

FOOD FOR PEACE

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Statement by Senator Hubert H. Humphrey (D., Minn.) prepared for delivery in the Senate, upon the introduction of International Food For Peace Act of 1959, on Thursday, April 16, 1959.

I speak today to one of the most pressing of the long-range challenges confronting the American people -- the challenge posed by our unprecedented wealth in a world three-fourths needy and no longer willing to remain so.

This contrast is most dramatic and immediate in the paradox of leapfrogging food overabundance at home and leapfrogging hungry populations abroad.

How absurd if surpluses of vitally needed commodities become minuses in America's ledger -- for to have too much and not share is surely far worse, in conscience and in practice, than to have too little to begin with.

Thus, common sense and common decency combine to tell us to use our famed know-how and our vast national energies to work out some ways in which our good fortune can become the blessing of

all people, and not a symbol of selfishness to God's children elsewhere.

The whole ethical sweep of our traditions and the imaginative resourcefulness of our ancestors cry out the senselessness of any posture that makes food seem a curse in the midst of want.

It is, then, in this spirit that we propose today a program which should help to make clear the concern of Americans for all human beings, and the eagerness of Americans to share their good fortune as a contribution toward the removal of privation and inequity from our midst and in our time.

Mr. President, I send to the desk for myself and a group of co-sponsors, a bill to promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of United States agricultural commodities for the relief of human hunger, and for promoting

economic and social development in less developed countries.

Mr. President, I ask unanimous consent that a summary
of the bill be printed at this point in my remarks, ^[INSERT A] and that
the full bill be printed in the Record at the conclusion of my
remarks. ^[INSERT B]

Mr. President, the measure I have just introduced has
been termed the International Food for Peace Act of 1959.

It is a revision, expansion, and extension of Public
Law 480 -- redirecting it more along the lines many of us always
intended it to go in the first place.

It is not a hastily designed program. It is the out-
growth of long study and careful research. "Food for Peace" is
not just a slogan. For the last four years I have been devoting
a great deal of time to studying this concept of using our abun-
dance more wisely as a tool of international policy and inter-
national friendship. I have studied the impact overseas, and I

have studied the administration of the program here at home.

I have not confined myself to my own observations, but instead have availed myself of the judgment and recommendations of every other group studying this program, as I shall indicate later in these remarks.

A year ago last December, I publicly proposed a broader U.S. "Food for Peace" program, and suggested we needed a Peace Food Administrator to make it effective. Ever since I have been working at detailed improvements in our Public Law 480 program designed toward that end. Late last fall, after further observations abroad, I announced that such a program would be introduced in this new Congress.

I was pleased that the President, in his State of the Union message, indicated agreement with my "Food for Peace" objective, and actually borrowed the same terminology. Regrettably, I have seen little evidence since from the Administration of more

than lip service to the objective. They have proposed no program. They have merely called another conference.

As beneficial as that conference may be, we need action -- and we have had sufficient time, trial, and study to provide for action.

That is what I now propose, through combining the best judgments I could obtain from inside and outside the Administration.

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Before outlining my new proposals, let me review briefly the development and history of Public Law 480.

Five years ago the Congress passed and the President signed the original law, otherwise known as the Agricultural Trade Development and Assistance Act of 1954. This law launched the United States upon a course of using American agricultural surpluses for constructive and humanitarian purposes at home and

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SUMMARY

OF

SENATOR HUMPHREY'S

FOOD FOR PEACE ACT

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The purpose of the Food for Peace Act is to so amend and revise Public Law 480 as to make it a more effective instrument for using United States abundance of food and fiber to help build essential world conditions of peace and freedom and thereby strengthen and promote the foreign policies of the United States. It is intended to enable the United States to promote more effectively the economic and social development of friendly nations and to lead the way in cooperation with other nations toward the abolition of human hunger.

A Peace Food Administration would be established (Title VII) in the Executive Office of the President, headed by a Peace Food Administrator, to aid the President in carrying out the purposes of the Act and also the purposes of Section 402 Of the Mutual Security Act of 1954, as amended. There would also be created an inter-Departmental Peace Food Policy Committee to advise and consult with the Peace Food Administrator, and also a Peace Food Advisory Committee consisting of representatives of private United States groups and organizations.

The Act would authorize:

Title I. A five year program of local currency sales of United States surplus agricultural commodities at a rate of \$2 billion a year (as compared with \$1½ billion a year under the present Public Law 480);

Title II. Continuation of Title II of Public Law 480 to provide emergency assistance, through grants of surplus agricultural commodities, over a period of five years at a rate not exceeding \$250 million a year, to friendly peoples in meeting famine or other emergency relief requirements; and grants of such commodities to assist friendly nations in establishing, expanding, or carrying out programs for the relief of chronic hunger and malnutrition;

Title III. Continuation of Title III of Public Law 480, with minor changes, which provides for (1) use by Federal agencies in making payment for commodities not produced in the United States; (2) barter of surplus agricultural commodities for strategic or other materials; (3) grants to public and private agencies for use in the United States in non-profit school lunch programs, non-profit summer camps for children, charitable institutions (including hospitals), and assistance to needy persons; and (4) grants to non-profit voluntary agencies for use in the assistance of needy persons outside the United States;

Title IV. A ten year program of long-term supply contracts for United

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States surplus agricultural commodities with interest not to exceed $2\frac{1}{2}$ percent per year, payment -- in dollars, services, strategic or other materials -- to be made over a period of forty years from the date of the last delivery of commodities under the contracts and interest computed from the date of such last delivery;

Title V. Grants of surplus agricultural commodities over a period of five years to help food-deficit countries, under agreements, build up and maintain minimum national food reserves (in accordance with the United States-sponsored resolution adopted by the United Nations on February 20, 1957);

Title VI. Negotiation of agreements with friendly countries to establish in such countries bi-national, non-profit foundations to foster and promote research, education, health and public welfare, and to grant to such foundations unexpended local currencies which accrue to the United States as repayments of principal or payment of interest on local currency loans heretofore made by the United States under Public Law 480 or made hereafter under the Food for Peace Act.

In addition to the foregoing, the Food for Peace Act would authorize a number of additions to the authorized uses (in addition to those in Public Law 480) for local currencies accruing from sales of surplus agricultural commodities under Title I. Of these, five would permit the use of such currencies to buttress and extend social and economic development projects and activities of the United Nations Special Fund, the United Nations Food and Agriculture Organization, the World Health Organization, the International Finance Corporation, and an International Development Loan Association if and when such may be established. Others would permit more effective use of such currencies in promoting international educational exchanges; research, educational development, and health and education; and technical assistance. On loans of local currencies for economic development, the Act would specify a maximum interest rate of $2\frac{1}{2}$ per cent.

abroad. The Law authorized the donation of surplus agricultural commodities to Federal, state, and private agencies for welfare purposes in the United States; it authorized their donation for famine and disaster relief and for welfare purposes abroad; and it authorized their sale to foreign countries for local currencies and their barter for strategic materials. Finally, it authorized the use of the local currencies accruing from Public Law 480 sales abroad for a wide variety of constructive purposes, including the payment of United States obligations, the promotion of collective strength, and most importantly, for loans to and in the countries concerned for economic development.

In the four and one-half years which ended last December 31, programming of surplus agricultural commodities under the three Titles of Public Law 480 reached more than \$7 1/2 billion (estimated CCC cost).

More than three-fifths of these surplus agricultural

commodities valued at a CCC cost of more than \$4 1/2 billions was sold abroad for local currencies to countries which could not otherwise have bought them to meet the needs of their people; 6 1/2 percent valued at nearly half a billion dollars was donated to foreign governments abroad for famine and other emergency assistance; 19 percent valued at nearly \$1 1/2 billions was donated for foreign and domestic relief through non-profit voluntary agencies and inter-governmental organizations; and 13 percent valued at nearly \$1 billion was bartered abroad for strategic materials needed by the United States.

It is impossible even to imagine the vast good that has been accomplished under Public Law 480 in terms of relieving basic human want and in helping the less developed countries build up their economies for the satisfaction of the needs of their people. The American people have reason to thank God for the great abundance of their soil and to find deep satisfaction in

the knowledge that it is being used for such worthy purposes.

Public Law 480 was first passed in 1954, and each year since it has been renewed with amendments which have widened its scope. The authority of its Titles I and II expires on October 31 of this year. If the most important and valuable features of the Public Law 480 programs are to continue beyond this year, the Law must be extended at this session of Congress.

Perhaps to some the motives and the needs behind the passage of the original Public Law 480 were mixed, to say the least, and the same can be said for its annual re-passages. For this, no apology whatever is called for.

Agricultural surpluses in the hands of the Commodity Credit Corporation have mounted to very large proportions, exercising a depressing effect on domestic farm prices and incurring heavy cash outlays for storage.

We in this country had, therefore -- and we still have -- a definite, practical, dollar-and-cents interest in protecting our own farm prices and reducing the amounts of surplus agricultural commodities we hold in storage.

But as I am sure you agree, this does not cast an unfavorable shadow upon the generosity, the human concern, the profound wisdom of using these surpluses under Public Law 480 to satisfy human need and help build an economic foundation for greater peace and security in the world.

The important, the really significant thing is that with the support of the American people, Congress has taken steps toward resolving one of the strangest paradoxes in human history: the existence of hunger and want and hopelessness in the world alongside a great volume of existing and potential surpluses of food and fiber which can be used to help meet this need.

If in the early years of Public Law 480 the motive of self-interest predominated -- and I think we might agree that it too often did -- it was because there was so little precedent for the use of agricultural surpluses, otherwise than as famine and disaster relief, for constructive purposes. We did not have the experience; it had to be gained. We did not have the techniques; they had to be developed. We did not fully know the potentialities; they had to be learned. We did not all have the vision needed.

Few there are, I daresay, who in 1954 ventured to think with us that the Public Law 480 program could grow as it has grown in four and a half years, that distant hunger and need could have been found and ministered to without interfering with normal United States exports or the exports of other countries. Few dared to think that surplus food and fiber, and the local currencies accruing from their sale, would become in a few years a major

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instrument for promoting economic development abroad, for building conditions conducive to peace, and thus for undergirding the foreign policy of the United States.

We have learned much of the potentialities of this instrument, and, as I shall point out in a few minutes, there are many things we should now do in revising Public Law 480 to realize its full potential.

Two years ago the Chairman of the Committee on Agriculture and Forestry directed me to make a study, on behalf of the Committee, of operations under Public Law 480. The Law had been in effect for three years and the Committee wished to know what had been accomplished, what more could be accomplished, and what changes, if any, were needed in the Law. The study continued throughout most of a year, and included testimony from 71 witnesses taken in 10 days of hearings during June and July of 1957. I presented a Report to the Chairman in February

of 1958. Many of the things which I shall say here, and many of the changes in the law which I shall propose today are the direct outcome of that careful study.

I should like to say that in making our investigation we had the benefit of an excellent previous study entitled "Agricultural Surplus Disposal and Foreign Aid" prepared by the National Planning Association at the request of the Special Senate Committee to study the Foreign Aid Program and printed as a Committee Document in March 1957.

Since the completion of my Report, two other studies of significance have been made. One is a survey of Public Law 480 operations in six countries made last year by a team of experts under the direction of Dr. John H. Davis, then of the Department of Agriculture. His Summary Report and his Memorandum, entitled Policy Considerations Pertaining to Public Law 480, have been made public by the State Department. Another

study to which I call your attention was made last year by a team of American businessmen appointed by Mr. James H. Smith, Jr., then Director of the International Cooperation Administration, to make a survey of the "Accumulation and Administration of Local Currencies". The results of their inquiry, which included extensive field investigation, were submitted to the Director of the International Cooperation Administration on August 5, 1958.

I mention these various studies here in order to suggest that Public Law 480 operations have been carefully investigated, that in each of the reports I have mentioned recommendations were made for changes both in the Law and in its administration. Insofar as these studies dealt with the same aspects of the program, they are all in general agreement, with one or two notable exceptions, on what changes are needed.

The overwhelming testimony of virtually all who have

investigated or been associated with Public Law 480 operations is resoundingly positive. The program has advanced the foreign policy objectives of the United States. The existing defects and inadequacies in the law and its administration can be corrected with the result that its contribution to our foreign policy objectives can be greatly strengthened.

The National Planning Association, in the report I referred to a moment ago, concluded that "our disposal programs have proved useful, and should be continued with certain changes and modifications." The Association described our agricultural surpluses as "an asset of unique value -- (which) can be used with increasing effectiveness in the achievement of our general foreign policies if only we recognize more fully the real contribution (they) can make."

Dr. John H. Davis reported on the basis of extensive investigation at home and abroad that:

"P.L. 480 was approved in general by all persons

interviewed, both American and foreign. It contributes to economic development. It is of political value to governments. Difficulties or objections reported were not associated with a wish to end P.L. 480, but to improve it."

Mr. Davis also stated:

"Four years' experience in P.L. 480 operations has demonstrated that United States food and fiber can be used as a positive force in international relations. Of necessity, P.L. 480 operations thus far have been experimental in nature because little precedent existed to serve as a guide. As would be expected under such circumstances, the program that has evolved has both strong points and weaknesses.

"Those responsible for the operations deserve much credit for having made the program as good as it is. The strong points predominate. Nevertheless, the prospect of continuing a

large P. L. 480 type program for another five years or more makes it important the the U.S.government remedy the weak points in P. L. 480 operations. To do this, these operations must be reconciled and synchronized with overall agricultural and foreign policies." (end of quote).

Mr. Robert L. Berenson, Mr. William M. Bristol, and Mr. Ralph I. Strauss concluded in their report to the Director of the International Cooperation Administration that P.L. 480 is a "valuable tool" in fighting the cold war and in assisting our friends and the uncommitted nations, but that it would be even more valuable if needed modifications were made.

In my Report to the Committee on Agriculture and Forestry we concluded that P.L. 480 "is a valuable instrument of our foreign economic policy, contributing significantly to our foreign policy objectives and making more effective use of an abundant American resource as a force for freedom."

The Report also analyzes in detail the changes needed to make it more effective.

A number of amendments have been added to P.L. 480 in its several passages through the Congress, most of them concerning the use of local currencies accruing from sales of agricultural commodities under Title I. Also, several amendments have been designed to bring about remedies for a few of the many glaring deficiencies and inadequacies in the administration of the Law. However, at no time since its original passage has the Congress taken full account of the many proposals for changes and extensions growing out of experience in operations and out of changing world needs, or made any comprehensive effort to require that in administering the Law the Executive shall carry out the true intent of Congress.

The time has now come -- after five years of P.L. 480

operations -- for strengthening the program by correcting its deficiencies and inadequacies. That is the purpose of the "Food for Peace Act" which I today submit for your serious consideration.

Spirit and Purpose of Proposed Law

The first and by far the most important thing we should seek to do in revising P.L. 480 and transforming it into a "Food for Peace Act" is to make clear, emphatically, precisely and beyond all question, the overriding purposes of the Act, for virtually all the past shortcomings of P.L. 480 operations have proceeded from differing and conflicting conceptions as to what those purposes are.

Let's get to the heart of the matter. Are we carrying on a "surplus disposal program," or are we carrying on a program for using United States agricultural surpluses positively and constructively in the world for the relief of human hunger, for

promoting economic and social development in less developed countries, and for serving the foreign policy of the United States by helping to build essential world conditions of peace?

Surplus disposal! To use the term is to insult that half of the people in this world who live in hunger, hopelessness, and despair. America's abundance of food and fiber is a God-given blessing, a tremendous asset to be used to build life and hope, and happiness, a powerful potential asset in the world's struggle for peace and freedom. And yet, the President's top policy committee which coordinates P.L. 480 operations is called the "Interagency Committee on Agricultural Surplus Disposaal", and there is also an "Interagency Staff Committee on Surplus Disposal."

The use of the term itself suggests a great deal of what is wrong with operations under P.L. 480. It is evidence of the negative attitudes of too many of our public officials who have

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persistently downgraded the worth of our great food resources and thereby cheapened the spirit behind our willingness to share our abundance. Such attitudes have weakened our bargaining power in negotiating agreements, have generated irritation and ill-will in the very countries that need help, and have tended to make the American farmer an object of charity rather than honor him as a producer of wealth at home and abroad. There has been too much of apology and not enough of gratitude on the part of our own officials for our agricultural bounty, and this has contributed in a most important manner to the lack of public appreciation at home and abroad of the tremendous contribution American agriculture is making and can make toward peace and freedom.

The negative attitude of "surplus disposal", existing in far too many of our government offices, is basically responsible for chaotic P.L. 480 administration machinery and procedures;

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it is basically responsible for the long delays, the irritation, and the ill-will that too often attend, quite unnecessarily, the negotiation and carrying out of agreements; and it limits and cancels out far too much of the good that could otherwise be accomplished.

I do not want to be ungenerous in this matter. It is possible to understand the origins of these negative attitudes without approving of their persistence. There are some who have no patience or true interest in P.L. 480 operations because they disapprove of government acquisition of agricultural surpluses, and others because they disapprove of surpluses per se and seek to cut back production. I do not propose to challenge their views on surpluses here today. It is enough to say here that large surpluses do exist, that the government has been acquiring large surplus stocks, and that it is likely to continue to acquire them in the future.

We are faced with a fact, not a theory, and this being the case it would seem to be incumbent upon all reasonable men to

see to it that surplus stocks are used in the most effective and constructive ways possible to further American foreign policy.

Negative attitudes on the part of some persons result more from inattention and thoughtlessness than from design. As I have already indicated the original P.L. 480 was probably supported by more Members of Congress who conceived of it as surplus disposal than by Members who understood fully its constructive potentialities. But at that time we did not know what we since have learned: that our agricultural surpluses are a powerful instrument for promoting welfare, peace, and freedom on a world scale. Year after year I have seen attitudes change here on the Hill. Year after year we have improved and widened and extended P.L. 480, with growing comprehension of its possibilities. Year after year we have tried to convey our growing comprehension to the Executive Branch, as well as

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our sense of frustration over its failure to push ahead to realize that potential and administer P.L. 480 with boldness and imagination.

We have made some progress, but we have not made enough.

For these reasons, I am proposing that the revised P.L. 480 be known as the "Food for Peace Act", that its statement of purposes be expressed in terms that none can misunderstand, and that that statement be amplified in a preamble which I have included.

I propose a Preamble reading as follows:

Preamble

"(a) A new fact of history of which full account must now be taken is that because of the increased productivity made possible by science and technology, there is no reason of physical scarcity for the continued existence of hunger -- anywhere on this

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earth. It is now possible and practicable for mankind to take cooperative steps to abolish human hunger.

"This being so, massive hunger and suffering from want of clothing, existing in the world in the shadow of unused present and potential surpluses of food and fiber, are no longer tolerable, morally, or politically, or economically.

"The Congress, while recognizing the difficult political and economic problems that lie between hunger and want of clothing in many parts of the world and food and fiber surpluses in others, declares it to be the policy of the United States to move as rapidly as possible in cooperation with other friendly nations, toward putting surpluses of food and fiber more effectively in the service of human need.

"(b). A second new fact of history of which full account must be taken is that peoples who comprise one-third of

the human race have in our generation achieved national independence (or are in the process of doing so) and now, free of outside control, whether colonial, or imperialist, or communist, are in full revolt against the poverty, ignorance, disease, inferior status, and lack of opportunity which have always been their lot. They are determined to achieve rapidly that economic and social development necessary to national dignity and individual well-being. To mobilize their resources with reasonable speed and develop their economies to a point where they are self-propelled and self-sustaining they require substantial outside aid over a considerable period of years. If that aid is adequately forthcoming from the free world, they have a good chance to accomplish their purposes in freedom, remaining a part of the free world and contributing to its strength and well-being. If it is not forthcoming, their alternative is to seek it in the Communist world, and in the process to surrender both personal

and national freedom and to weaken the free world.

"(c). Deeply aware of and sympathetic with the aspirations of the world's peoples who seek in freedom greater national dignity and individual well-being, the Congress declares it to be the policy of the United States to help them achieve these aspirations through rapid economic and social development. The Congress recognizes that for this purpose a number of different kinds of aid are required, but that among them food and fiber aid, through grant or through sale for local currencies, a portion of the local currencies being in turn, loaned or granted as development aid, is a highly important form and one whose effectiveness can be greatly increased. The Congress declares that the agricultural abundance of the United States is not an embarrassment but a blessing to be used in the service of mankind, that it should be so used to the maximum extent possible, and that if it is so used it can help

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build essential conditions of world peace and freedom.

"(d). To achieve these larger purposes, the Congress directs that this Act shall be administered (1) so as to help other countries carry forward their own national or regional plans for development in freedom and independence; (2) so as to support the efforts and programs of the United Nations, its specialized agencies and affiliated organizations, and regional organizations of friendly countries, directed toward the same ends; (3) so as to leave wide latitude in working out details of national agreements and projects to United States Chiefs of Missions in negotiations with the governments concerned; and (4) so as to enlist the cooperation of other countries in putting agricultural surpluses more effectively in the service of human need and the economic and social development of less developed countries.

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"(e). It is also declared to be the policy of the Congress to expand international trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American agriculture, and the national welfare, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment thereof. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States."

Scope and Duration of "Food for Peace Act"

The original Public Law 480 passed in 1954 was a one-year authorization which, even among its supporters in Congress, was widely considered to be a means of dealing with temporary surplus stocks held by the Commodity Credit Corporation. And without effective challenge to that assumption, it has been re-enacted each year on an annual basis.

Meanwhile, several things have been happening.

One: Our agricultural surpluses have not been decreasing, but increasing.

Two: We are comprehending more fully the fantastic productive potentialities of American agriculture due to the increasing application of science and technology.

Three: The morality of cutting back production arbitrarily while half the world suffers from the misery of hunger has come increasingly into question. More and more the American

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farmer and the American people as a whole have come to realize that the abundance of our farms is a blessing to be used for humanity's sake rather than as an embarrassing nuisance.

Four: The success of P.L. 480 operations, notwithstanding obvious deficiencies in administration, has far exceeded even our hopes of five years ago. We have learned, by doing, many of the ways in which food and fiber can be used to build the conditions of peace, and we now see ahead even greater possibilities for good, provided the law is altered to make them possible.

All who have studied P.L. 480 operations, and most of those who have been associated with those operations, agree that the temporary, annual basis of program operations seriously restricts both the volume of American food and fiber that can be used for constructive purposes abroad and the effectiveness with which it can be used to promote economic and social development in

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friendly nations. They all agree in the emphatic recommendation that the authorization for our programs be extended to cover a period of at least five years ahead. With American food and fiber supplies available to them only on a one-year basis, countries living on the margin of their resources, and planning their use ahead, do not know what they can count on, with the result that their stability is unnecessarily brought into question and their development impeded.

It is impossible, for reasons of time, to enter here into a detailed discussion of the host of reasons, mostly technical in nature, discovered through experience, why five-year program authorization is necessary. They will, I trust, be discussed in subsequent hearings and debate. But I can assure you that they are compelling.

For example, the "basic findings" of the John H. Davis report to the Department of State on Policy Considerations

Pertaining to Public Law 480 stated as follows:

"The following estimates of United States surpluses and of food-fiber need in low-income countries provide the basis for expecting that a P.L. 480 type program will be in operation for at least five more years:

"1. From \$10 to \$13 billion of United States farm commodities are almost certain to exist in excess of requirements for domestic use and foreign dollar sales during the next five years according to U.S.D.A. estimates. This is a conservative figure, based on the assumption that more far-reaching measures than those now in operation will be adopted to bring supply and demand forces into balance.

"2. U.S.D.A. and I.C.A. estimates indicate that from \$10 to \$13 billion of U.S. farm commodities can be distributed through P.L. 480 type operations during the next five years, without seriously interfering with regular commercial trade."

I am therefore proposing in the Food for Peace Act a five-year program, and an authorization of \$10 billions of sales for local currencies under Title I. The present authorization for sales under Title I is at the rate of $\$1\frac{1}{2}$ billions a year. It is only reasonable to expect that with more efficient administration on a five-year basis an annual rate of \$ 2 billion a year is not in any way excessive.

Administrative Machinery

It is a remarkable and shameful fact that nobody is really in charge of the store that sells or otherwise distributes billions of dollars worth of surplus commodities. There is literally no one in high authority in the entire government who devotes his full time to the administration of P.L. 480.

By Executive Order of the President, administration of P.L. 480 is in the hands of nine agencies of government coordinated by two inter-agency committees.

In distributing authority among these the President assigned to the several departments and agencies those aspects of P.L. 480 which are related to the type of work they normally carry on. The result is divided responsibility, overlapping authority, clashing points of view -- with many bosses, with loose committee-coordination, but with no one guiding hand with authority and power to act decisively.

Policy decisions are made by a six-agency committee chaired by a member of the White House staff. This body is called the Inter-agency Committee for Surplus Disposal. Its chairman is Mr. Clarence Francis. Member agencies are the Departments of Agriculture, Commerce, Treasury, State, International Cooperation Administration and the Bureau of the Budget.

Operational decisions are made by a nine-agency committee chaired by a representative of the Department of Agriculture. This body is called the Interagency Staff Committee. It is headed

by the Director of the Department of Agriculture's Foreign Agriculture Service. Other member agencies are the Departments of State, Commerce, Defense, Treasury, International Civilian and Cooperation Administration, Office of/Defense Mobilization, Bureau of the Budget, and the United States Information Agency.

As head of the Interagency Staff Committee, the Department of Agriculture is responsible for initiating agreements for sale of surpluses for foreign currencies, for seeing that these agreements are pushed through and getting the commodities delivered. The Secretary of Agriculture is also directed to arrange barter transactions through private trade channels.

Though USDA is responsible for initiating agreements, the State Department has final authority in all matters concerning foreign policy, including negotiations for agreements, and has, in effect, veto power over USDA. The State Department is also responsible for handling the international educational

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exchange program, financed in part under Public Law 480.

The International Cooperation Administration has charge of foreign currency loans for economic development as a result of Public Law 480 sales, for government-to-government disaster relief grants, and for donations of food and fiber distributed by United States voluntary relief agencies functioning overseas.

The Bureau of the Budget is responsible for making allocations of the foreign currencies acquired through sale of food and fiber, and apportioning the currencies to the agencies in Washington which carry out the programs.

The Treasury Department handles regulations governing purchases, custody, deposit, transfer, and sale of foreign currencies.

Civilian and

The Office of Defense Mobilization selects the strategic materials to be purchased with food surpluses or currencies

obtained from sale of surpluses. The General Services

Administration acts as agent for ^{OCDM}~~OSM~~ in the purchasing and handling of strategic materials under the program.

The Department of Defense uses local currencies from the program for purchase of military equipment, materials, and facilities such as housing.

The United States Information Agency is in charge of publicizing Public Law 480 activities abroad.

With functions thus distributed, with authority overlapping and conflicting, and with no single high officer having the authority to cut through the administrative jungle, the negotiation of agreements for the sale or use of our surplus agricultural commodities is a long, complex, and tedious process.

Without guidance on larger objectives and too often restricted by a narrow view and a negative attitude, the Department of Agriculture drafts not only a proposed sales agreement

but also a detailed advisory paper for the conduct of negotiations with the foreign country. This paper is prepared for the guidance of our ambassador. These advisory papers must run the gauntlet of the Interagency Staff Committee on Surplus Disposal which usually insists upon unanimous agreement. Frequently 6 or 8 months of a fiscal year are consumed before our Chiefs of Mission abroad receive the necessary authority and instructions for negotiating an agreement.

Moreover, the instructions which he receives are usually so explicit and detailed as to leave him little if any room for maneuver or negotiation, with the result that he is obliged to consult Washington on every change requested by the other negotiating country. By the time the agreement is finally consummated there may remain only 2 or 3 months of authority, under annual extensions of P.L. 480, in which to make shipments and carry out the terms of the agreement.

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Virtually all who have studied or been associated with P.L. 480 operations agree that there is urgent need to give strong and authoritative central direction to the program and to tighten up administrative machinery and procedures so as to make possible more rapid and effective progress toward agreed goals. During World War II the President, recognizing the importance of agriculture to the nation's war objectives, created a War Food Administration separate and distinct from the Department of Agriculture. Today, the need is no less for a Peace Food Administration to make the most constructive possible use of our agriculture as a force for peace and freedom.

Accordingly, in the bill I present today I am proposing the establishment of a Peace Food Administration directly under the President, headed by a Peace Food Administrator who shall have sufficient authority to pull together the now widely dispersed operations under P.L. 480, give them central direction,

and weld them into an efficient team moving purposefully toward the program objectives set by Congress. It will be possible for Congress to hold one office responsible, instead of the present impossible task of tracking down administration through the existing administrative jungle.

I am proposing not only that the administration of P.L. 480 be placed under the new Peace Food Administrator, but also Section 402 of the Mutual Security Act.

Operations are similar and overlapping, and study has shown that much would be gained by coordinating them.

I am also proposing that an interagency Food Peace Policy Committee be created at the Assistant Secretary level to advise and consult with the Peace Food Administrator, and also a Peace Food Advisory Committee made up of non-governmental representatives of each of the major farm organizations, food and fiber exporters, representatives of

voluntary relief agencies such as CARE and church groups,
and representatives of voluntary health groups.

We are confronted by one of the gravest challenges
and brightest opportunities in all history, and the use of
our agricultural surpluses can be a powerful instrument in
helping meet the challenge and realize the opportunity. It
is imperative that administration be so organized as to make
most effective use of that instrument.

New Titles

In the proposed Food for Peace Act which I submit to
you today there are four new Titles in addition to the three
now in P.L. 480. One concerns administrative machinery which
I have already described. I shall now comment briefly upon the
other three which would authorize new activities which it is
believed would be useful in accomplishing the purposes of the
Act.

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Loan Program

One of these is a new Title IV. P.L. 480 at present authorizes sales of surplus agricultural commodities for local currencies, barter for strategic materials, and under certain circumstances for grants. However, it has become increasingly clear that the program would be improved by the addition of authority to make long-term low-interest loans, with deferred payment of interest and principal, to cover purchases of surplus agricultural commodities.

Title IV would provide an additional channel of assistance to developing nations, which in some cases might supplement or be preferable to other methods authorized under this Act.

This Title authorizes 10-year contracts for the delivery of surplus commodities to friendly nations with credit terms of up to 40 years.

Many countries throughout the world are now engaged in, or entering upon, intensive efforts to develop industry, transportation, electric power, and other similar aspects of their economies. When countries enter upon such periods of intensive industrial development, agricultural production nearly always fails to keep up with domestic demand. This develops because capital and other resources that are concentrated on industrial development are most frequently withdrawn from agriculture, and at the same time that industrial and commercial development takes place, rising consumer income creates a larger demand for agricultural commodities.

A country in this situation needs a source of agricultural commodities on which they can depend during their period of economic development. Their development plans need to be made with full assurance that adequate supplies of food and fiber will be available.

Therefore, this section provides that the President may enter into agreements with friendly nations to deliver annually certain quantities of wheat, rice, cotton, feed grains, or tobacco, or other surplus agricultural commodities as may become available, for periods of not more than ten years. Payments for these commodities shall be made in dollars or in services or in materials which the U.S. does not produce domestically in quantities sufficient for our needs. Payment may be made over a period of time not to exceed forty years from the date of the last delivery of commodities under the agreement, and interest of not more than $2 \frac{1}{4}$ percent per year shall be computed from the date of final delivery.

In making such arrangements, it will be agreed that these commodities will not replace any usual imports from friendly nations, but shall be in addition to those imports.

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National Food Reserves and Relief of Chronic Hunger

A second new Title -- Title V -- would authorize grants of surplus foods, under agreements with friendly countries having chronic or recurring food deficits or widespread malnutrition, for the purpose (1) of enabling them to build up and maintain minimum national food reserves, and (2) for inaugurating or expanding -- with the assistance of FAO technicians and administrators -- programs to relieve chronic hunger and malnutrition due to poverty and ignorance.

The subject of food reserve stocks in deficit countries or areas has been studied and discussed intensively for many years in the United Nations, in the United Nations Food and Agriculture Organization, and in many individual countries, including our own. Without adequate food reserves, countries that suffer widely fluctuating crops due to drought or flood, that are remote from the world supplies, and that in any case

live on the margin of hunger and their national financial resources, are frequently at the mercy both of the weather and food speculators. The result is frequently, therefore, that the people -- quite unnecessarily -- suffer misery and death due to sudden famine, before famine relief can arrive, or want due to merciless price gouging.

That the maintenance of minimum food reserves at the proper places is desperately needed, there is no question. The problem is how to do it.

Over the years there have been a number of proposals for the establishment of an International Food Reserve or World Food Bank, and these have received the most serious world study and consideration. However, the conclusion was reached in the United Nations Food and Agriculture Organization that given the present stage of our knowledge and experience, the technical and political obstacles to the establishment and

operation of an International Food Reserve were almost insurmountable, and that instead international cooperation to establish and maintain national food reserves in food deficit countries was practical and desirable. Accordingly, at the 1957 Session of the United Nations General Assembly I, as a member of the United States delegation, introduced on behalf of the United States a resolution calling for international cooperation in the establishment of national food reserves and for building the necessary storage facilities. This resolution was passed.

Since then the Administration has made no move whatever that I have been able to discover to implement its own resolution passed by the United Nations General Assembly.

While there is no excuse for complete inaction, in all fairness it must be said that the Administration did not have all of the tools it needed to do the job. The financial

limitations of the countries that need to build up national food reserves are such that the United Nations Food and Agriculture Organization has concluded as a practical matter that such reserves can be built up only through grants from surplus producing countries rather than through purchases -- either for hard currencies or local currencies. Also needed are grants of food surpluses which can be sold to provide the money necessary to build adequate storage facilities. And there are other difficulties. The storage and management of substantial food reserves is a highly technical operation, demanding skills and experience which are in short supply in the needy countries. Moreover, there is some danger that without a high degree of technical competence and administrative diligence, national reserves, once built up, might either be depleted or used in ways deleterious to normal commercial trade.

These are the reasons, then, for the new Title V in the

Food For Peace Act which I am today submitting to the Senate.

Under this Title the President is authorized and directed to negotiate agreements with friendly nations or organizations of friendly nations to provide for the grant of specified amounts of CCC holdings of surplus commodities in order to implement the 1957 United Nations resolution, which I have already described. The President is directed to seek and secure commitments from the countries receiving grants for this purpose, to maintain national food reserves at agreed levels, making replacements in such reserves, when necessary, either through commercial purchases or purchases with local currencies from the United States under Title I, except that in the case of depletion as a result of famine or disaster the President is authorized to make grants under Title II to build the reserves back to the agreed level. The President is also directed to seek and secure commitments that experts

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and technicians of the United Nations Food and Agriculture Organization shall be engaged to consult and advise on the technical problems of storage and management of national food reserves, and upon the general operation of the national food reserves with a view to assuring that they shall not interfere with the normal trade of the United States or that of other exporters.

A second part of the proposed new Title V authorizes the President to negotiate agreements with other countries under which United States agricultural surpluses would be made available on a grant basis to aid those countries in inaugurating or expanding -- with the assistance of Food and Agriculture Organization technicians and administrators -- programs to relieve chronic hunger and malnutrition. This authority, it seems to me, is a highly important addition. Under the present Law grants are available for this purpose to United States voluntary

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agencies, but their scope of action is necessarily limited.

And many countries do not have the technicians and adminis-

trators necessary to inaugurate or expand programs for seeking

out hidden hunger and ministering to it. The new authority in

Title V would make it possible for these countries to engage

Food and Agriculture Organization technicians and administrators

to help them carry on programs to relieve chronic hunger and

malnutrition. If we really want to use American food surpluses

to help relieve hunger and misery that otherwise go ~~un~~unremedied,

this is one of the important ways to do it.

Use of Repayments of Interest and Principal on Local Currency

Loans for Research, Education, Health and Public Welfare

We now come to the last of the new Titles to be discussed here -- the new Title VI -- which I am sure will arouse intense interest and debate, for it faces up to the problem, hitherto neglected in legislation, of what we are going to do with the local

currencies which we are beginning to accumulate as a result of payment of interest and repayment of principal on local currency loans made under Title I. Public Law 480 has been silent on this point, but all who have studied or thought deeply about the programs conducted under this Law have recognized that sooner or later the Law would have to speak. Now is the time, for interest and principal repayments are beginning to flow in and will in time become a very serious problem.

Looking ahead, Mr. James H. Smith, Director of the International Cooperation Administration, last year appointed three outstanding American businessmen, whose names I have already mentioned here today, to make an exhaustive field survey of this problem. This they did, and on August 5, 1958, made a Report to him entitled "Accumulation and Administration of Local Currencies" -- which I shall refer to hereafter as the Berenson-Bristol-Struas Report. This report deals with accumulations in

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general, and only in part with accumulations resulting from repayment of principal and interest on local currency loans. In drafting the new Title VI of the Food for Peace Act I have drawn heavily upon their Report.

As of December 31, 1958, agreements under Title I had been signed with 36 countries covering purchases of our surplus agricultural commodities valued at \$3,323,000,000 (market value) repayable in local currencies or dollars. (In fact, virtually all repayments will be in local currencies.) Of this amount, roughly half is scheduled to be loaned back to the governments concerned, and loans totaling \$327 million had actually been made. In general, the loans are for 40 years, with interest (if paid in local currency) at 5 percent, principal repayments beginning after three years.

As is evident, the problem of what to do with local currency reflows is only incipient, but it takes no imagination to see that in time, as the program continues, it will become a

very serious problem indeed.

In seeking a solution, the first thing to understand is that this local currency is not in itself a resource or a commodity but merely a claim on the resources of the country of its origin. Only a small part of it is usable to pay for the obligations of the United States and the remainder -- the larger part -- is not subject to the unilateral control of the United States but only in agreement with the country concerned. It is useful only in the country of origin.

Our purpose being to help, not weaken, these countries, there are serious disadvantages to our accumulating large holdings of their currencies. Depending upon how they are used, they can bring about deflation or inflation. No country would long tolerate our possession of an instrument which could control their destiny. If we should acquire such control we would offer the Communists a stick with which to beat us over the head

unmercifully.

There is no doubt whatever that we must not acquire large holdings of these foreign currencies, but that we must put them to work in the only places where they can work, and that is in the countries of their origin. But how? Assuming that continuation of P.L. 480 sales will continue to provide currencies which can be loaned for economic development, the answer is that local currency reflows can best be used as grants for non-profit making but socially useful enterprises such as research, health, education, and public welfare.

It has long been recognized that ill-health, malnutrition and a low level of education, both general education and vocational education, are basic impediments to economic development. Here, then, is an opportunity to help fill one of the necessary gaps and round-out our Food for Peace Program.

In the Davis Report, the National Planning Association

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study, and the Berenson-Bristol-Straus Report a strong case is made for grants of local currencies for research, health, education, and public welfare, and in the latter a very strong case is made for the administration of such grant funds by bi-national foundations established through agreement between governments, but operating in a semi-independent manner.

In the proposed Title VI their recommendation is adopted for reflow funds.

In Title VI the President is authorized to negotiate and carry out agreements with friendly nations to provide for the establishment in such countries of non-profit bi-national foundations to promote research, education, health, and public welfare. Such foundations shall be under the direction of Boards of Trustees, the majority of whose members shall be nationals of the host country appointed by its government, and the remainder shall be nationals of the United States appointed

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by the President of the United States (one of the United States members shall be the U.S. Ambassador). The Board of Trustees shall select the officers of the Foundation. The Foundation shall have freedom to use the funds available to them either directly or through investment and use of the proceeds.

The President is authorized to grant to such foundations for the purposes specified in this Title local currencies that accrue to the United States as repayments of principal and interest on all local currency loans that have been made by the United States Government in the past under P.L. 480 or may be made in the future under the present Act.

New Uses for Local Currencies Accruing from Sales Under

Title I

Before concluding, I think it may be useful to point out that in the Food for Peace Act it is proposed to authorize a number

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of new uses, in addition to those already named in Section 104 of Title I of Public Law 480, for local currencies accruing from sales.

One of these is for loans to promote medical and scientific research, educational development, and health and education.

A second is for financing the dubbing, showing, and distribution of audio-visual informational and educational materials, including government materials abroad.

A third is for financing the services of technicians, advisors, and administrators who are citizens of any friendly country and who may be needed to further economic and social development programs in other friendly countries.

And five new additions are designed to authorize the use of local currencies, in agreement with the countries concerned, to permit, to buttress, and to extend social and economic development projects and activities carried on in those countries by the United

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Nations and its specialized agencies and affiliated organizations: specifically, the United Nations Special Fund, the United Nations Food and Agriculture Organization, the International Finance Corporation, and an International Development Loan Association if and when such may be established as an affiliate of the World Bank for the purpose of making long-term loans (including local currency loans) for economic development.

To my mind these five additions which will tend in some measure to internationalize the use of the foreign currencies accruing from Food for Peace sales are of the highest importance. I cannot too often repeat that our food and fiber surpluses are a powerful potential instrument for the economic and social development of the less developed countries, and can give rise to exceedingly extensive enterprises. However, if we seek to confine this enterprise into purely bi-lateral channels, with bilateral

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controls, we shall not only limit it, but we shall reap discord instead of good will. The United States is strong and it is wise. But it is neither strong enough nor wise enough to bring about alone that tremendous economic and social development that is necessary and possible. For that, the combined efforts of all nations are required, and I do not doubt that in the years immediately ahead we shall see a great burgeoning of projects carried on by and through international organizations. It is of utmost importance that we equip ourselves to exert our efforts increasingly through international agencies.

In this shrunken world, the growing contrast between greatest wealth and direct need warps our perspective, threatens our survival, and offends our instincts as brothers of all men.

It is, Mr. President, imperative that our people, privileged and anesthetized in the illusory fortress of their

good fortune, notice the dawn rising even now in the East -- a dawn burdened with the historic resentments of two billions of human beings hungry and hopeless for countless millennia -- a dawn, however, also fresh with the radiance of unbounded opportunity.

Mr. President, let me emphasize here that this response to the cries of the hungry abroad does not conflict in any way with our responsibility to see that the hungry and ill-clad in this country are cared for. We have not forgotten that we have children here, too, who go to bed hungry at night, that there are needy old people, and people with earning power inadequate to their needs. There are today more than 6 million Americans who are dependent on public funds for the food they eat.

Certainly, these demands must be met. One first big step would be to use the laws we already have on the books.

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The Secretary of Agriculture has the authority, and he has the funds -- Section 32 funds which year after year he hoards and turns back to the Treasury -- to help these people. If he wished to accept his full responsibility, the people unemployed in West Virginia and Kentucky, in Michigan and Mississippi, could have more on their plates to eat.

And we here in Congress should respond to these calls for help by passing a realistic food stamp plan that would improve the diets and the lives of millions of undernourished at a very small cost -- and do this through the regular channels of trade in a way that would bolster the economy. This would indeed be bread cast upon the water for which we would see an immediate return.

But just as strongly as I support wiser use of our food abundance to feed our own hungry, I am concerned about feeding hungry people everywhere.

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I think the American people are eager, Mr. President, to redeem our heritage and restore our image.

I think we are ready to cast our bread upon the waters because we know that is what we would want to have others do for us, were we where they are now; I think we are ready to acknowledge and to rejoice in the fact that God, in the ultimate irony of His wisdom, has made present imperatives of ancient ethics.

There have lately been times, Mr. President, when it has not been easy to remember the authentic America -- an America grateful for her bounty, shelter to the needy, eager in her generosity -- an America whose pocketbook is open even if Communists do not threaten, whose schools are open even if all her children are not the same shade, and whose heart is open to all men in the humility of her unique opportunity to serve.

It is this America that asks patience and understanding

from her older brothers across the sea, that finds wisdom
in her heritage of diversity, and that asks help of others
in finding ways to be of help to others.

And it is this America -- too modest to sense yet
the power of her unleashed conscience and energies -- that
must now be roused to the opportunity of the ages: the oppor-
tunity of a humanity working together against privation and
inequity, and warmed in its labors by the love of the Lord
for all his creatures.

April 14, 1959



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