

Marshall Testimony of January 26, 1948

**DEPARTMENT OF STATE
APPROPRIATION BILL FOR 1949**

HEARINGS

BEFORE THE

**SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES**

EIGHTIETH CONGRESS

SECOND SESSION

ON THE

**DEPARTMENT OF STATE
APPROPRIATION BILL FOR 1949**

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DEPARTMENT OF STATE APPROPRIATION BILL, 1949

HEARINGS CONDUCTED BY THE SUBCOMMITTEE, MESSRS. KARL STEFAN (CHAIRMAN), WALT HORAN, IVOR D. FENTON, CLIFF CLEVINGER, NOBLE J. JOHNSON (temporarily assigned), JOHN J. ROONEY, J. VAUGHAN GARY, AND THOMAS J. O'BRIEN, OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF THE DEPARTMENT OF STATE, JUSTICE, COMMERCE, AND THE JUDICIARY APPROPRIATION BILL, 1949, ON, THE DAYS FOLLOWING:

MONDAY, JANUARY 26, 1948.

DEPARTMENT OF STATE

STATEMENTS OF HON. GEORGE C. MARSHALL, SECRETARY OF STATE; CHARLES E. BOHLEN, COUNSELOR; NORMAN ARMOUR, ASSISTANT SECRETARY FOR POLITICAL AFFAIRS; WILLARD L. THORP, ASSISTANT SECRETARY FOR ECONOMIC AFFAIRS; GARRISON NORTON, ASSISTANT SECRETARY FOR TRANSPORTATION AND COMMUNICATIONS; WILLIAM T. STONE, DIRECTOR, OFFICE OF INFORMATION AND EDUCATIONAL EXCHANGE; CHARLES E. SALTZMAN, ASSISTANT SECRETARY FOR OCCUPIED AREAS; JOHN E. PEURIFOY, ASSISTANT SECRETARY FOR ADMINISTRATION; W. PARK ARMSTRONG, ACTING SPECIAL ASSISTANT FOR RESEARCH AND INTELLIGENCE; CHRISTIAN M. RAVNDAL, DIRECTOR GENERAL, FOREIGN SERVICE ; DEAN RUSK, DIRECTOR, OFFICE OF SPECIAL POLITICAL AFFAIRS; ERNEST GROSS, LEGAL ADVISER; AND WILLIAM O. HALL, DIRECTOR, OFFICE OF BUDGET AND PLANNING, DEPARTMENT OF STATE

Mr. STEFAN. The committee will come to order.

Gentlemen, we will now take up the appropriation for the fiscal year 1949 for the Department of State.

DATA ON ESTIMATES, OBLIGATIONS, EXPENDITURES, ETC.

Pages 1 to 8, inclusive of the justifications, will be put in the record at this point.

(The documents are as follows:)

Summary of requirements, fiscal year 1949

Appropriations, 1948 regular act

\$232,721,703

Supplemental appropriations for 1948 (Supplemental Appropriation Act, 1948)	71,073,900
Supplemental appropriation, tentative estimate-----	<u>1,000,000</u>
	\$304,798,603

[p.1/2/3/4] [tables on pp. 2-4 not included here]

INTRODUCTORY STATEMENT

Mr. STEFAN. We are honored today by having with us the Secretary of State, Secretary Marshall, and his staff. Mr. Secretary, we are very happy to have you here with us again. It has been a year since you returned from China and told us you [p.4/5] had just taken over the Department of State. You have had 12 months' experience in the diplomatic field after coming from the military field, and according to your physical appearance, it has not hurt you any.

We are very happy that you arrived back here safe and sound.

Secretary MARSHALL. Thank you, sir.

Mr. STEFAN. I am sure I am expressing the sentiment of the other members of the committee. We are very glad you are back here. We are very happy that you are coming before our committee to give us information of the Department of State, what you have done last year and what you expect to do in the future.

I want to say that we are sort of celebrating today, Mr. Secretary. I understand that today is the first anniversary of one of your assistants in your service as Assistant Secretary, Mr. Peurifoy.

Mr. Peurifoy, we want to congratulate you and wish you a lot of success and happiness in the near future.

You have been with the Department of State a long time. I understand when you first went with the Department of State the appropriation was about \$10,000,000?

Mr. PEURIFOY. Not quite so small, Mr. Chairman.

Mr. STEFAN. You are asking for \$198,401,531.

I note that your appropriation for 1948 including a pending supplemental is \$304,798,603.

However, there is an item of \$71,073,900 that has not been included. That is the International Refugee Organization. I suppose they will come in for a request and you will have to add that to the total?

Mr. PEURIFOY. That is the present intention, Mr. Chairman.

Mr. STEFAN. Mr. Secretary, you have a general statement to make to the committee, do you not?

Secretary MARSHALL. Yes, sir, Mr. Chairman.

Mr. STEFAN. You may proceed now if you please.

GENERAL STATEMENT

Secretary MARSHALL. The world position of the United States has brought with it greatly increased responsibilities. They are directly reflected in the current functions of the Department of State. The President has declared that "fidelity to the United Nations" is a cornerstone of our foreign policy. The United States will meet international problems to the greatest possible extent through the machinery of the United Nations. We shall make certain that whatever action we must take in such matters as the United Nations does not handle, will conform to the principles and purposes of the Charter.

We have supported the creation, within the framework of the United Nations, of a series of international organizations in various economic, social, and technical fields to cope with current and long-range international problems. One of the most important of these agencies is the International Trade Organization, which is designed to establish the conditions under which international trade can flourish and expand. The ITO charter is now being drafted into final form at the United Nations conference at Havana attended by sixty-odd nations.

The United States supports the efforts of the United Nations to resolve the Korean problem and the conflicts in Indonesia and Greece. [p.5/6]

The nations of the Middle East have a more direct relationship with the United States than ever before. All this requires diligent effort by trained personnel to promote amicable relations and to protect the interests of the United States.

The funds which are requested to insure participation by this Government in the United Nations and other international organizations represent an investment which is potentially capable of yielding great returns, both to our national interest and to world peace.

Our relations with the 20 other American Republics is of special importance. The threat of antidemocratic infiltration in this area is constant. We shall continue to cooperate with the American Republics in solving common problems and developing an effective inter-American regional system working in sound relationship with the United Nations. The mutual assistance treaty ratified by the Senate last month reveals the extent to which the inter-American system is in the vanguard of the world effort for peace and collective security. We should extend the special political, economic, intellectual, and cultural relationships which we enjoy with most of the other American Republics. The forthcoming conference at Bogota will provide an excellent opportunity for cooperative action, particularly in the economic sphere.

The scientific and cultural cooperative projects and exchanges which the United

States Government has been conducting with the other American Republics effectively promote hemisphere economic and political stability and strengthen hemispheric solidarity. The continuation of this program is believed to be essential to the constructive and cooperative development of the human and material resources of this hemisphere.

It is a tragic fact that many people in the world today live in areas where only the air is free. All they know about the intentions and motives of the United States is what they are told through a completely controlled press and radio. As you know, our international efforts are daily subjected to distortion and falsification.

The State Department has not had the means to counteract this campaign effectively. We now ask that this arm of the Department be fully strengthened, especially as it has been accorded formal legislative status.

There have been several important organizational changes made to strengthen the Department. Probably the most important of these was the appointment of an Assistant Secretary to be responsible for coordinating and directing our political activities throughout the world. This appointment has already resulted in more consistency and better coordination in the conduct of our foreign policy.

Another organizational change should result in improved arrangements for keeping Members of Congress informed of the Department's activities. The legislative counsel function has been transferred to the Office of the Counselor, who will act for me in assisting Members of Congress to obtain information about the problems currently facing this Government in the conduct of international affairs.

In my own immediate office there have been two organizational changes which have resulted in better planning and execution of our foreign policy. The Policy Planning Staff has been created to provide a central point for consideration of long-range foreign policy. In addition, the Executive Secretariat has been established to facilitate the general coordination by me and by the Under Secretary of all State Department business.

The establishment of a sound foreign policy is based to a considerable extent on the collection and analysis of complete and timely political and economic intelligence. Our research and intelligence organization has now been fully integrated into the Department to provide this service for all offices concerned. This organization also provides political and economic intelligence required by the Central Intelligence Agency in carrying out its mission.

Under the Foreign Service Act of July 1946, the Department has strengthened and expanded its Foreign Service. This Service represents all departments of the Government abroad, although its estimates are included in the budget of the Department of State. The tasks to be assigned to the Foreign Service during the next fiscal year will be heaviest in its history, and will require an alert, well-staffed, and effective Service.

The generally high standard of competence and the willingness to work far beyond the ordinary requirements of duty, under difficult circumstances, have given me impressive evidence of the stability of the State Department.

The Department of State relies heavily upon collaboration with the facilities of other Federal agencies in developing and implementing foreign policy. The Department has carefully fostered the employment of interdepartmental committees on foreign-affairs problems in which other agencies are concerned. This procedure has been especially effective in developing the European recovery program.

The conditions to which I have just referred have a direct bearing upon the budgetary estimates of the Department. We have not, I think, included in these estimates requests for funds which could conceivably be eliminated or deferred without impairing our foreign relations. The final budget represents urgent requirements.

Total estimates included in the President's budget for 1949 for the Department of State amount to \$198,401,531. Supporting tables in the President's message indicate additional anticipated appropriations of \$71,073,900 for the International Refugee Organization, and approximately \$20,000,000 for the proposed expansion of the information program. This latter amount would provide a total of approximately, \$38,000,000 for the information program. Our anticipated requirements for the year amount to approximately \$294,000,000—approximately \$10,000,000 less than the amount already appropriated for 1948. I do not think the request for 1949 could be considered large in view of the world-wide interests of the United States and its formal commitments.

A comparison of our estimates with the budgets of other countries shows that 8 out of the 10 major countries on which we have data devote a substantially greater percentage of their total national budgets to foreign affairs than we are proposing to use for this purpose, which amounts to approximately 1 percent of the total Federal budget for regular activities. Obviously, comparisons with other countries will not govern the appropriation of funds in the United States, but I think these percentages show that our estimates are moderate when considered in relation to the entire Federal budget.

The estimate of \$198,000,000 which is now before this committee for fiscal year 1949 includes the following major categories: Depart-[p.7/8]mental service, \$22,000,000; Foreign Service, \$100,000,000; international activities, \$58,000,000; and international information and education activities, \$18,000,000. These amounts can be compared to corresponding 1948 fiscal year appropriations of \$21,000,000 for the departmental service; \$121,000,000 for the Foreign Service, \$86,000,000 for international activities; and \$13,000,000 for international information and education activities.

I have not discussed the detailed sums estimated for various programs. These estimates can best be explained by the members of my staff who are in direct charge of the related programs, but I am confident that you will find that they represent a reasonable forecast of our needs for the efficient yet economical conduct of the foreign affairs of the United States under the critical conditions that now exist.

Mr. STEFAN. Does that conclude your statement?

Secretary MARSHALL. Yes, sir.

IMPROVEMENT OF ORGANIZATIONAL STRUCTURE OF THE DEPARTMENT

Mr. STEFAN. Mr. Secretary, I am sure that individually employees of the Department of State compare very favorably with employees of other Federal agencies, but the impression persists, however, that collectively they do not compare so well.

This committee was somewhat critical last year of your organizational structure. What has been done to consolidate some of the closely allied activities and thus eliminate some of the offices and reduce personnel?

Secretary MARSHALL. I will ask my staff to answer that question

CIRCULATION OF THE NELSON REPORT

Mr. STEFAN. Mr. Peurifoy, why was not the Nelson report circulated widely as required? It is marked "restricted."

Mr. PEURIFOY. General Nelson submitted this to my predecessor and Secretary Marshall's predecessor. When I came in office I found this report. It was marked "restricted" and had not been circulated. Since then, however, I have circulated it in the Department and I have asked for comments from people in the Department. Secretary Marshall has now authorized me to bring back General Nelson to attempt to do some of the things that you asked about, sir.

Mr. STEFAN. Thank you very much.

TAKING OVER OF AMERICAN ZONE IN GERMANY BY THE STATE DEPARTMENT

General Marshall, in case the American zone in Germany would be civilianized, would some of the funds now appropriated for the War Department for relief in occupied areas be transferred to the Department of State?

Secretary MARSHALL. I assume so, sir.

Mr. STEFAN, And is the Department of State now preparing to take over should they be given the green light on it?

Secretary MARSHALL. We are in the process of trying to complete arrangements. [p.8/9]

Mr. STEFAN. Are you expanding your foreign representation in the bizonal part of Germany?

Secretary MARSHALL. No, sir; not the State Department. This budget includes

nothing of that nature.

Mr. STEFAN. There is nothing in this budget for that?

Secretary MARSHALL. No, sir.

Mr. STEFAN. What are the prospects of expanding our foreign representation in Germany?

Secretary MARSHALL. Our intention now is not to expand the representation. It is merely to take over an existing governmental activity.

Mr. STEFAN. In the event the State Department is called upon to take over the responsibilities of relief in occupied areas, you would probably have to review not only this budget but the budget requested by the War Department and perhaps either ask for a deficiency or make some adjustment?

Secretary MARSHALL. I should think the action would be in the form of adjustment, sir.

Mr. STEFAN. Yes, sir. More so than a deficiency?

Secretary MARSHALL. Yes, sir; unless something new is developed. The purpose is to make the transfer with as little disturbance of the organization over there as possible.

ASSISTANT SECRETARY FOR POLITICAL AFFAIRS

Mr. STEFAN. Mr. Secretary, you refer to a political Secretary whom you have added to your staff. Is that Mr. Armour, who is here today?

Secretary MARSHALL. Mr. Armour is the Assistant Secretary covering all the geographical offices of the Department.

Mr. STEFAN. I thought you said "political Secretary" in your statement.

Secretary MARSHALL. I will look at the statement and see exactly what I did say. [Reading:]

Probably the most important of these was the appointment of an Assistant Secretary to be responsible for coordinating and directing our political activities.

Mr. STEFAN. Is that Mr. Armour?

Secretary MARSHALL. Yes, sir.

Mr. STEFAN. Mr. Armour is here today. We are happy to have you with us today.

Mr. ARMOUR. Thank you, sir.

Mr. STEFAN. Mr. Armour has had long experience in the foreign service. How many years is that, Mr. Armour?

Mr. ARMOUR. A total of 30 years.

Mr. STEFAN. He was in Russia during the original trouble there.

Mr. ARMOUR. Yes, sir.

Mr. STEVAN. I hope Mr. Armour will some time tell the Secretary the story of the silk hat.

Secretary MARSHALL. Mr. Chairman, heretofore we had an arrangement whereby there was an Assistant Secretary for Latin America, and all of the other matters of world-wide relationships to the other countries were handled by the Under Secretary, in addition to his regular duties as Under Secretary. [p. 9/10]

Mr. STEFAN. Mr. Lovett would be handling that?

Secretary MARSHALL. Yes. Dean Acheson handled directly everything other than Latin America. What we did in this case was to terminate that arrangement and put one Assistant Secretary in charge of all political affairs, so that he reports to the Under Secretary with relation to the entire political affairs of the Department.

Mr. STEFAN. You have stated in your report to the committee that it has already resulted in some benefits?

Secretary MARSHALL. Yes, sir. I think it produced much more uniformity in the transaction of our business and its general coordination.

Mr. STEFAN. Now, Mr. Secretary, may I ask you this question, and it is not a facetious question in my interrogation.

FOREIGN POLICY OF THE UNITED STATES

You have mentioned the long-range foreign policy, a sound foreign policy, and a foreign policy. When I present this bill to the full committee of the House somebody is going to interrogate me and ask me what is our foreign policy. Can you tell the committee what our foreign policy is?

Secretary MARSHALL. Well, our foreign policy is to promote peace in the world, and to facilitate American business and its relations to all other countries. I think that is a very brief statement of our main objectives.

Mr. STEFAN. May I answer anybody who asks me that question, "What is our foreign policy?" by saying "General Marshall says it is to have peace and to promote trade"? That is the whole thing?

Secretary MARSHALL. Yes, sir.

Mr. STEFAN. Either long-range or short-range?

Secretary MARSHALL. Is that about right, Mr. Armour?

Mr. ARMOUR. Yes, sir; I think so.

Mr. ROONEY. That is enough.

Mr. STEFAN. If we can get peace alone, that is enough.

Secretary MARSHALL. You could write a book about the two aspects referred to, but those are the main conditions. Business relationships with all other countries, and to promote peace, which means general amity in our relationships.

I might add to that, Mr. Chairman, that we speak of long-range policy in contrast to decisions that have to be made day by day.

Mr. STEFAN. And they have to change from time to time.

Secretary MARSHALL. Well, of course, we try always to keep in mind the general concept that we have formulated. The general practice is, when we have one of these daily crises, to deal with it by 'reflecting back to what our general purpose is, and to see if our proposed decision in the matter is in harmony with the long-range objectives of our foreign relations.

CONTROL OF THE DEPARTMENT OVER INTERNATIONAL ORGANIZATIONS

Mr. STEFAN. Mr. Secretary, we have joined a great number of international organizations during the last few years. I appreciate that these organizations offer an excellent channel for cementing international relations. [p.10/11]

What control does the Department have over our representatives to those organizations?

Secretary MARSHALL. I believe that it possibly varies a little bit from one organization to another, but in the main I think I am correct in stating that the activities as represented by our senior representatives are kept, as nearly as we can have a clear understanding with them, in keeping with the general purposes of our foreign policy. We have to allow a certain latitude in some of these activities for our man on the ground, but he has a general directive and advice as to the objectives of the Department.

RELATIONSHIP OF THE FOREIGN SERVICE WITH THE STATE DEPARTMENT

Mr. STEFAN. General Marshall, are you familiar with the new Foreign Service Act?

Secretary MARSHALL. Not very. I know generally of it.

Mr. STEFAN. As you understand it, do you feel that the Foreign Service is part of the Department of State as such?

Secretary MARSHALL. Yes, sir; I do. I think that provisions have been laid down by law which require the Foreign Service to operate under certain conditions that have been stipulated by Congress. It is not within the power of the Secretary of State to

modify those conditions, but I would say that the Foreign Service is certainly a part of the Department of State.

Mr. STEFAN. You believe it is part of your organization over which you have complete control. Is that it?

Secretary MARSHALL. I have complete control within the stipulations of Congress with relation to that organization. Various congressional stipulations also apply to other matters in my Department. I do not mean the Foreign Service Act, but other matters.

I regarded the Foreign Service Act, not having been involved with the history of the development of the act, or with its consideration at the time of its passage by the Congress, as an effort to stabilize our Foreign Service and better guarantee its efficiency.

Mr. STEFAN. But it is part and parcel of the Department of State, entirely responsible to the Secretary of State?

Secretary MARSHALL. That is my assumption, sir.

Mr. STEFAN. I am not going to take up your valuable time any further with interrogation.

Thank you, Mr. Secretary.

RELATIONSHIP WITH RUSSIA

Mr. FENTON. Mr. Secretary, aside from the momentous negotiations that you have been having with our colleagues in the United Nations with regard to peace, do we have really any normal relationship with Russia in the ordinary routine of government?

Secretary MARSHALL. Yes, sir. I think we have various relationships such as trade and economic relationships.. Those are the principal ones we deal with now. We have a very small official representation in their country. We never have had a numerous representation at any stage in Russian history. We certainly do not have very many now. It has been made very inconvenient for our representatives who are there. Up to the present time our trade relations with Russia have been on the ordinary basis. [p.11/12]

Mr. FENTON. Do we find Russia a hard country to deal with in our normal relations, as we do in trying to establish world peace? Do they have to have all their own way, in our normal relationships with them?

Secretary MARSHALL. In the conduct of our normal business with the Soviet Government we find them very slow to agree, rather difficult in negotiation, and I would say generally suspicious of our motives. Probably suspicion plays a very considerable part in our difficulties. It is not only an ideological difference, but it is a continuous suspicion of practically everything we say and do, which in a large part is a quite genuine suspicion. If that could be wiped out it would probably be the greatest assistance to better

relationships. This would lead to better relationships despite the fact that I think we would be continually in competition with the Soviet Union as to the kind of a world we would like to see in opposition to the kind of a world they would like to see.

Mr. FENTON. Well then, unless a miracle happens we can expect to have difficulty with Russia at all times, regardless of whether it is the ordinary normal relationship or whether it is with the greater cause of peace.

Secretary MARSHALL. I would not say all the time. Certainly it would take a long time to approach with Russia the ease of discussion which we enjoy with most of the western countries, but as a matter of fact I believe there has always been difficulty in reaching a genuine understanding with the Russian state. There was, I believe, in bygone years quite a friendly feeling on the part of the American people toward the Russian people. As a matter of fact, I think our feeling toward the Russian people right now is basically, friendly. Most of our officials who come in contact with the Russian people like them and admire them. That is my own reaction. It is when we are endeavoring to deal with their Government officials that the difficulties arise. I understand that in the past there were many of the same difficulties.

Mr. FENTON. Well, I do not know what the attitude of our people is toward the ordinary Russian, but I do know what the people, generally, throughout the United States think of their higher-ups; and they certainly, General, are becoming disgusted with the situation. They are getting tired of this sort of thing.

Mr. ROONEY. Do you mean, Doctor, that they think any better of them than General Marshall does?

Mr. FENTON. No; I think General Marshall has been very kind and patient with them, more patient than the American public would be, I would say, from my observation.

Mr. STEFAN. Mr. Secretary, we deeply appreciate you giving us your valuable time, telling us on the record and off the record your problems, and especially justifying the appropriation that the Department is requesting for the next fiscal year.

Thank you very much.

Secretary MARSHALL. Thank you, Mr. Chairman, and thank all of you gentlemen for your courtesy.