by the way was the most delightful gentleman I ever worked with. Then Jimmy Riddleberger; he was an ambassador to Greece at the time, but he was pulled back to Washington kicking and screaming--he wanted to stay ambassador. I'm not depreciating them in any way but they were nominal administrators. And the only continuity there was myself. After Riddleberger, Henry Labouisse, now head of the U. N. Children's Fund, was there briefly, followed by Fowler Hamilton, again briefly. Finally shortly after I left they got somebody from the White House--I've forgotten his name now--he spent longer as the agency's director than anybody, but the agency, in my opinion, has suffered greatly from the constant changes in the directorship.

SOAPES: Why do you think it had this succession of fill-in types, never having anyone permanent?

FITZGERALD: That's a good question; I don't know. I just don't really know. Of course John Foster Dulles was Secretary of State--wasn't he Secretary of State for all of Eisenhower's--

SOAPES: He died in 1959 and Christian Herter succeeded him.

FITZGERALD: Chris Herter, yes. It was always a--yes, I think that's fair to say--there was always a problem of the relationship between FOA and its successors and the State Department. The State Department, and I think this particularly true of Dulles, looked upon the AID agency--maybe this is unfair but certainly we felt this way--as just a kind of a covenient device by which you avoided the whole responsibility for anything that went wrong. But simultaneously you ordered it to do what the State Department wanted done. Dulles was particularly inclined to look at an agency this way. So he wanted somebody who wouldn't argue with him very much. And you can't get a more effective, non-arguer than an ambassador who wants to keep his job.

Dulles went to Ethiopia once. He told Haile Selassie or somebody--(we had what was considered a highly important communications center somewhere in the country) that the U.S. would give him nine million dollars worth of aid as a quid pro quo.

We didn't learn about it for a couple of months. We'd get communications from our embassy over there asking "Where's this nine million dollars we promised Haile Selassie?" We replied, "What nine million dollars?" It was a hell of a mess. Haile Selassie thought he was going to get a check the next day. I'm exaggerating, but not too much. We finally developed a program which had a price tag on it of the amount that Dulles had promised the Ethiopians, but it had no real underpinning and had a negligible effect on the country's development.

When the original Economic Cooperation Administration was established, the administrative arrangements within the U.S. government were such that the agency had an independent entity. Paul Hoffman was a member of the cabinet. He and the Secretary of State were peers. If they didn't agree, then they went to the President--in this period it was Truman, of course. Paul Hoffman once told me they never had to go to the President; never anything they couldn't reach agreement on. Well, this arrangement was anathema to the State Department.

Maybe if I'd been in State I'd have felt the same way. The State Department, beginning with the day that ECA was organized, began whittling away at its independent authority. It's now more than twenty-five years since the original Economic Cooperation Administration was established and by now there is no significant independence in its latest reincarnation. It's just part of the State Department; it can't object to anything that the State Department or the secretaries to assistant secretaries order. Personally I think this is a great mistake. The State Department's problems are focused on foreign relations, on the "good" relationships that our representatives, both here and overseas, have with those of other governments. I think in a lot of instances requests in the aid field from a foreign government should have been given a very pleasant but a very firm no because the request had no reasonable economic rationale. But the State Department is always very reluctant to say no since, at least in the short run, it may interfere with those "good" relationships.

Hoffman and his immediate successors were able to say

not because of ECA's independence, and also because they had a very understanding and sensible secretary of State. In fact I suspect the Secretary of State was not unhappy to have a scapegoat when he was urged to support some very dubious economic project. He was able to say with perfect honesty that he'd like to be helpful but that he had no authority to give orders to ECA.

I remember a case in point in the late forties or early fifties involving a European country that shall be nameless. You are aware of the long lead time up in the Hill. You start in to ask for funds about two years before you get them, and it may be much longer before they are finally disbursed. But by the time the funds for this particular country were authorized and appropriated, its economy had recovered much more rapidly then we had forecast and we didn't see any need to provide some twenty or thirty-six million dollars worth of assistance. So Paul Hoffman just said, "No." The State Department sputtered a little, of course, but Hoffman stuck to his guns, the country in question got along very well, thank you, and the funds were

returned to the Treasury or reappropriated as part of the subsequent years program. Let me contrast that to the situation a decade later. Let's see, President Eisenhower was in office from '52 to '60, wasn't he?'

SOAPES: Yes.

FITZGERALD: It was in 1960, either '59 or '60; about the middle of April or first of June. The agency had--I must admit I take a certain amount of credit or discredit for this--about a hundred million dollars unallocated that we didn't think could be used effectively by our overseas "clients." Of course they were always happy to get everything they could, you know, but we didn't think that the proposals that had come in warranted allocation of this money. By that time, however, the State Department was in control of the aid agency, specifically the Deputy Secretary of State for Economic Affairs. What in hell was his name? He came out of New York. He was later Secretary of the Treasury in the early Kennedy days.

SOAPES: Dillon.

FITZGERALD: Yes, Dillon, C. Douglas Dillon. He said, No, let's parcel it out. And so, god-damn it, he just sat down and dished it out. $10 million here, $20 million there, $30 million somewhere else. It was utterly unwarranted. If the American taxpayer had known what was going on he should have screamed to high heaven. There was no economic justification for it. Dillon was not interested in any real economic justification but was handing it out because he thought this would help the State Department in its relations with these countries. Even if it did help, which I doubt, that wasn't what Congress thought it was appropriated for. Congress didn't appropriate money for the State Department to hand out to improve relations. I hadn't any objections to the State Department having a fund that it could use for this purpose. Perfectly all right with me if it went up and asked for such a fund and Congress gave it to them, wonderful, fine. But to use funds specifically appropriated for another purpose was in my opinion both legally and morally wrong.

SOAPES: You thought they were using this money to buy friendship

as opposed to giving economic aid.

FITZGERALD: Buying--well, buying friendship, yes. Buying something. Maybe it was friendship; maybe it was something else. Maybe it was a base, or something else.

SOAPES: Or a vote in the U.N.

FITZGERALD: Or a vote in the U.N. or any one of, oh, lots of other non-economic, non-developmental things. If this had been justified before the congressional committee--fine. But, oh, boy, that wasn't what we justified it for.

SOAPES: Did you find any different attitudes in places like the Department of Defense?

FITZGERALD: I don't know that I can answer that question, really. My dealings with the Department of Defense were relatively limited. They were intimate only in respect of a few countries in which the local currency, generated as the result of economic assistance, was used by the receiving country to pay the local costs of its defense establishment. So in

those few instances the Defense Department would make a case for authorizing the country concerned to spend perhaps more of this local currency for the defense establishment than we, looking at the economics side, would have liked. But I don't remember that we ever got into a major debate on it. We usually compromised. Moreover it was the case only in relatively few countries. In most instances the country for whom the Defense Department was providing military assistance was able to finance the local costs of its military establishment from its own funds.

[Interruption]

SOAPES: Were there agencies with whom you had more dealings than Defense, other than State, like Agriculture or Commerce, that you worked with in this field?

FITZGERALD: Agriculture quite a bit, yes, for a variety of reasons. First of all, in the original Marshall Plan days there was a lot of demand on the part of European countries for agriculture products, food. And since there was a tight supply

situation in this country at the time, we had a lot of discussions with Agriculture about the availability of certain supplies. And second, originally the legislation required--I've forgotten what the exact figure was--say twenty-five percent of the assistance provided overseas countries be agricultural products. However this requirement was gradually reduced and eventually eliminated, also after the first two or three years, three or four years, supplies got more generous in this country and the requirements from overseas reduced so the need for extensive dealings with Agriculture on this particular matter disappeared. However there was a major relationship with Agriculture on Public Law 480; (if you've ever heard of public law 480--)

SOAPES: Yes.

FITZGERALD: --which involved a great deal of time and attention on the part our people and on the part of State people. The responsibility for administering the act was fuzzy, in respect of all three titles of the act. This involved innumerable discussions and negotiations with the Department of Agriculture

as well as with State. It was just continuous, sometimes acrimonious--I wouldn't say outlandishly so--but there were major differences of opinion, differences of emphasis. One major difference I remember particularly, involved the State Department too. The issue began to become important from 1952 on through all that decade. Billions of dollars worth of food were being sold under Title 1 of Public Law 480. India was a big recipient but there were many others. As required by Title 1 of the Act each country had to pay for the grain, oil or whatever in its local currency, depositing that currency, rupees or the pesos or whatever, in a special account in a local banking institution. The account was kept in the name of the donor country but was to be used for developmental (broadly defined) purposes as jointly agreed between the donor country and the United States. But invariably, invariably, the use of this local currency was left open when the sales agreement was signed. At that time, the 1950's, the U.S. had huge surpluses of agricultural products and the Department of Agriculture wanted to, and was under great pressure to, get rid of these surpluses, so its interest was exclusively in the sales

agreement--it didn't give a hoot about the local currency generated thereby. State took the same position though for somewhat different reasons. In some cases it felt that the need was so urgent that nothing should be done that might delay completion of the sales agreement. It invariably didn't want to ruffle feathers of the donor country and generally didn't consider the local currency much of an asset anyway. We wanted to pin the country down on what this local currency was to be used for when the U.S. had some leverage, i.e., at the time of the sales agreement. Was it to be used to help develop more agriculture production locally or was it to be used for a variety of other purposes, for education, for health? But we were never able to get Agriculture or State to agree, so that the local currency was always left open, and after the horse was stolen, you know, it's no damned good locking the gate. The horse was stolen because after the sales agreement was signed, the agricultural products shipped and the local currency deposited, the U.S. had no real leverage. If we thought some of the local currency should be used to supplement the

other resources the country was devoting to say education and that country felt otherwise it could and frequently did one of two things; agree to the use of the local currency as the U.S. proposed but shifted the same amount of support from its own resources out of education or just did nothing so the local currency from the sales agreement just piled up in bank. We had billions of rupees in the special account in India for example and our ability to influence their use was negligible.

Our relations with other Departments was less extensive. In the case of Commerce it was primarily back in the early days when there were export quotas on many products. If some country wanted to use our aid funds to import something for which the U.S. licensed export it was no use issuing the purchase authorization if Commerce wouldn't issue the export license. On the other hand there was always a lot of communication and discussion with Agriculture and Interior and Commerce, HEW, about matters over which lay in their fields of "expertise". If we wanted some technicians to assist in irrigation projects for example, we went either to, or through, the Department of

the Interior because that's where most of the responsibility for irrigation in this country lies. If it was education you went to HEW; labor, you went to the Labor Department. So the agency's subject-matter specialists were all the time dealing with these, largely of course on an informal basis. But in some instances the agency actually provided funds to these Departments so that they could give more direct service in their fields than we otherwise could have expected to get. In that respect we dealt with every agency of government to a more or less degree. And I'm sure they still do.

SOAPES: What about the Ex-Im [Export-Import] Bank?

FITZGERALD: Oh, yes. We had a lot to do with the Export-Import Bank for a period of years when--gosh, it's terrible how a fellow'll forget. What the devil was it called, oh yes Development Loan Committee. It was comprised of representatives of the Ex-Im Bank, State and what is now AID, FOA, to consider whether the Ex-Im Bank was interested in financing any undertaking.that the agency would otherwise finance. Old age got me. There were quite a few differences of opinion from time

to time on the matter. Another thing, marginally important, was that in a number of countries where the Ex-Im Bank had made loans to the government they were pressing us to provide more aid than we might otherwise have done so that the country could repay the Ex-Im Bank with dollars that it otherwise would have to spend for imports. I was a little bit annoyed from time to time to hear the Ex-Im Bank making so much of its repayment record; never a default; all its loans always current; interest was always paid; principal always paid on schedule, when in some cases, not a great many, we were making that possible with our aid to that country.

SOAPES: It was going from one hand around back to the other one.

FITZGERALD: Yes. And they were boasting about their perfect record. Oh, well, life is full of those little ironies.

SOAPES: What about the National Security Council? Did they get involved with your operation?

FITZGERALD: Not very much, no.

SOAPES: Not at all.

FITZGERALD: Oh, a little, but not very much. When Clarence Randall, retired President of Inland Steel, was in the White House he had a board or--

SOAPES: Council on Foreign Economics Policy?

FITZGERALD: Yes, Council on Foreign Economic Policy that we got mixed up in. We were a member of it. I found it generally to be kind of a frustrating enterprise. I think the idea was good but somehow or other it never seemed to jell into anything very effective. It fell into disuse, as you know, after awhile.

SOAPES: Why was it that it seemed to never jell?

FITZGERALD: I don't know. I really don't know except maybe because each member thought this was none of Clarence Randall's business. I remember, you know, the State Department feeling "This is my job. What's this fellow over in the White House

doing messing in it."

SOAPES: We have his papers out there.

FITZGERALD: Have you?

SOAPES: Yes. Very good collection; very large collection.

FITZGERALD: From the national--from the--

SOAPES: From the Council on Foreign Economic Policy, his commission and his personal papers as well.

FITZGERALD: Well that should be an interesting bunch of papers.

SOAPES: So it was a conflict between a White House operation and the various departments.

FITZGERALD: Yes, in part, and particularly so with State since it did involve foreign policy. Their representatives always came over a little bit defensive and Clarence Randall would allot so much time for discussion and then he'd saw it off. Oh, dear. People with their mouth open and he'd saw it off.

SOAPES: Did you hear much of the argument in that time of "we better hurry up and give aid to this country before the Soviet Union gives aid"?

FITZGERALD: Well not exactly in that particular form, but it was implicit all along that it was important that we didn't give the communists the opportunity to stick their oar into these places. In the early days, you know, even throughout most of the '50s the communists weren't in position to give much aid. That part of their foreign relations didn't develop into any magnitude until later. But there was always the argument advanced that if we failed to fully appreciate the requirements of X, Y, and Z that the communists would take advantage of this situation to promote their interests. And, of course, you know, during those days the Cold War was pretty hot on occasion--Berlin Airleft and whatnot.

SOAPES: What about the various crises that arose during the Eisenhower period--I'm thinking of Hungary, Middle East--did your agency have special responses to those episodes?

FITZGERALD: Hungary or Iron Curtain, no. Middle East, of course, we always had a big program in Israel. And, you know, we get mixed up in a lot of cases--the Aswan Dam for example was one I remember. Here again Secretary Dulles was, you know, wheeling and dealing. In those days--again I'd have to go through the records but as I remember it--Congress gave us quite a little bit of flexibility in the legislation it enacted. We not only had a kind of contingency fund but we also could transfer funds from one account to another. As I remember, it was late in the fiscal year in which this proposal began to come to a head--and Dulles says, "I want so much to be available to commit to help construct the dam." We scurried around and rearranged our accounts and put the funds that he said he wanted to commit into reserve for him. We were doing what we were told,--doing our part. But Dulles was running the show, and we weren't even asked for any comments on the economic merits of the project, just messenger boys ready to deliver sacks of gold I guess. You probably know that story better than I do now--but all of a sudden says Dulles, "no". There was

some problems no doubt but [I] remember feeling they could have been worked out. Forgotten now why Dulles felt that he couldn't, why he turned them down.

SOAPES: But there'd been no consultation with your agency at all in--

FITZGERALD: Not on the substance, not on the substance. All we were asked was to make sure that if Dulles went ahead and the United States made this commitment, that the funds would be available. There was practically no discussion with us on the merits of the project itself. There were other similar cases in which our only function seemed to be to come up with the sacks of gold. One was the big Indus River project in India and Pakistan. The leadership for that project was over in the World Bank, as you probably know. When we finally got a copy of the proposal I was very unhappy because I was positive the damn cost was grossly underestimated. I was told that this was the best estimate that the World Bank could make and, in effect, who were you to know better?

Another program in the same category that I was very unhappy about was for another country that shall be nameless. In this case the quid pro quo was access to military bases for which we were to provide X amount of economic aid to the country. Here again I thought the proposal was quite unrealistic; and as it turned out, it was. I'm just guessing now because I don't remember the figures, but my impression is that the original proposal involved, let's say, a hundred million dollars worth of economic aid. And I'm sure before it ended we gave them a billion. I'm sure we did. And yet in both these cases we went to Congress and asked for funds using as justification figures which I felt sure were grossly understated. No wonder the Congress has become more and more suspicious of the administration's proposals as it became apparent as time passed that it had been grossly misled.

SOAPES: You've noted to me several problems, the problem of dealing with State, of getting understanding of your position, your priorities and that sort of thing; and you were there from '48 - '62, through three administrations. You pointed out

the agency had many differences with other departments and agencies, in contrast to the situation under Paul Hoffman, but outside of that was there basically a continuity in terms of these problems throughout the period?

FITZGERALD: Continuity of the problems? You mean the relationship problems?

SOAPES: In the relationship problems, yes.

FITZGERALD: Well, there was a continuity of problems all right, but their resolution changed a great deal it seemed to me, or is that the correct way to say it? Let me see if I can be clear on this point. Earlier when ECA, Economic Cooperation was established and the Marshall Plan was put in effect, the administrator was a peer, a member of the cabinet; so that if there was a difference of opinion or difference of judgment between the agency and another Department, particularly State, the matter was resolved through discussion at higher levels as needed, few of which got up to the Secretary of State and Hoffman, and none ever went to the White House. After that, as time

progressed, the independent authority of the agency was gradually reduced so that if there was a difference of opinion between the agency and another Department, State in particular, there was no kind of parallel discussion. After a few experiences, our people wouldn't argue with State anymore. They said, "We're going to lose anyway, so let's not waste our time." By the 60's they had no independent authority; the agency couldn't make any substantive judgments at all, as for example on the hundred million dollars Doug Dillon gave away. It seemed to me there's no place to appeal. I felt it was wrong but I couldn't--and my boss, who at that time I think was Jimmy Riddleberger--had no place to appeal. And I think it was a mistake. I don't think that we got our money's worth out of that hundred million dollars; I really don't. I'm sure Doug Dillon would disagree emphatically with me and say, "Oh, best hundred million dollars we ever spent." And maybe from his point of view, maybe from his point of view it was. But from the point of view of what I thought was the purpose for which the Congress had appropriated the funds I'm just as equally positive that it wasn't well spent. The deterioration in the

agency's "peer" status went on steadily throughout the whole sixteen years that I was in the agency. You can go through the Exective Orders and you can see step by step by step its gradual development. I do not claim that the agency was endowed with such infallibility that its judgment was always right but I do insist that the programs it carried out when it had "peer" status were, on the whole, far superior to, more effective than, those conducted after it became the equivalent of a "second class citizen."