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U.S. COUNCIL ON FOREIGN ECONOMIC POLICY OFFICE OF THE CHAIRMAN: (Joseph M. Dodge and Clarence B. Randall) Records, 1954-61

## I. HISTORY OF CFEP

The Council on Foreign Economic Policy (hereafter CFEP) was a high-level organization created by President Eisenhower in December 1954 to coordinate the development of the foreign economic policy of the United States. The need for such a body had been evident from the earliest days of the administration. When Eisenhower assumed office, responsibility for the development of foreign economic policy was divided among several government organizations, especially the State and Commerce Departments, the Foreign Operations Administration, the National Security Council, the National Advisory Council, the Cabinet and the White House staff. Due to a lack of coordination, policy disputes would occasionally arise between the various organizations. If the dispute could not be resolved at the staff level, the issue would be raised at meetings of the Cabinet or the National Security Council. These bodies were often unprepared to discuss purely economic matters and the possibility existed that major decisions would be based on insufficient coordination between the agencies involved.

By June 1954 this lack of coordination made itself felt to such an extent that the matter was brought to the attention of the President's Advisory Committee on Government Organization. At its June 18th meeting, the Committee discussed the matter and decided to obtain more information. On July 12 the Committee chairman Nelson Rockefeller and the director of the Bureau of the Budget Rowland Hughes recommended to President Eisenhower that a detailed study be made of the adequacy of executive branch organization for the development and coordination of foreign economic policy. Eisenhower agreed that such a study was needed. He ordered the Committee and the Bureau of the Budget to conduct the study, and to secure a "top-notch" individual to direct the necessary staff work. The individual selected to make the study was Joseph Dodge.

Dodge was a prominent bank official from Detroit, Michigan, who had served the government in a financial capacity for many years. He had been a financial consultant to the U.S. Military Governments in Germany and Japan and had been instrumental in reorganizing the currencies of both occupied countries. In 1953 he had been appointed director of the Bureau of the Budget by Dwight D. Eisenhower, where he played a key role in the President's campaign to balance the federal budget. However, Dodge retained his interest in his Detroit bank during his years in government service. By April 1954 the demands of his banking business became so pressing that he resigned from the Bureau of the budget and returned to private life.

After President Eisenhower approved the proposed study of foreign economic policy coordination, he telephoned Dodge and later invited him to lunch at the White House to discuss

the study. Dodge agreed to undertake the project. He spent the next three months contacting various government agencies and analyzing their roles in the field of foreign economic policy. In his final report to the President, dated November 22, 1954, Dodge recommended the creation of a White House staff organization devoted exclusively to the orderly development of foreign economic policy as the best method of ensuring proper coordination between the various agencies.

President Eisenhower was pleased with the study and asked Dodge to organize such a body as part of the White House staff. Dodge, who continue to have business responsibilities in Detroit, agreed to supervise the project, but only until it was fully staffed and operating smoothly. At that time he would resign to private life and let someone else take charge.

On December 11, 1954, the President sent a letter to Joseph Dodge which became the authority for the CFEP. Dodge was appointed a Special Assistant to the President and given the responsibility of assuring the effective coordination of foreign economics policy matters among the various executive agencies. Specifically, he was to anticipate any problems or issues which could arise, analyze information to clarify and define the issues, and determine the primary responsibilities of the executive agencies involved. Dodge was also authorized to establish and serve as the chairman of a Council on Foreign Economic Policy through which executive agencies could participate in the undertaking. The basic members of the CFEP were to be the Secretaries of State, Treasury, Commerce, Agriculture, and the Director of the Foreign Operations Administration, or their principal deputies. Ex officio members were to be the President's Administrative Assistant for Economic Affairs, the President's Special Assistant for National Security Affairs, and a member of the Council of Economic Advisers.

Once Dodge received presidential authority to act, he proceeded apace to organize the CFEP. He hired a small professional staff to assist him, and moved into a suite of rooms in the Executive Office Building across the street from the White House. At the same time, the various executive agencies appointed officials to serve on the CFEP. Although the heads of the agencies seldom attended CFEP meetings, their representatives were, in all cases, high-level, policy-making officials, usually at the assistant secretary level. This insured that any policies established by the CFEP would be implemented by the necessary agencies.

The first meeting of the CFEP, on December 22, 1954 was basically an organizational meeting to acquaint members with the CFEP and its responsibilities. Policy issues were not discussed in earnest until the second meeting on January 4, 1955. Thereafter the CFEP met on a weekly basis while the most pressing policy problems were debated.

As the months passed, Dodge, who hoped to work with the CFEP on a part time basis only, found the council was demanding more and more of his attention. On December 20, 1955, he wrote to Sherman Adams, the head of the White House staff, to complain that the CFEP had taken his almost continuous service during the previous year. However, he was pleased with the progress he had made. The records and procedures of the CFEP were well-organized, major policy issues had been well-documented, and the small but able staff would have little trouble orienting a new chairman to CFEP activities. Because of this, Dodge felt that he could resign in

the near future and return to his banking business in Detroit. Despite his eagerness to resign, however, it was not until June 1956 that Dodge actually submitted his resignation to the President. The resignation became effective on July 10, 1956. By that time, the President had selected Clarence Randall to succeed Dodge as CFEP chairman.

Clarence Randall was no stranger to the world of foreign economic policy. As a long-time official of the Inland Steel Company of Chicago, Illinois, he had been invited in 1948 to serve as a steel consultant for the Economic Cooperation Administration in Paris, where he became involved in the planning of Western Europe's steel production. In August 1953 President Eisenhower appointed Randall chairman of the President's Commission on Foreign Economic Policy (commonly known as the Randall Commission), an ad hoc body created by Congress to study the foreign trade policy of the United States.

After the Commission presented its report to Congress in January 1954, Randall was appointed to the White House staff as a Special Consultant to the President on foreign economic policy. He and his secretary, Margaret Quill, moved into a suite of rooms in the Executive Office Building and acquired a small staff of consultants, including Henry Wallich, John Stambaugh, and C. Edward Galbreath, a professional economist on loan from the Central Intelligence Agency.

Randall's main task as Special Consultant was to supervise congressional action on the recommendations presented in the report of the Randall Commission. However, he was also interested in all aspects of foreign economic policy. He was aware of the lack of policy coordination between executive agencies, and attended the meeting of the Advisory Committee on Government Organization on June 18, 1954, at which the subject was first discussed.

Randall also worked closely with the CFEP after it was organized by Joseph Dodge, and attended several meetings in his capacity of Special Consultant to the President. The CFEP occupied the office adjoining those of Randall's group and Margaret Quill occasionally helped the CFEP secretaries with their duties. C. Edward Galbreath actually transferred from Randall's group to the CFEP staff during the spring of 1955. Because of Randall's familiarity with the CFEP and its work he was an obvious candidate to replace Joseph Dodge. On July 10, 1956, Clarence Randall was appointed chairman of the CFEP.

Randall found the CFEP to be a well-organized and smoothly operating body. Most of the major foreign economic policy issues had been identified and analyzed, and the CFEP had reduced its meetings to a bi-weekly schedule. This, and Randall's penchant for relying heavily on his staff, gave the new chairman much more free time than Dodge had enjoyed. Randall spent part of his time between CFEP meetings commuting to Chicago where he was still active in the Inland Steel Company. He also made several trips abroad to observe first hand the operation of U. S. foreign economic policy. On one such trip in 1958 he suffered a heart attack and was unable to return to Washington for almost two months. The CFEP staff had little trouble carrying on in his absence.

Because the CFEP was operating efficiently there was no reason for Randall to reorganize the staff. Because of this, the administrative structure established by Joseph Dodge survived virtually unchanged to the end of the Eisenhower administration. The professional staff of the

CFEP consisted of the Chairman, the Executive Secretary, and two or three economists. These were supported by a small secretarial staff. The CFEP hired three or four full-time secretaries and borrowed others from various federal agencies on a temporary basis when the work load became especially heavy. One secretary was designated the Administrative Officer. Her job was to maintain the central office files of the CFEP.

The primary responsibility of the professional staff was to follow the development of U.S. foreign economic policy. They were to identify and analyze policy problems which would require the attention of the full Council, and provide support to the chairman when he presided at Council meetings. In addition, the Executive Secretary was responsible for scheduling subjects for consideration by the Council and for preparing the minutes of the meetings. In the absence of the Chairman, he had the authority to call Council meetings although he never presided at them. One major change initiated by Clarence Randall was the hiring of consultants. As soon as he was appointed chairman he began hiring, on a part time basis, consultants who specialized in certain areas of foreign economic policy. These men were usually old friends of Randall. Two of them, Henry Wallich and John Stambaugh, had served with Randall during his days as Special Consultant to the President. The consultants aided the permanent staff in analyzing some of the major topics which came before the CFEP.

There were several means by which a subject was brought before the CFEP. The most common method occurred when a policy dispute arose between two or more agencies. Each agency would compile a policy paper setting forth its position and submit it to the CFEP staff. The staff would reproduce the paper and circulate it to the other members of the Council. At the same time, the staff analyzed the policy paper and briefed the chairman on the merits of each agency's position. Once the policy dispute had been thoroughly analyzed, the Chairman called a meeting of the full Council and the subject was discussed by the representatives of the various agencies. The Chairman attempted to bring the Council members to a consensus. Although he possessed no statutory authority, he was usually able to do this by using persuasion, the good will of the Council members, and the analytical work done by his staff.

If an agency were dissatisfied with the decision of the CFEP, the head of the agency could appeal directly to the President. Such an appeal could be made through two different routes, depending of the nature of the dispute. Most matters would be brought to the President's attention at a Cabinet meeting. However, if the dispute was of great importance and involved the security of the country, it would be discussed at a meeting of the National Security Council. Both CFEP chairman had great success in resolving problems at CFEP meetings. At the end of the Eisenhower administration, Clarence Randall was able to report that only once had a CFEP decision been appealed to the President.

In addition to resolving policy disputes, the CFEP often conducted detailed studies of various aspects of foreign economic policy. Although this was sometimes done at the CFEP's own initiative, the studies were usually made at the request of an executive agency to help the agency formulate policy. For instance, the National Security Council frequently asked the CFEP to analyze economic defense policy matters. Some studies were conducted at the request of President Eisenhower. In one instance, Congress, in regard to the Mutual Security Act, asked the

President to make a study of international travel. Eisenhower delegated the job to the CFEP. Another study, regarding private home ownership in the developing countries, was undertaken at the suggestion of Vice-President Nixon.

Because of its role as a coordinator, the CFEP often acted as a clearinghouse of information on foreign economic policy. The staff occasionally prepared papers which described the status of particular policy matters and distributed them to members of the Council and other government agencies for informational purposes. The CFEP also held meetings at which the members were briefed on economic affairs, rather than taking action on policy matters. One major activity of the CFEP staff was the preparation of a Handbook on Foreign Economic Policy. This was a collection of abstracts of presidential statements and government policy papers which describe the U.S. position on all aspects of foreign economic policy. The Handbook was distributed to many government agencies where it served as a useful reference work in the determination of policy matters.

During the last two months of the Eisenhower administration the amount of work of the CFEP decreased as the government prepared for the transition to the Kennedy administration. The last CFEP meeting was held on December 20, 1960. During the next few weeks, Randall and his staff prepared the working files of the CFEP for shipment to the Eisenhower Library. It was Randall's intention to leave the policy records at the White House for use by the new administration. However, President Kennedy had no interest in the CFEP. In March 1961 Kennedy abolished the CFEP and transferred its functions to the State Department. The policy records of the CFEP remained in Washington until August 1966 when they, too, were sent to the Eisenhower Library.

## II. PROVENANCE OF THE CFEP RECORDS

The records relating to the CFEP were received at the Eisenhower Library in two shipments. The first shipment arrived in 1961 as part of the first major transfer of records from the White House at the end of the Eisenhower administration. These were the records prepared for shipment by Clarence Randall and his staff during the last few weeks of the administration. They consist of working papers and subject and correspondence files maintained by the chairmen and staff of the CFEP. This material comprises the collection known as U.S. COUNCIL ON FOREIGN ECONOMIC POLICY, OFFICE OF THE CHAIRMAN: RECORDS, 1954-61.

The second shipment, which was received at the Library in August 1966, consists of the CFEP policy files which were retained at the White House for the use of the Kennedy administration. This shipment has been divided into two collections. One collection, RAND, JOSEPH: RECORDS, 1954-61, contains most of the office files of Rand, who was Executive Secretary of the CFEP during the last few months of its existence. It also contains a portion of the CFEP's chronological file. The second collection consists of the files maintained by the Administrative officer of the CFEP, and is called RECORDS OF THE U.S. COUNCIL OF FOREIGN ECONOMIC POLICY, 1954-61. The finding aids to these collections contain more detailed information on their content.

In addition to the three main collections of CFEP records, information of the CFEP can be found in several other collections in the Eisenhower Library. The Confidential and Official Files in the White House Central Files contain useful information on the origins of the CFEP and the activities of its chairmen during the Eisenhower administration. The Administration Series of the Dwight D. Eisenhower's Papers as President (the Ann Whitman File) contains Eisenhower's correspondence with Dodge and Randall during their service as CFEP chairmen. Correspondence between the CFEP and other members of the White House staff can be found in the White House Central Files, the records of Clarence Francis, Don Paarlberg, and the White House Office of the Staff Secretary. The papers of Joseph Dodge, although useful for studying his general career, contain almost no information on his service with the CFEP.