A POLITICAL HISTORY OF FOOD FOR PEACE

By

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Students who take Agricultural Economics 660 are duly forewarned. To understand the relationships linking "Food, Population, and Employment" considerable reading is necessary. Additionally I think it important that students have the opportunity to develop a major research paper. This requires even more time, both theirs and mine. Enrollment is therefore limited: by the number I can handle and by the number of students willing to put up with such unreasonableness.

But the results are a joy. I am privileged to work with a select few, and they by term's end have the satisfaction of having accomplished something significant. Initially to encourage the student to do his best, I offered publication in the Staff Paper series as bait. Increasingly this is no longer necessary; the papers stand on their own merit and warrant wider distribution. Press runs, once 100 copies, now are 400. Perhaps this reflects the relief they provide to a professional literature in which fiddling with technique seems preferred by editors to thought. Whatever the reason, someone out there is reading.

In the present paper, George R. Zachar undertakes a political case study of Public Law 480--Food for Peace. His emphasis is on the complexity of the policymaking and implementation process. Lobbies, congressional committees, Presidents, executive agencies, and foreign governments are all shown to influence legislative and administrative actions. Mr. Zachar also scrutinizes the impact of world events--wars and famines--on food policy. His conclusion is his starting point--the policymaking process is extremely complex, slow moving and involves many actors with frequently competing interests. Mr. Zachar implicitly argues that while economics plays a major role in food policy legislation, the "political" aspects of the process need to be studied in order for agricultural economists to fully understand how food aid programs work.

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Introduction

> An abominable sin is to sleep on a full stomach while your neighbor is sleeping on an empty stomach.
>
> --The Koran (1, p. 5)

Figuratively speaking, the United States has been sinning abominably for a great many years. There has rarely, if ever, been a time in U.S. history when Americans were worse off nutritionally than, for example, the people of India. But it always took extraordinary circumstances to prompt the United States, an agricultural giant, to part with its farm abundance. Victims of famines, floods and wars used to be the only hungry people to receive food assistance from the United States. That is, of course, no longer true. The Agriculture Trade Development and Assistance Act of 1954 (Public Law 480) institutionalized food aid.

In the process, international food aid was transformed from an idealistic dream into a bureaucratic nightmare. Often, food was shipped simply to lighten the U.S. storage load. Until very recently, most of the official distribution of American surplus food under the Food for Peace program (as the Act is now called) has been to nations not suffering starvation. The food has instead been a tool of American foreign policy. It went mainly to "friendly" nations to show them we cared, or to help them fight off "Communist insurrections."

While our food was fighting international communism abroad, the President, the Department of State and Agriculture, myriad committees of Congress and the nation's farmers fought a slow motion battle over who sent what where and for how much.

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*In slightly modified form, this paper was first submitted as a part of the requirements for Agricultural Economics 660: Food, Population, and Employment, Fall Term 1975-76.

This paper will examine the domestic controversies and squabbles that surrounded the passage and revisions of PL 480. The focus will be on political maneuvers, deceptions and motives. The economics of Food for Peace will be touched on only as it impinges on the American political scene.

A Sprint Through the History of American Food Aid

The Congress of the naisant United States of America, caught in an international trade cross fire between warring Great Britain and France, found time in the hectic days before the start of the War of 1812 to appropriate $50,000 to buy food for victims of an earthquake in Venezuela (1, p. 12).

One third of a century later, in 1845, Phytophtora infestans infected the Irish potato crop upon which 50 percent of that island's population depended for food and cash. More than a million people died. One and a third million emmigrated to the United States. A $500,000 relief bill was defeated in the House of Representatives (2, pp. 10-12).

During a devastating turn-of-the-century, year-and-a-half famine in India, it took a campaign by the Brooklyn Herald to convince the Secretaries of State and Navy to provide ship transportation for 200,000 bushels of seed corn bound for the subcontinent (2, p. 14).

When disaster returned to the Western hemisphere, however, Congress was quick to act. In 1902, Mount Pelée on the island of Martinique erupted. Congress appropriated $200,000 for relief, and authorized Navy ships to procure and distribute supplies (1, p. 13).

President Theodore Roosevelt did not bother waiting for Congress to react when an earthquake devastated Sicily three days after Christmas in 1908. The newly reelected commander-in-chief dispatched two ships to the scene immediately and then asked Congress to authorize the disbursement of the $300,000 worth of supplies they carried (1, p. 13).

In August 1914, German troops crushed neutral Belgium on their way to attack northern France. Belgium, a food importer, had its food reserves confiscated and its sources of supply cut off. President Woodrow Wilson and an engineer named Herbert Hoover spearheaded the Commission for Relief in Belgium. With U.S. entry into the "Great War," food aid continued and expanded, lasting until July 1923 (1, pp. 14-15).

The 1920s brought starvation and death to many in China and the newborn Soviet Union. Relief efforts to those agrarian giants were handled by private agencies (2, pp. 15-22).

With the 1930s came the depression and the Dust Bowl. America turned inward with massive domestic agricultural aid as winds stole tons of topsoil and hundreds of thousands were left destitute. It took the second World War to return prosperity to America's farms.

Food Prices and War

Farm prices and war have been intertwined in America since the Revolution. Parelleling the business cycle, the pattern seems to work like this: war brings a sagging rural economy to a new peak of economic well-being. When the armistice is signed, prices plummet and stay at a lower level until hostilities resume. Then the pattern repeats (3, p. 1).

Prices were a function of supply and demand (before government price supports were instituted). The pattern of farm prices and war demonstrates American agriculture's endemic capacity to overproduce. Only severe demand economies, fostered by war, provided American farmers with high prices for their goods.

Chart 1 shows the pattern of wholesale prices, both industrial and farm, from 1800 to the present. Wars are shown in the darkened areas.

After the American revolution, farm prices crashed and continued downward until 1790. With the French Revolution, the rise of Napoleon and war on the Continent, prices climbed steadily until 1801 when they leveled off.

The war against Great Britain in 1812 revitalized farm prices, and by 1814 they were double what they were in 1790.

With the close of hostilities, prices dwindled. In 1819, the United States was in the throes of its first major depression. Relief did not come until 1843 with the Mexican war and the discovery of gold in California. In 1855, prices dropped again, and it took a war between the states to nearly double them. When hostilities ceased, so did the farm boom. In the next 30 years, farm prices plummeted to the pre-Civil War levels.

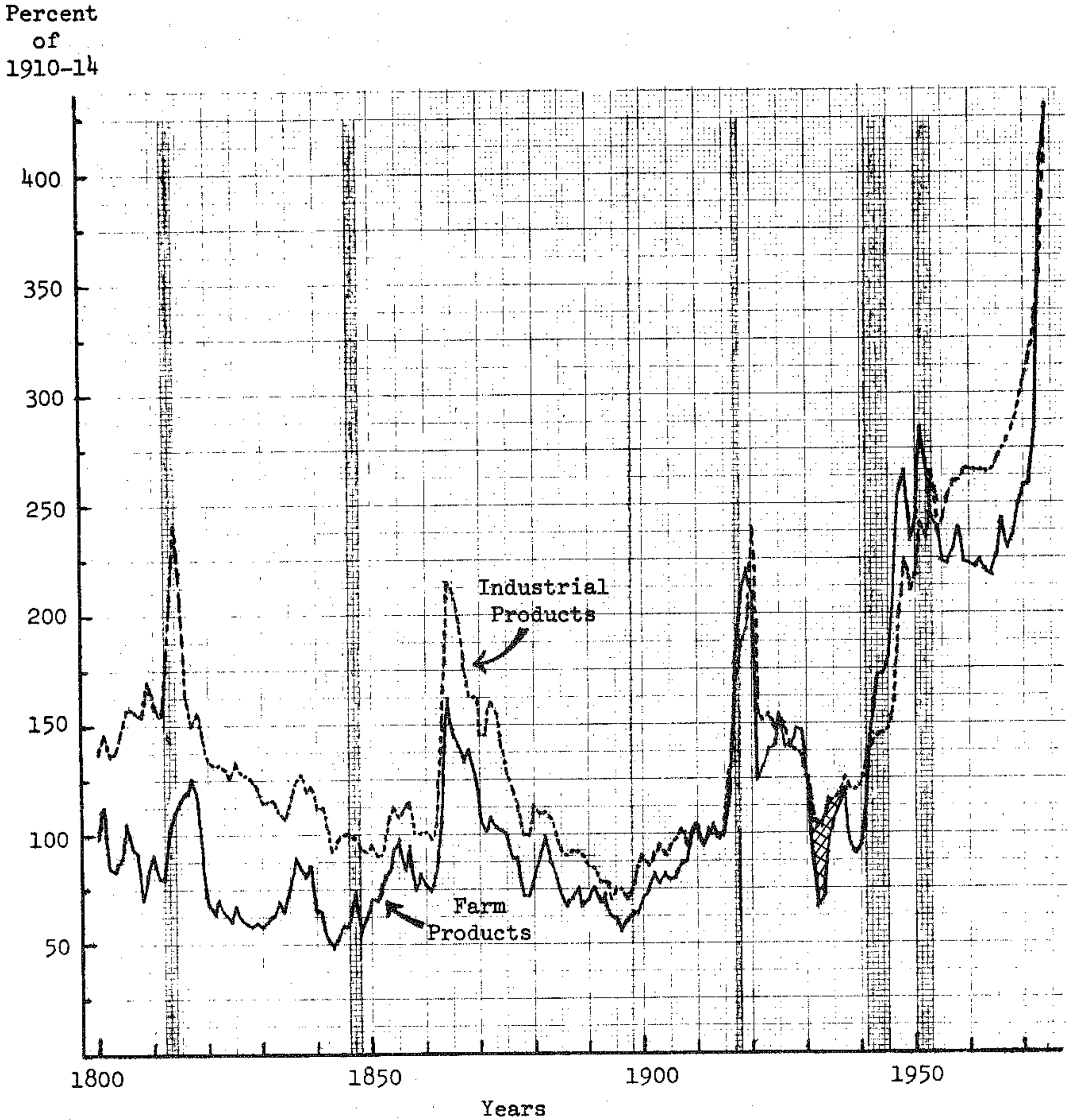
The war with Spain triggered a new round of price increases, and the farm market prospered modestly until WW I, when it took off again. Prices dropped with the signing of The Treaty of Versailles. The bottom fell out of the farm market, as it did in the stock market, in 1929 (3, p. 1).

As the depression progressed, farm prices plunged at a faster rate than industrial prices (cross-hatched area, Chart 1). The farmers' purchasing power was cut by more than half. To compensate, the farmers increased production, but the glut only depressed their prices even further. The crises spawned the Agricultural Adjustment Act, passed on May 12, 1933 (4, pp. 653-654).

As thousands of destitute workers lined up for food handouts, the Federal government destroyed standing crops and slaughtered livestock to force food prices up (4, p. 654). Production cuts were given a boost

CHART 1. UNITED STATES: FARM AND INDUSTRIAL WHOLESALE PRICES, 1800-1974*

(Index numbers, 1910-14 = 100)



The shaded areas indicate wars. The cross hatch demonstrates the loss of farm purchasing power (the gap between farm and nonfarm prices) during the Great Depression.

*Sources: USDA, Agricultural Outlook Charts--1950, October 1949, p. 10; USDA, 1970 Handbook of Agricultural Charts (Agriculture Handbook No. 397, Nov. 1970), p. 9; USDA, 1975 Handbook of Agricultural Charts (Agriculture Handbook No. 491, Oct. 1975), p. 10.

as drought and wind tore topsoil from millions of acres in the Dust Bowl.

The government subsidies resulted in government held surpluses. The Surplus Relief Corporation and Commodity Credit Corporation (CCC), created in October of that year, were set up to handle them (5, p. 3).

Export attempts proved futile, as a depressed world market was unable to generate sufficient demand (2, pp. 60-61). When a new war appeared imminent in 1939, Congress expanded the power of the CCC. The corporation was authorized to sell surpluses to nations for war reserves, and to trade surpluses for strategic goods. The eruption of war preempted these preparatory actions, and the nation's farms and factories geared up to fight the Axis powers (2, p. 61).

Ironically, New Deal efforts to cut farm production and stabilize (raise) farm prices showed their first signs of success as the Blitzkreig roared across Europe.

The United States was presented with the task of feeding the Allies. Incentives replaced restrictions in domestic farm policy, as firm supports were placed under farm prices to stimulate production (6, p. 7).

Wheat, corn, cotton, tobacco and rice were supported at 90 percent of parity, a complex formula designed to guarantee the present farmer a similar profit-to-cost return as that American farmers received between 1910 and 1914. Under the plan, if the market dipped below the support price at harvest time, an eligible farmer could get a government loan on his crops at the support level. If the market rose past the support, the farmer sold the crop and repaid the loan. If the market was uncooperative, the farmer kept the loan and the government took the crop (7, p.1).

Incentives and wartime demand brought record harvests from America's farms (6, p. 7). The surplus generating momentum that was to plague farmers and government planners for the next two decades was established.

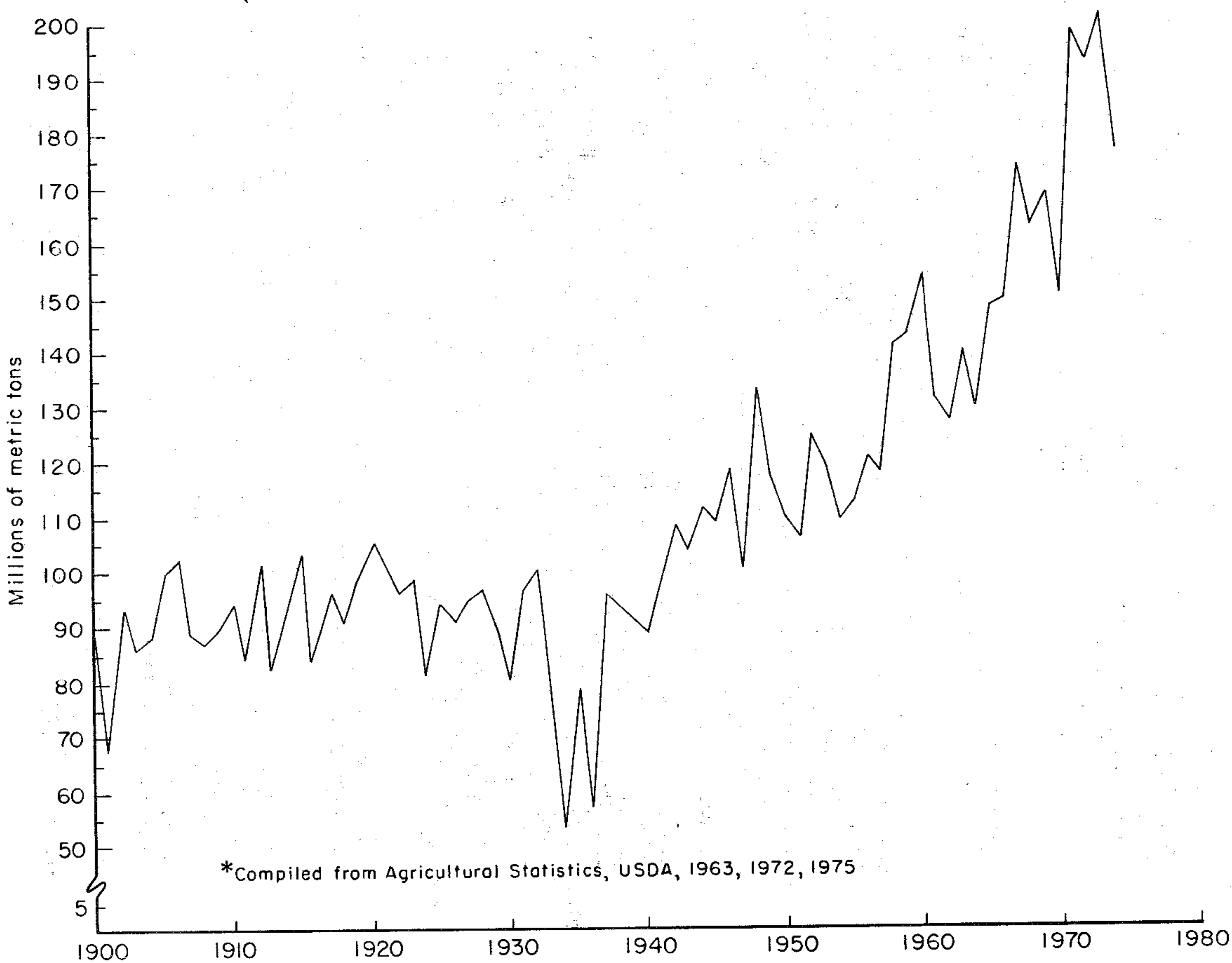
This is shown in Chart 2. During World War II, agricultural production began soaring unchecked by market forces as the Federal government purchased what could not be sold. The major farm politics battles for the next two decades would revolve around the support system, the surpluses they generated and how to dispose of them.

Government agriculture planners kept the supports high and steady for two years after the war ended. They knew the results of a postwar slackened demand.

Postwar Politics

Congressional elections brought in the "Class of '46." Republicans swept into a majority for the first time in 16 years with "To err is Truman" as their battle cry. They immediately set about returning the nation to what President Warren Harding had called "normalcy."

CHART 2. UNITED STATES WHEAT AND CORN PRODUCTION, 1900 - 1975*
(In millions of metric tons)



*Compiled from Agricultural Statistics, USDA, 1963, 1972, 1975

They rapidly demobilized a war-weary nation and started dismantling the New Deal, confident of voter approval. In 1948 they made a mistake that possibly cost them control of the Congress and a supposedly guaranteed return to the White House behind New York Governor Thomas E. Dewey.

Prior to the Presidential and Congressional elections in 1948, the Republicans passed a bill abolishing the rigid 90 percent supports that had proved profitable for the nation's farmers. They called instead for a flexible support system that would allow incentives to be changed as production needs changed. The bill was to take effect in 1950. It never did.

Truman upset Dewey and the Democrats returned to Congress. At the time, it was believed the Republican's policy of reduced supports had cost the G.O.P. several midwestern states and the election. The Democrats were not going to make the same mistake. They reinstated the war level supports.

In 1950 the CCC accrued its first major surplus stock (2, p. 62). For a while, the Korean conflict filled the need for a war to keep surpluses down and prices up; but that ended in 1953. The high price supports continued spurring production, and the federal government's storage bins were filling with costly, yet unmarketable, commodities.

The stage was set for Public Law 480.

Just Another Bill

In construction the most stable configuration is the triangle. The same holds true in American government. Each cluster of shared interests (e.g., farmers) has a three-legged institutional base with which to advance itself. The tripod consists of lobbies, executive agencies and Congressional committees. The decision-making process was, of course, not always smooth. Outcomes are usually a combination of political muscle work and horsetrading. This is the case of PL 480.

The idea that evolved into the Food for Peace program originated with a farmers' lobby. The American Farm Bureau Federation, at its 1952 National Conference in Seattle, came up with what was then an original scheme to dispose of commodity surpluses. The group realized that developing nations were unwilling to purchase agricultural goods for dollars because such hard currency was needed for the capital purchases vital for economic development. However, if the Federal government could be persuaded to accept soft (local) currency as payment for surpluses, the effect would be an increased demand--a rise in consumption (6, p. 39).

Next, the second arm of the legislative troika was brought into play. Farm bureau representatives approached the Secretary of Agriculture, Ezra Taft Benson, and suggested an ambitious expansion of the administration's farm program. The bureau representatives suggested the administration tie production restraints (a drop in supports) to the agressive sale of surpluses overseas for soft currencies (8, p. 47). While Benson and his associates mulled over the proposal, a 1953 Farm Bureau conference officially endorsed legislative action to send surpluses overseas for soft currencies (6, p. 40).

The Agriculture Department sent a legislative package to Congress that tied production restraints to the soft currency idea. But, as Don Paarlberg, a United States Department of Agriculture (USDA) official involved in PL 480's conception, told a 1967 Food for Freedom conference, "Congress untied the package." (8, p. 48).

With the 1948 election debacle still fresh in their minds, Congressmen never seriously considered lowering supports, despite fervent preaching by Secretary Benson. The election of a Democrat to Wisconsin's Ninth Congressional District for the first time in history showed the lawmakers that farmers had no qualms whatsoever about "throwing the rascals out" if the 90 percent supports were threatened (9, p. 10).

All Benson's labors earned him was the role of a moving target for Congressional and farm lobby snipers. He became the unwilling symbol of the administration's desire to end the high, rigid surplus-generating supports. Congress, fearful of farm vote reaction, cast Benson in the villain's role of the man who would rob the farmers of their just and well earned reward.

Yet, Congress had to do something. The mounting surpluses in Government storage bins were both costly (storage costs of $1 million per day), and embarrassing (2, p. 59).

In a debate on the House floor in 1954, Agriculture Committee member E. C. Gathings (D-Ark.) said (10, p. 32):

> One of the main propaganda weapons the Communists are using against us today is that we are permitting our food to lay up there in storehouses and rot before giving it to the needy and hungry people throughout the world.

Conflicting interests necessitated an untied legislative package. Keeping high supports kept the farmers happy, and soft currency sales kept domestic surpluses at acceptable levels. Reaching this compromise took over a year.

Untied Package

It took the Senate less than two weeks in July 1953 to, on the one hand, override Benson's call for a wait-and-see attitude on soft (currency) sales and to, on the other hand, squelch Freshman Senator Hubert H. Humphrey's call for a broad food aid policy closely tied to American foreign policy objectives (6, p. 40). The House of Representatives did not complete work on the bill before adjournment, and PL 480 had to wait until the 1954 session for action (6, p. 41).

On January 19, 1954, the first warnings of bureaucratic warfare between the Department of State and Agriculture over the new program appeared. While Benson and USDA were pushing for a small export effort against Congress' desire for a relatively massive operation, the State Department was exerting behind-the-scenes pressure to forestall any such export attempt (11, p. 1). State feared the impact of surplus export on other, friendly exporters of agricultural commodities. The lines of conflict within the Federal bureaucracy were starting to form, as two competing, massive, powerful organizations fought for what each perceived as the national interest. The State Department placed a premium on how such exports would affect our foreign relations. The Agriculture Department, however, had a different constituency: the nation's farmers. Both sides pressed their case with Congress, and on June 9, 1954 PL 480 was reported out of the House Committee on Agriculture.

The USDA won. Floor questions centered around the impact of the bill on American agriculture and the taxpayers' pocketbook. Some 20 amendments were tacked on the bill in the House, and most of them were deleted in the conference committee with the Senate.

On July 10 President Eisenhower signed the bill.

Public Law 480

The Agricultural Trade Development and Assistance Act of 1954 was a masterful piece of lawmaking. The five-and-a-half page document draws on ten administrative agencies and the President to administer the surplus disposal operation.

Disposal, from a pure self-interest point of view, was all the legislation intended, despite pronouncements by the lawmakers.

> It is hereby declared to be the policy of Congress to expand international trade among the United States and friendly nations, to facilitate the convertability 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 therefore. 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 (12, p. 1).

Title I of PL 480 calls on the President to a) "take reasonable precautions" that PL 480 sales do not disrupt domestic commercial sales or upset world prices, b) insure private trading channels are used as much as possible, c) "give special consideration" to using the act to expand markets for American goods abroad, d) make sure purchasing nations don't resell goods bought from the United States for profit, and e) maximize purchasing opportunities for friendly nations (read noncommunist) (12, p. 1).

The law authorized the Commodity Credit Corporation to handle the transportations and transfers of funds (2, p. 66).

As for the soft currency funds, acquired under Title I of the Act, no fewer than 21 uses were prescribed.

The Agriculture Department was assigned the task of using the money to develop markets. The State Department was authorized to use the soft currency to purchase goods for other nations, make economic development grants, finance educational exchange programs, construct building for U.S. purposes such as embassies, etc., donate funds to American schools (primarily land grant colleges) for research, fund workshops and endow chairs in American studies around the world, purchase nonfood emergency items, sell the currency for dollars to U.S. tourists, and use dollar sales for travel and other purposes (2, p. 66).

The Office of Civil Defense Mobilization received funds to build supplemental stockpiles, while the Departments of State and Defense used PL 480-acquired currencies for the "common defense" (12, p. 3). This provision, written into the law by Congress, would return to shock many of the lawmakers when one particular "common defense" campaign backfired: Vietnam.

The Export-Import Bank received funds to lend to private companies. The Department of State and the Development Loan Fund were authorized to use funds for loans to foreign governments. The United States Information Agency (USIA), the public relations branch of the Central Intelligence Agency, received funds to translate books and periodicals, conduct trade fairs (to compete with those staged by the Soviets), and in conjunction with the State Department, build schools and purchase audio-visual supplies. Other funds went into scientific research, and educational/cultural programs (2, p. 68).

Title II authorized surplus commodity shipments to go toward disaster relief, and to voluntary assistance organizations to speed up development in the Third World (2, p. 66).

Title III authorized a controversial barter program, and the use of surpluses to relieve domestic food shortages (2, p. 67).

Title IV, added in September 1959 authorized long-term (ten-year) dollar payments for agricultural goods by purchasing nations (12, p. 22).

What the bill amounted to was an expansion of the policy that had failed during the Great Depression. Instead of trying to curb production at home while stimulating domestic consumption, PL 480 tried to modestly restrain home production while expanding world consumption of American farm overabundance. The political rhetoric no longer revolved around the home front.

"The adjustment of world supply to world demand will require adjustments of production in other countries as well as the United States," said President Dwight D. Eisenhower in September 1954 (13, p. 1).

Indeed, through the 1950s and 1960s grain exporters such as Canada, Australia and Thailand experienced tremendous surplus problems as agricultural mechinzation hiked production to levels the farm market could not absorb at acceptable prices (14, p. 7).

The American government, caught between politically potent farmers and embarrassing costly surpluses, fought a holding action to up world consumption of American farm products while trying to hold the line on production and prices at home. That was the original intent of PL 480. But as the size of the program forced administration by several competing bureaucracies, soon even that purpose would be overshadowed by others.

PL 480 - The Early Years

The first post-enactment internal wrangle came in less than one year. The State Department wasted no time in using the power granted it under PL 480 to advance its own interests. The men at Foggy Bottom had not yet overcome their fears of an adverse reaction by friendly, competing agricultural exporting nations. PL 480 authorized State to coordinate all foreign policy functions of the act and to do all the necessary negotiations (2, p. 79). State was soon accused of taking the opportunity to interfere with, and frequently cut the export trade where it seemed necessary. Members of the farm bloc in Congress were incensed by what some termed "sabotage" of the operation. A Senate Agriculture Committee investigation into the matter was launched in February of 1955 (15, p. 28). Almost 11 months later, the Senate was still sniping at State. On January 24, 1956, the Senate Republican Policy Committee scored State Department "interference" with attempts to sell surplus agricultural commodities abroad (16, p. 20).

The only action regarding Public Law 480 taken in 1956 was a simple one-year extension, calling for the CCC to fund Title II and III ocean freight charges and establishing a surplus disposal administrator within the USDA (12, p. 10).

Such relative inaction did not mean there were no problems with the program. Far from it. A combination of Administration foot-dragging and State Department "interference" led to an anemic flow of commodities abroad. In August 1955 Congress publicly rebuked the Administration by more than doubling the $700 million appropriation for Title I before the act expired. The new figure, $1.5 billion, was raised in the 1956 extension to $3 billion (12, p. 12).

Intragovernment wrangling marked the administration of Public Law 480 in 1956. First, Congress snubbed the President by rejecting a request that the ban on selling surplus goods to un-"friendly" nations be partially lifted. Then, another administration attempt to deal with the Communist bloc was snarled in red tape (so to speak) as a Commerce Department plan to open trade links with Communist nations ran afoul of Congress' explicit ban on trading agricultural surpluses with "the enemy" (17, p. 3).

The typical partisan wrangling between a Democrat-controlled Congress and a Republican administration continued when Senator Humphrey questioned the "propriety" of Agriculture Secretary Benson. Benson had once engaged a Los Angeles public relations firm, Braun and Co., that had been named in a Federal civil suit alleging antitrust violations by Safeway Stores, Inc., the supermarket chain.

The firm issued a statement citing the work it had done with the previous administration, a Democratic one. The case never resurfaced (18, p. 1).

The World Changes

The Eisenhower years were, for most Americans, a tranquil, quiet time. Such partisan shenanigans simply filled newspaper space. No one suspected that a new era in the Cold War was beginning.

Workers demanding food, and students calling for an end to Stalinist repression rioted in Poznan, Poland in October 1956, toppling the government. Wladyslaw Gomulka became First Secretary of the Polish Communist Party. He turned to the West for food.

Enter the State Department. The upheavals in Poland and the request by a Communist leader for food assistance from the "Free World" presented State with a disarmingly obvious way to capitalize on America's food abundance. On December 26 State quietly declared the new Polish government "independent," meaning it would then be eligible to receive surplus food under PL 480 (6, p. 58).

A new Cold War strategy materialized. Economics began pushing the bomb off center stage in the international affairs playhouse. Now the annual Eisenhower request for trade authorizations for Communist satellite nations took on a new meaning.

But the Eisenhower administration, even in the midst of massive historic movements, was slow to take action. By May 1957 only a small amount of aid had been agreed on between the U.S. and Poland. Ironically, it was the man who would succeed Eisenhower, the then-Senator John F. Kennedy, who called the nation's attention to the potential of food aid as a tool to pry apart the Soviet bloc.

Kennedy told an Omaha audience on May 17, 1957 (19, p. 16):

> If we fail to help the Poles, who else in Germany, Czechoslovakia or anywhere behind the Iron Curtain will dare stand up to the Russians and look Westward.
>
> I realize the dangers involved. I realize that Poland is still within the Soviet orbit, still patrolled by Red armies and still the source of irritating anti-Western statements.
>
> I realize that there is a danger that our aid will simply strengthen the Communist bloc, relieve pressure on the Soviets and divert to armaments those resources now devoted to staving off Polish discontent.

After denoting the fears of those who opposed the aid to Poland and Communist nations in general, the future president asked how "after all our bold words about liberation" the U.S. could turn the Poles down after they had "braved the Soviets' wrath." He then said food aid could move the Poles from the Soviet bloc to the Western bloc, a shift State Department analysts were dreaming of.

"We will either be forcing a suffering nation into a fruitless revolt, or we will be forcing the Polish government to again become hopelessly dependent on Moscow" if the U.S. refuses to trade, Kennedy said (19, p. 16).

Kennedy had in mind a definite role for food in American foreign policy. That is far more than can be said for President Eisenhower. His Secretary of Agriculture summarized the Administration's view of PL 480 this way:

> Public Law 480 is considered a temporary means of disposal of agricultural surpluses. It has proved to be an effective tool of moving surpluses abroad while other programs are restoring a more balanced situation with respect to farm output and demand. However, sales for foreign currencies and barter are inconsistent with the Administration's desire to further the removal of Government farm business. No action should be taken to incorporate disposal methods of this kind as permanent features of United States foreign trade program (6, p. 58).

A month after Kennedy's speech, President Eisenhower held a news-conference, where a reporter from the Minneapolis Tribune asked him about a meeting he had with Minnesota Senator Humphrey about "the possible increase in the use of our surplus food as a weapon of our foreign policy". The President's reply:

> Well, I suggested to him that he go see the Assistant Secretary of Agriculture--he has already talked to the State Department--see the Assistant Secretary of Agriculture, who has got the finest set of statistics as to what is happening in this area and its effects and lack of effects on world markets, and so on, that is possible to get, and the man is very competent, Assistant Secretary - Butz . . . [The President conferred with James C. Hagerty, Press Secretary]. . . Butz, Earl Butz, and I suggested he go see him (20, p. 18).

Aside from not even knowing the first name of his own Assistant Secretary of Agriculture, Ike still only thought in terms of "effects . . . on world markets" and was totally unprepared to offer even simple rhetoric on the need for America to step into the world food breach, or stand up to Communism, etc.

In spite of his apparent lack of enthusiasm for the idea, the President did win the authority that year to deal in surplus commodities with part of the Communist World.

> The President shall exercise the authority contained in Title I of this Act (1) to assist friendly nations to be independent of trade with the Union of Soviet Socialist Republics and with nations dominated or controlled by the Union of Soviet Socialist Republics and (2) to assure that agricultural commodities sold or transferred thereunder do not result in increased availability of those or like commodities to unfriendly nations. (b) Nothing in this Act shall be construed as authorizing transactions Title I or Title III with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China (12, p. 13).

The original (1954) Act contained the following proviso:

> As used in this Act, "friendly nation" means any country other than (1) the U.S.S.R. or (2) any nation or area dominated or controlled by the foreign government or foreign organization controlling the World Communist movement (12, p. 3).

In addition to the power to attempt to lure the Soviet satellite nations toward the West, Ike asked for and received a hike in the Title I allotment from $3 to $4 million (12, p. 13). Enterprises trying to do business in the Third World also got a lift from the 1957 extension of the act. An amendment tagged on the bill by House Agriculture Committee Chairman Harold D. Cooley provided for a loan fund amounting to 25 percent of Title I revenues be set up to assist:

> United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for United States agricultural products: Provided, however, That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof (12, p. 13).

It was another adventure in self-interest. The U.S. would lend companies money acquired by selling surplus goods to help expand the world market for American goods, provided, of course, that nothing is built or sold that could in any way damage the American balance of payments.

In 1958, after cutting Ike's $5.5 billion Title I request to $2.25 billion, Congress passed an extension of Public Law 480 (6, p. 59).

It was different in 1959.

The Law Must Change Too

The world had changed dramatically since 1954, when a simple surplus disposal bill was enacted. America, while not liking it, had gotten used to the idea that the Soviet Union had the bomb. The passage of years made a Communist invasion seem less likely. The era of seemingly direct physical confrontation with a Communist monolith had passed. The new age called for a new strategy. PL 480 would be a part of it.

The aid response to the end of the second World War contentrated on the Marshall plan, a massive operation to restore the Western industrial powers. Developing nations received a very small part of the overall postwar aid.

The Soviet Union's detonation of a nuclear device shattered the idea of a final world peace, and the Cold War began in earnest. Military alliances were hastily constructed around the rim of the Communist world, which enveloped the largest nation in the world in terms of size--the Union of Soviet Socialist Republics, and the largest nation in terms of population--China. It was an age of dramatic and frightening confrontation, as Secretary of State John Foster Dulles played the deadly game of brinksmanship; making nuclear obliteration seem a possibility at almost any time.

But when it came time to haggle over yet another extension of Public Law 480 in 1959, there were new pieces on the global chessboard, and new rules to guide their international movements. Food had been elevated from a non sequitur to a pawn.

No longer was the international competition directly military in nature; now it was economic. As the wind of change swept colonies from their decaying empires, the Third World became an international actor, one to be wooed with economic incentives. The Soviet Union had already started to flaunt its system as the better one: a superior model for development. Hubert Humphrey, as early as 1953, advocated America do the same for capitalism.

In 1953, Congressional hearings centered around surplus disposal and emergency aid prososals to send excess American farm production to victims of natural calamities. But Senator Humphrey, a member of both the Senate Agriculture and Foreign Relations Committees, had a broader program with broader goals in mind. He proposed making food exports an integral part of American foreign policy. His idea was surplus utilization, not surplus disposal.(6, p. 40).

In February 1954, Humphrey presented the Senate Agriculture committee with a surplus utilization scheme "to promote the attainment of an honorable peace." (6, p. 42). The bill died in committee.

In early 1956, he was commissioned to do a report on PL 480. He submitted his report, "Food and Fiber as a Force For Freedom," to the Senate Agriculture and Forestry Committee on February 18, 1958 (6, p. 42). What five years earlier had seemed like almost visionary ravings to staid Agriculture Committeemen took on new life as Humphrey's report depicted the shifting emphasis of the struggle with Communism.

> America's abundance of food and fiber is a tremendous asset in the world's struggle for peace and freedom [read against Communism] - an asset still waiting to be fully utilized with greater boldness and compassion. . .

A breakthrough in the conquest of hunger could be more significant in the cold war than the conquest of outer space. In areas of Africa and Asia, as well as other parts of the world, food means far more to vast millions of people today than any space satellite in the sky.

Bread, not guns, may well decide man's future destiny.

Thanks to our farm people, the United States is in a far better position than Russia to lead the world toward the conquest of hunger and want. At a time when we are trying to catch up with the Soviet Union in other areas of competition, agriculture is one segment of our economy already geared to meet any emergency challenge, already offering us fully productive resources to meet any Soviet threat of economic warfare throughout the world . . . Regrettably, however, the American people have been led to think our abundance and ability to produce in abundance is some shameful millstone around our necks - instead of perhaps one of the greatest advantages we hold on the world scene.

The Soviet Union seems to understand the vital role food and fiber can occupy in the struggle for the mind of man - and has embarked upon the task of trying to outproduce us. Khrushchev has served notice, publicly, that he intends to make Russia the world's leading supplier of food (21, p. 1).

The partisan perrenial contender for the White House described the international struggle's new twist. But even demonstrating its truth would not be sufficient. A lethargic Congress and an incredibly inertial Administration would have to be shaken up by a new president before Humphrey's recommendations would be fully carried out.

Humphrey's report cited four "needs" of the PL 480 program. First, he called for recognizing the program as an instrumental part of American "economic policy in support of our foreign policy objectives." Next, he called for more continuity in the program, i.e. abandoning the year-to-year extension basis of its appropriations and providing for continuing funding. In effect, Humphrey was calling for institutionalizing the surplus disposal program. He chose to ignore the implications of yet another bureaucratized foreign policy organ. His third proposal was for a "central guiding hand" to oversee the surplus utilization program, instead of the cluttered nonorganizational hierarchy that then characterized the program's administration. His final perceived "need" was for "maximizing the opportunities set forth under each title of the act . . ." (21, p. 3).

Humphrey's two year labors were not well received. The entrenched view of PL 480 as simple disposal of surpluses that the U.S. really should not have had anyway proved immune to attack.

The White House apparently studied Humphrey's report closely, because on January 29, 1959, Ike submitted his own "Food for Peace" plan, hoping to undercut the ambitious Minnesota Democrat. Ike's plan was window dressing. He had already requested a simple one-year extension, and his plan was to put Humphrey-critic and disposal-advocate Secretary Benson in command of the program. Ike's plan called for more of the same: one-year, piecemeal surplus disposal, and another fight with farm interests over cutting surplus-generating supports.

Humphrey termed the President's plan "a tragic failure of executive responsibility" (22, p. 1).

But Ike had the advantage. An immensely popular President calling for little more than a continuation of the status-quo has a far greater chance of winning a legislative battle than a man who's been tooting the same horn for nine years. And, Ike beat Humphrey to the draw.

By February 10, 1959, Benson had already been officially appointed head of the Food for Peace effort (23, p. 10). It was not until April 16 that Humphrey's proposal was even put into committee (24, p. 2). The bill was based on his report.

A veteran of almost a decade of legislative fights over surplus utilization plans, Humphrey charted his strategy carefully. Well aware of opposition to his scheme in the conservative Senate Agriculture Committee, the Minnesota Democrat tabbed his bill as a foreign relations measure, and submitted it to the somewhat more favorable Senate Foreign Relations Committee (6, p. 43).

The Agriculture Department waited less than one week to blast Humphrey's plan. The Senator's proposal for long-term (ten-year) sales of commodities for dollars instead of soft currencies was attacked as entailing "substantial risk of unduly disrupting world prices" by USDA (25, p. 23). Two days later, Agriculture Secretary Benson dismissed out of hand the idea of institutionalizing food aid, saying "Congress should take a look at the program every year" (26, p. 18).

Benson did more than chastize Congress for being too lazy to review a program every year. While doing all he could to forestall any change in American surplus policy, he was collaborating with, of all people, the State Department to insure our agricultural goods-exporting friends abroad would not get the impression America was going to expand surplus disposal. It was a very familiar ploy. The administration simply chose to ignore the fact that Congress existed, or had any role at all in formulating American foreign policy.

Benson and Under Secretary of State C. Douglas Dillon privately assured Australian trade minister Sir John McEwen that the surplus disposal program would not be expanded (26, p. 18).

While every-day adversaries Agriculture and State collaborated abroad, at home The New York Times backed Eisenhower by distorting facts. Totally ignoring the long struggle initiated by Senator Humphrey in 1953, the Times, in a regular news article, reported "Humphrey's bill was the Democratic answer to the 'Food for Peace' effort President Eisenhower suggested in a farm message to Congress earlier this year"(26, p. 18). It is no wonder that Senator Humphrey felt the need to "educate" the public as to the ways food could be used to further foreign policy objectives. The allegedly most complete newspaper in the country saw fit to ignore the issue completely.

As the New York Times announced Ike's willingness to use food for peace, the House Appropriations Committee withheld some funds from the CCC to literally force the corporation to unload more of the surpluses it held. Again, the Eisenhower Administration was scored for being overly concerned with the world market, and not concerned enough about American farmers or the cost to the taxpayer of storing the excess goods (27, p. 1).

The fight against Humphrey's proposals continued into the Committee hearings in July. The Deputy Assistant Secretary of State for Economic Affairs, W. T. M. Beale told the Senate Foreign Relations Committee that Humphrey's bill would "create false hopes and exaggerated expectations of economic aid on the part of the recipient countries or would tend to result in overprogramming of commodities in an attempt to meet these expectations" (6, p. 61). Other Eisenhower appointees echoed that aging view of farm surpluses.

Eisenhower's tame surplus plan cleared the amenable Agriculture Committee by mid-July, and Committee Chairman Allen J. Ellender used his prerogative to ensure the Administration proposal was debated on the floor before Humphrey's, in effect killing the Minnesota Senator's plan. The only concession Humphrey won in the Agriculture Committee was a proviso that the Senate as a whole would consider attaching amendments to the administration bill (6, pp. 43, 61).

The Senate had little choice. Senator Humphrey submitted his entire bill to the floor, item by item, as amendments, provoking debate on the concept behind American food aid policy.

Ellender, whose committee passively accepted Ike's plan, said Humphrey's proposal to extend the plan for three years instead of one would make PL 480 "into a very definite arm of our foreign aid give-away program" (6, p. 61).

Another Southern Democrat, Senator Spessard L. Holland of Florida, viewed the Humphrey proposal in a purely domestic light (6, p. 61):

> . . . as fatal a mistake in our protection of agriculture as we could make to commit ourselves in advance to the proposition that we are going to overproduce our commodities for the domestic and world markets.

In spite of heavy opposition, Humphrey won some major battles. The Senate passed an amendment he sponsored, adding another title to the original bill, Title IV, that allowed for 10-year food shipments to be paid for in dollars over a 20-year period. The upper house also provided for an unprecedented three-year extension of PL 480. This, however, was trimmed to two years in the Senate-House Conference Committee (6, p. 62).

House of Representatives wrangling provided another close-up of how national farm policy is formulated. A technicality that would exclude PL 480 shipments from travelling through Great Lakes ports to the newly opened St. Lawrence seaway was defeated on the House floor. The provision was proposed by a Congressman from New York City with the backing of other major ocean port Congressmen who said the new seaway would financially hurt their districts. The Midwest, standing to gain from the opening and use of the seaway, successfully fought off the coast state offensive (28, p. 1).

Ike signed the revamped PL 480 on September 21, 1959, and announced that he would ignore two of its provisions: one calling for domestic food distribution through food stamps, and the new Title IV (29, p. 1).

1960: Election Year Politics

Not five months after in effect telling Congress he didn't care what they passed, Ike adopted a "conciliatory" stance. He challenged Congress to come up with a better farm policy package than his. The election year ploy failed. The ordinarily partisan Democrats in Congress made no effort to hide their contempt for the lame duck executive.

"There's nothing the President can recommend that a Democrat would vote for," said Senator Olin D. Johnson, Democrat of South Carolina (30, p. 1).

On the politically charged surface of Washington, there would be little substantial action during the election year. But that doesn't mean that nothing happened. A State Department review of soft currencies garnered under Title I came up with a very important tangential recommendation: that serious consideration be given to using food as a part of America's foreign aid program (6, p. 62). It wasn't very original, but that's not important. What matters is that State saw the program as something useful, or put differently, something State could use. But, along with everyone else in an election year, State would have to wait.

The only official legislative action relating to PL 480 taken during 1960 was the insertion of a brief but significant phrase in the Title II section:(12, p. 25):

> In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic development in underdeveloped areas in addition to that which can be accomplished under Title I of this act . . .

Now officially, surplus food aid was as much a part of American foreign policy as comparative and competitive development with the Soviets was.

The law was changed just in time for the election of John Kennedy.

Kennedy: New Frontiers in Food Aid

Even before his narrow victory over Richard Nixon, Kennedy was planning to use food surplus exports in a way Ike and Benson never dreamed. In October he appointed a commission (including the man he beat for the Democratic nomination, Hubert Humphrey) to come up with new ways to use U.S. agricultural abundance abroad. The press release announcing the establishment of the task force proclaimed "Our food and fiber can and should become an important instrument of foreign policy" (31, p. 43). While the group toiled to put its preconceived notions on paper, a President was elected, and the New Frontier was opening up.

One of the first people the new President-elect contacted once victory was assured was George McGovern, a South Dakota Democratic Congressman who had lost a race for the U.S. Senate. The men chatted, and on December 16, Kennedy asked McGovern to head the new White House Office of Food for Peace (1, p. xii). Kennedy considered naming the South Dakotan Secretary of Agriculture, but feared he didn't have the seniority required for the post. That job went to Minnesota governor Orville Freeman, who, when asked about the appointment said, "I think it's something to do with the fact that Harvard does not have a school of agriculture" (32, p. 139).

The Office of Food for Peace was officially established by an executive order on January 24, 1961 (1, p. xiii). That was the easiest part of the campaign.

First, there was the fight over where to put the new office. Now, both State and Agriculture wanted it, knowing full well Kennedy favored the program and that its budget would swell. The new President was extremely interested in foreign policy, and considered putting the new office physically within the State Department to appease them. But before anybody's plans could gel, McGovern set up shop in an abandoned suite in the Executive Office Building, winning his first test. He had argued for an independent Food for Peace office (32, p. 126). But getting the office physically independent meant nothing. It would waver between the White House, State and Agriculture for as long as it existed.

A strong proponent of an independent (read White House controlled) Food for Peace office was Presidential Special Assistant Arthur Schlesinger Jr. During the initial organization of the Kennedy administration, Food for Peace and another Kennedy brainchild, the Peace Corps, were slated to go into State's Agency for International Development (AID). But, as Schlesinger put it later, "Nothing could take the heart out of new ideas more speedily than an old bureaucracy" (32, p. 556). The Special Assistant thought the two programs had to be separate to keep their "identity" and "elan." Why did he think it so crucial this be done?

> These two programs have more political potential than anything else in the foreign aid picture. It seems to me there is a strong argument for holding them close to the President. Would F.D.R. ever have let such programs out of his immediate grasp? (32, p. 556)

"Food for Peace was the great unseen weapon of Kennedy's third world policy." (32, p. 556). It was more than simple-minded bureaucratic infighting. It was possibly the most important peaceful foreign policy tool the Kennedy administration believed it had. Its paramount objective, as discussed before, was economic development. Or, as McGovern put it in a Lincoln, Nebraska speech in late February 1961, American surpluses can help third world nations decide between "violent revolution and peaceful democratic change toward better standards" (33, p. 78).

Meanwhile, the task force Kennedy set up before his election had finished its report. It declared dead "the conception, the philosophy and the nomenclature of 'surplus disposal'" (32, p. 161). The proposal put forth by the group called for an end to passively shipping overseas what we happen to have too much of. Instead, the report proposed gearing American agriculture to specifically meet the economic and nutritional needs of the Third World. It suggested deliberately designing programs to generate soft currency where investment is needed, and managing the currency to avoid the inflation that accompanies development (32, p. 162).

With that report in hand, Kennedy sent the following message to Congress (34, p. 14):

> We have barely begun to explore the ways in which our abundance can advance the cause of peace and freedom around the world, and contribute to the well-being and stability of underdeveloped nations whose people eye our storage stockpiles with hungry dissatisfaction.

The new President asked for an unprecedented five-year extension of PL 480 because "Unless there is some assurance of a continuing program we can neither make the advance plans best suited to an effective instrument of foreign policy nor gauge its long term effect upon our domestic program." The extension request included a call for \$2 billion for Title I, and drastic hikes in other aspects of the program (34, p. 14).

The opposition prepared to take the new leader down a few pegs.

First, there were the usual cries of "tax payer give-away," market endangerment and the fear that America would always have to cope with the surplus problem (35, p. 40). Others, who saw food in a political light, said American surpluses should not, for example, go to India, because Prime Minister Nehru had criticized the United States' treatment of Cuba (10, pp. 28-29). The Administration fought back, saying if America showed such blatant political favoritism, the humanitarian image of our food aid would lose all credibility.

The 1961 extension of the bill was a victory for Kennedy and those who favored integrating surplus disposal with foreign policy objectives. Although the President did not get a full five-year extension, he did get an unprecedented three-year mandate. The law was further geared to the changing nature of the Cold War by insertion of a clause authorizing food grants for economic development, as well as famine and emergency relief (6, p. 6).

Another triumph for the new view of food aid took place that year. For the first time the State Department officially threw its weight behind PL 480 as "an important factor in the foreign relations of the United States" (6, p. 63).

"They are now actually indicating a desire to use more food abroad in foreign assistance than the U.S. Department of Agriculture believes it can justify on a concessional basis," said McGovern in early 1962. The Agriculture Department's fear was that the program, if expansion continued, would cost too much. Their view was simple. If you want to use food aid as a tool of foreign policy, fine. Just let the State Department pick up part of the tab. Agriculture officials feared that if their budget appeared too bloated, public outrage might lead Congress to make arbitrary cuts in farm programs (36, p. 1).

As agriculture officials called for State to pick up part of the tab, Agriculture Secretary Freeman and other officials were lobbying to have the Food for Peace office placed in the USDA. Their argument was that putting a State label on the program would cost it farm bloc support in Congress (37, p. 5).

PL 480 was slightly revised in 1962. Kennedy asked for three changes: allowing the Federal government to purchase foodstuffs on the open market, permission to donate surpluses to international economic development programs, and the expansion of Title IV to permit the U.S. to deal with foreign private traders. Congress accepted only the last request (6, p. 63).

But Congress displayed a positive attitude toward PL 480 in its actions on another bill. In drawing up the 1962 Foreign Aid Bill, Congress halted aid to all Communist countries, but specifically excluded PL 480 from it provisions, thus allowing PL 480 programs in

Poland and Yugoslavia to continue (6, p. 63). These programs fall into the Europe (Communist) category in Chart 3.

In 1962, George McGovern ran for the Senate once more, and won. Richard Reuter of CARE took the helm at Food for Peace (32, p. 557). He inherited a very different job than McGovern had had. Before the South Dakotan was offered the post, Food for Peace was a tarbaby nobody wanted. Agriculture saw it as a perpetuator of useless and economically disastrous food surpluses. State believed it would destroy our relations with friendly food exporters. In the seven years from 1954 to 1960 \$11.5 billion worth of food were targeted. When Reuter took over, State and Agriculture were fighting it out in public over the right to control the office. In the past two years, \$7 billion had been allocated under the program (10, p. 56).

Food had finally become a definite part of America's foreign policy, under the close, personal direction of the young President.

In 1957, when Jack Kennedy was a Senator from Massachusetts, he gave a then-blasphemic speech on the floor of the upper house. The Cold War was still frozen; foreign revolutions were always part of the "Kremlin's grand design;" and allies were to be defended at all costs. Kennedy, at the peak of the Algerian revolution, called for the independence of the French colony (32, p. 510).

By 1962, Algeria had won its independence, but the struggle had radicalized the government, throwing it out of the perceptual orbit of the United States. Disappointed, Kennedy watched and waited for the chance to turn Algeria to the West. In the winter of 1962-63 a famine struck Algeria and Kennedy rushed in with the largest Food for Peace program to date. It was all a part of his strategy--"to stay in close, keep working and wait for the breaks" (32, p. 521).

In Egypt Kennedy tried the same policy with some success. America's commitment to Israeli security forced the President to use every chance and tool he had to blunt Egyptian antagonism toward the Jewish state. One major tool Kennedy used was the Food for Peace program. In June 1962 Nasser wrote Kennedy a warm note, thanking him for the food aid, and noting that while he and the United States had differences, the two could still work together (32, p. 523).

The Johnson Years: Decline I

No changes were made in PL 480 in 1963. But the program, in effect, got a new director: Lyndon Baines Johnson. The emphasis of the program changed as well. It was no longer subtle, as it was in Algeria or Egypt. Food for Peace became a weapon instead of a tool.

Barely one week into 1964, the American ambassador to South Vietnam, Henry Cabot Lodge, announced a tremendous boost in surplus food aid to that nation. As for the soft currency generated, Lodge said 90 percent

CHART 3. DISTRIBUTION OF WHEAT, CORN, AND RICE UNDER SELECTED U.S. GOVERNMENT PROGRAMS, 1955-1973*

(millions of metric tons)

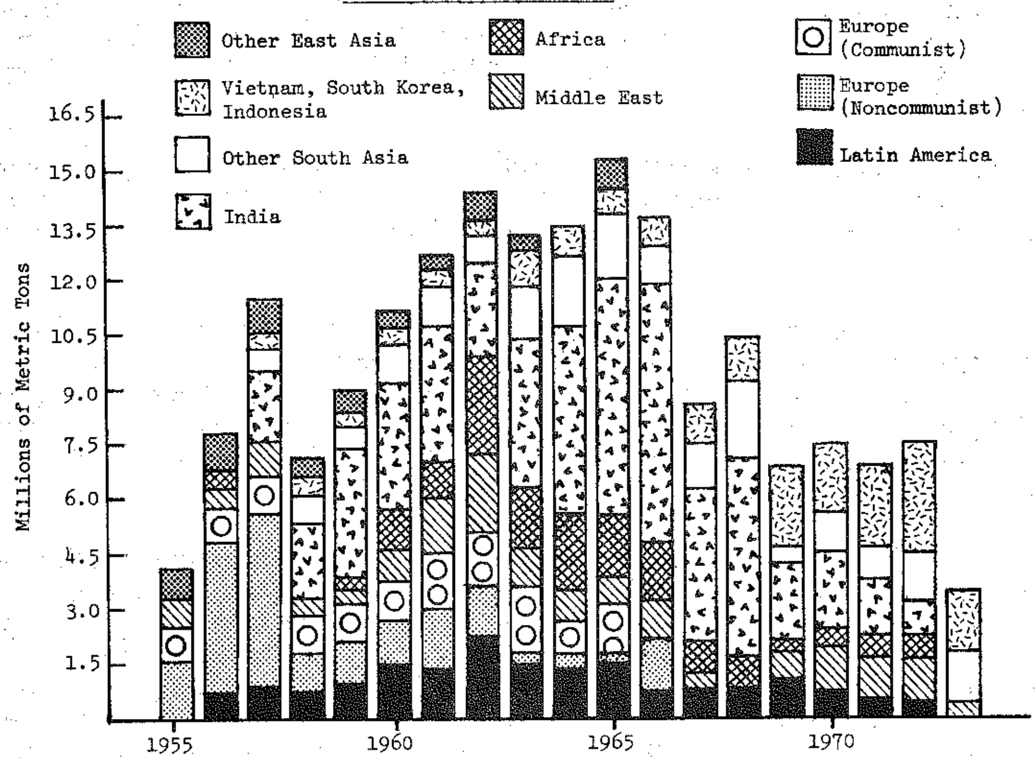
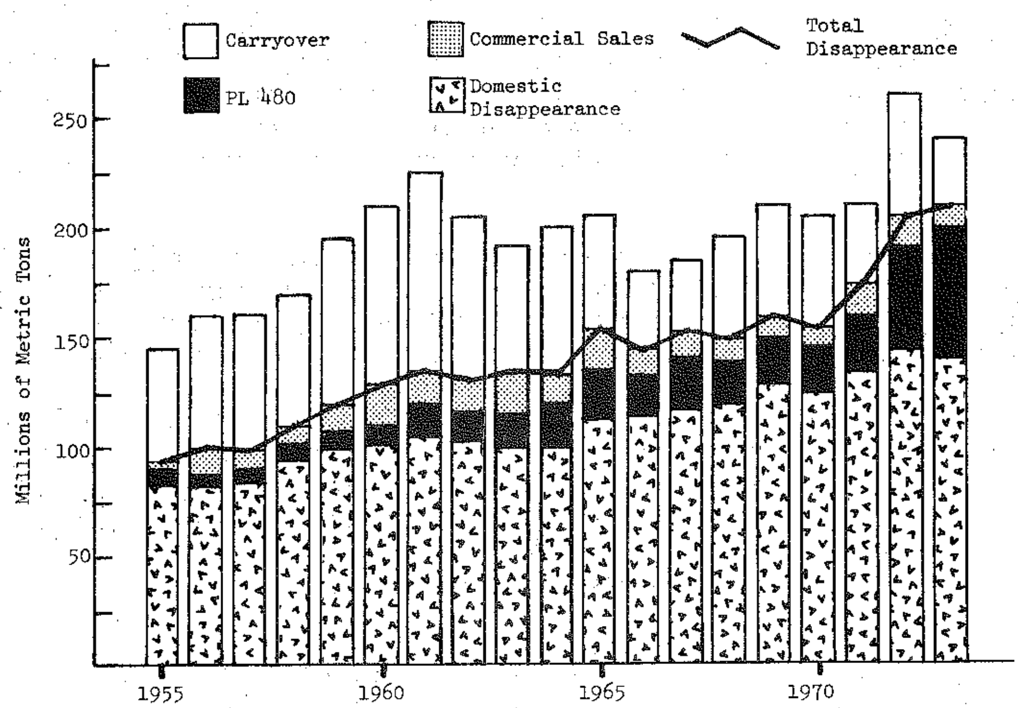


CHART 4. DISPOSITION OF AMERICAN WHEAT AND CORN, 1955-1973*

(millions of metric tons)



*Source: U/S. Dept. Agr., Econ. Res. Ser., U.S. Agricultural Exports under Public Law 480. Programs included are PL 480, CCC export credit sales program, Export-Import bank loans and guarantees, and Aid programs. Areas receiving less than .3 mmt/year deleted.

**Sources: U.S. Dept. Agr., Agricultural Statistics, 1962, 1972, and 1975. U.S. Dept. Agr., Handbook of Agricultural Charts, 1975. U.S. Dept. Agr., Econ. Res. Ser., U.S. Agricultural Exports under Public Law 480.

of the funds would go to the South Vietnamese government to fight off the Viet Cong. The other 10 percent would be used as loans to private American and Vietnamese firms for industrial construction and expansion (38, p. 2).

The Ambassador's announcement coincided with a speech by South Vietnamese Premier Nguyen Ngoc Tho, who said his military junta could not satisfy "pressing claims of the people who yearn for democratic liberty" (38, p. 2).

And in Washington the battle to extend PL 480 began. The change in Presidents seemed to spark a dramatic reversal in Congressional sentiments toward the program. On September 2, the House voted to eliminate Presidential authority to use soft currencies for economic development grants or what the Act called "common defense" without Congressional appropriation.

But the next day Congressman John J. Rooney, Democrat of Brooklyn, who spearheaded the Presidential power cutoff drive, reversed his vote and took a majority of the House with him as the 13-year-old grant of authority to the Chief Executive was restored. Rooney told the House that during the evening he was told by unnamed persons that if the President's power over local currencies was eliminated, the war effort in South Vietnam would suffer. He said he learned that 90 percent of the soft currencies held by the U.S. were plowed back directly into the war effort (39, p. 1). The House passed the Food for "Peace" measure 349-6.

The bill signed into law by the President a month later contained the strongest restrictions against trading with the Communists to date. It granted a two-year extension of the program; in contrast with the previous three-year extension, and Johnson's request for five. An executive legislative committee was set up to advise the President about the program, and interest rates were raised on loans to foreign nations (40, p. ix).

Johnson met this rebuke with a pair of his own, announcing he would ignore two of the bill's provisions: one permitting Congressional Agriculture committees to veto Title I allocations, the other requiring advisor panel consent before certain loans could be made (41, p. 10).

1965 was the year of escalation in Vietnam. Regular bombing of the North began. Advisors became troops. And more troops were sent in. The State and Defense bureaucracies swelled. The President's time was increasingly taken up with planning war strategy. For a time, he even selected specific bombing targets. He had little or no time for a program as relatively inconsequential as Food for Peace.

On October 20, 1965, LBJ initialed Executive Order 11252, officially transferring the Food for Peace office from the White House to the State Department (6, p. 133). Food for Peace director Richard Reuter was put in the State Department's Agency for International Development, and stripped of all but nominal authority over the program (42, p. 4).

The 1964 extension of PL 480 was due to run out in 1966. President Johnson, on February 10, 1966 asked for an overhaul, not an extension of the food aid program. His message to Congress embodied four "new" concepts: integrating the concept of "self-help" into the program, eliminating the requirement that food aid must come from surpluses, an expansion in the quantity of food aid, and authorizing CCC to nutritionally enrich exported food (6, p. 133).

The request to eliminate the stipulation that shipments be of surplus goods was extremely important for two reasons. First, it betrayed a newly activist Administration attitude. Second, it revealed that America was running low on goods it could call surplus. Crop failures in India necessitated a massive aid program, seriously depleting American stocks (43, p. 7). This is clear in Charts 3 and 4. As the shipments to India increased in the mid-1960s, the carryover or stocks held in the U.S. declined.

The Johnson Administration was not alone in trying to plot a future course for PL 480. Senators McGovern, Walter Mondale, and Ellender all submitted extension/revision bills, as did Representatives Cooley and Lynn E. Stalbaum (6, pp. 134-135).

After all the deleting, combining, bargaining and horse-trading, a bill emerged from a Senate-House conference committee on September 5. The bill was returned to conference after the House rejected a provision inserted in the bill by the Senate. The item gave the President authority to waive a prohibition against selling food to nations trading with North Vietnam or Cuba. After a second conference, the bill was passed with a provision granting the President power to waive the restriction against nations dealing with Cuba, but not North Vietnam (6, pp. 134-135).

President Johnson signed the bill into law on November 12, saying that while he did not object to the substance of the trade restrictions, they would "create major difficulties for our foreign policy." State Department officials said they wished to use the food as a bargaining chip with the North Vietnamese (44, p. 1).

The 1966 bill officially changed the name of the food aid program from PL 480 to Food for Peace, rejecting the President's proposed title of World War on Hunger. The bill, covering two years, contained the following provisions: food aid need not be from surpluses, American farm production should be geared to meet the demands of the developing world, domestic surpluses should be avoided, Titles I and IV were combined and the President was directed to redesign foreign aid loans so they would be repaid in dollars, local currency loans already executed could be changed to be repayable in dollars over 40 years, food aid became conditional on demonstration of adequate self-help provisions and equitable participation by other wealthy nations, the President received the power to purchase commodities on the market for donation, funds gained through food aid could be granted to land grant colleges for research, cooperatives became eligible for Cooley loans, and the

Secretary of Agriculture lost his power to decide which nations should receive food aid. That job went to the Secretary of State. The Agriculture Secretary's jobs of choosing what commodities are eligible for shipment, and programming production to meet needs were retained (6, p. 135; 2, pp. 72-74).

Decline II: More Bureaucratic Fighting

Five days after Food for Peace administrative details were set forth in the updated law, Agriculture Secretary Freeman was accused of a "power grab," trying to gain control of the entire Food for Peace operation. The law gave Freeman the power to plan production, and grants the President the power to determine if a nation's self-help efforts are sufficient to merit food aid. But several officials (reportedly in the State Department) alleged Freeman tried to usurp the President's role in a wheat deal.

In July 1966 India requested two million tons of wheat to tide that nation over until its March harvest. President Johnson had taken no stand on the request by mid-August, and Freeman leaked to the press that India's self-help efforts were inadequate. That was the alleged usurpation. The leak outraged State, AID and World Bank officials, who thought India was doing fine (45, p. 21).

By November 17, 1966 the deal which would normally have been completed by September was not consummated, leading Senator McGovern to charge, "The war against want is being launched with timidity and uncertainty." The USDA that day announced that in spite of increased appropriations, the value of food shipped would remain at past levels. The State Department alerted foreign officials to expect a 25 percent drop in wheat shipments for the upcoming year (45, p. 21).

As for the Agriculture mandate to produce more to feed the world, McGovern said the combination of the Federal government allowing a 32.8 percent rise in winter wheat acreage and the lack of price supports constituted asking the nation's farmers to "gamble" (45, p. 21).

To clear up the power fights and red tape, the Bureau of the Budget was charged with drawing up another Executive Order to straighten out the Food for Peace imbroglio (45, p. 21).

One week later, the Food for Peace program was jolted again, this time by the resignation of its director. Richard Reuter, technically a special assistant to the Secretary of State, resigned effective January 1, 1967 for "personal reasons." However, officials close to Reuter said he resigned because all the bureaucratic bickering and infighting between State and Agriculture made it impossible to accomplish anything. Concurrently, the infighting continued, as AID, at the behest of State, drew up a reorganization plan that would keep the program firmly under State Department control. Agriculture officials fought the move, saying they deserved a major role in setting policy because they would have to program production to both meet international needs and avoid depressing the market (46, p. 1).

As the bureaucracies jockeyed for position, Senator McGovern accused the Johnson Administration of being "long on rhetoric but short on doing the things necessary to head off famine." (47, p. 11). He said Congress had done its share by granting funds to expand agricultural production to meet the new mandate of feeding the world, but the Administration had turned its back on the program by ordering cuts in the funds appropriated by Congress.

"The war on hunger is everyone's business," McGovern said, "because to lose it means a world of hunger and chaos in which none of us will be safe and in which individual liberty and security under law could be wiped out." (47, p. 11).

McGovern suggested fellow Democratic Senator Hubert Humphrey as Reuter's successor.

The Bureau of the Budget finished its deliberations in early 1967, and on January 7 submitted a reorganization plan to the President (48, p. 1). It proposed institutionalizing all of the bureaucratic power gains made by the State Department. While before reorganization, the Secretary of State was the de facto Food for Peace Director, the new scheme, if signed by the President, would make it official. The plan called for the Secretary of State to chair the "War on Hunger Policy Committee" which would consist of one State subordinate, the AID administrator, and the Secretary of Agriculture.

The order also gave that committee the power to establish an "Interagency Staff Committee on Food for Freedom" that would review and coordinate programs and perform tasks assigned it by the group chaired by the Secretary of State. This subordinate group, with assistant secretary level representatives from State, AID, Treasury, Commerce, Defense, and Bureau of the Budget would be chaired by a representative from the Agriculture Department.

The order recognized the Agriculture Secretary's power to program farm production and decide what commodities were available, but said even this legally mandated power would be "accountable" to the Secretary of State.

That is only one instance of the order circumventing the law passed by Congress. The law called for the President to supervise the transition from soft currency sales to long-term dollar loans. The order gave that power to the Secretary of State. The law called for the Secretary of Agriculture to determine what constituted disruption of world markets. The order required the concurrence of the Secretary of State. In most cases, what the President was directed to do, the unelected Secretary of State was assigned to handle (48, p. 1).

Within a week, Secretary of Agriculture Freeman was said to be resisting the proposed reorganization (49, p. 1). It didn't do him, or the USDA, any good. The final order, as signed, stripped him of even more power.

Three major changes were made before L.B.J. signed the order on March 17. First, the new order mandated (instead of authorizing) the establishment of a secondary-level panel to oversee the program. Second, it changed the leadership of that panel from the Agriculture Department to the head of the AID War on Hunger Office. Third, it gave that group immediate control of every aspect of the program. "Plans were well advanced for the executive group to become the operating arm of the Secretary of State."(50, p. 5). Agriculture had lost virtually all of its power over the program.

In 1967, no legislative action was taken on PL 480. Something even more important happened. American surplus stocks had dwindled so low, that the USDA was forced to request an increase in the acreage planted to maintain minimal stocks and provide for exports (2, p. 247). Chart 4 maps the stock shrinkage.

Out of Sight, . . .

With the end of sizable surpluses, the periodic bloodlettings in Washington over the Food for Peace program subsided. The Vietnam War took center stage in all branches of government. PL 480 extensions were voted with little rancor. News that the program was shrinking precipitously was unknown to the public, and met with indifference by the legislators.

Suddenly, in early 1971, Food for Peace erupted into the national spotlight in a bizarre display of Congressional stupidity. Senator William Proxmire, Democrat of Wisconsin, accused the Pentagon of running an "Orwellian operation" involving "double-think" when he discovered that during fiscal years 1965-70 $693 million in soft currencies obtained under the Food for Peace Act went to purchase military equipment.

"The issue is not whether we should do these things," he said. "The issue is whether Congress has full knowledge they are being done." (51, p. 13).

Congress had to know it was being done. The provision for allocation of soft currencies for "common defense" had been in the law since 1954. Whenever Congress reexamined and revised the law, that provision remained untouched.

And the wind-down of Food for Peace continued.

During the fiscal year ending June 30, 1974 no powdered milk was shipped to children overseas. Commodity specialists cited the jump in fuel prices, the Soviet wheat deal and expanded cash exports as reasons for the slow death of PL 480. Stunned by the OPEC fuel price hike, the United States sought to use its food trade to recoup some of its balance of payments losses. The OPEC offensive struck just when U.S. surpluses were depleted by the Soviet grain deal and expanded trade with other industrial giants like Japan (52, p. 1). The shift from Government to commercial exports is shown in Chart 4.

But foreign aid, like most continuing federal programs, would not die. It could fade, even disappear for a short time, but never vanish.

Rejuvenation

Now it was Congress' turn for a power grab. The lessons of executive abuse of power fresh in mind, the lawmakers turned on the 1975 Foreign Aid bill and successfully asserted their will on President Gerald Ford. For the first time the Foreign Aid bill placed a percentage limit (30 percent of the total) on concessional food aid to nations not listed by the United Nations as extremely needy. It was a victory for Congressional forces who wanted to divert food aid from the then openly corrupt and toppling Thieu regime in South Vietnam to the people of Bangladesh. Chart 3 shows the disparity between food aid to South Vietnam, South Korea and Indonesia, and aid to South Asia. Echoing L.B.J.'s admonition to Congressman Rooney a decade earlier, Ford said the Indochina aid cuts would undermine Cambodian negotiations and promote instability in South Vietnam (53, p. 3).

The passage of the law, however, did not mean a final decision had been made. It only meant the bargaining would be far more serious.

Three weeks after the bill was signed, the framer of the new restrictions, Hubert Humphrey, and the official most affected, Secretary of State Henry Kissinger, were trying to win concessions from one another. Kissinger was hinting that the President would raise the amount of food aid from $1 billion to $1.5 billion a year if Humphrey would agree to have South Vietnam food aid categorized as "humanitarian" instead of "political."

"High officials," a journalistic euphemism for the Secretary himself, told reporters that the 30 percent limit in the bill would be half taken up by aid slated for Saigon alone, and would force the Secretary to renege on promises made to South Korea, Chile, Indonesia and Egypt.

Humphrey said he was open to the idea of swapping categories for an aid boost.

"If the President gives us a more liberal over-all program," he said, "he can have more liberal treatment on definitions. I believe there is a legitimate use for food aid other than for humanitarian purposes." (54, p. 4).

A week later, it appeared Humphrey had won. Ford granted the half billion dollar aid hike, while Humphrey said "Vietnam will not be classified as a most seriously affected nation," eliminating it from humanitarian aid consideration. Squabbling over the other provisions of the restriction, however, continued (55, p. 6). It may have been a shallow victory for the Minnesota Senator, as private relief agencies attacked

Ford for waiting too long to announce the aid hike. They said it would be impossible to get shipping and distribution channels set up before the fiscal year, and the funding, ended (<u>56</u>, p. 5).

Conclusion

It has become a cliché to discuss how the twin traumas of defeat in Vietnam and the resignation of a disgraced President affected America. Some point with pride at how the nation's institutions continued to function, even under the most intense moral stress. Others would say America has not changed. Policies and attitudes that led to Watergate and a protracted Vietnam war are said to continue as if nothing had happened. But something did happen, and it shows up quite clearly in the Food for Peace revisions embodied in the International Development and Food Assistance Act of 1975.

No longer is it simple surplus disposal. No longer is it drawn up to guard a shaky balance of payments situation. No longer is it designed to obliquely provide military assistance to Third World dictators.

> In furnishing food aid under this Act, the President shall (1) give priority consideration, in helping meet urgent food needs abroad, to making available the maximum feasible volume of food commodities . . . required by those countries most seriously affected by food shortages and by inability to meet immediate food requirements on a normal commercial basis;
>
> In negotiating such agreements with recipient countries, the United States shall emphasize the use of such [Title I] proceeds for purposes which directly improve the lives of the poorest of their people and their capacity to participate in the development of their countries . . . to increase the access of the poor in the recipient country to an adequate, nutritious, and stable food supply;
>
> Not more than 25 per centum of the food aid commodities . . . shall be allocated . . . to countries other than those with an annual per capita gross national product of $300 or less and affected by inability to secure sufficient food for their immediate requirements through their own production or commercial purchase from abroad. . . . (<u>57</u>, pp. 3-5).

After 20 years of fighting, food aid was finally targeted toward those who genuinely needed it. It took that long to overcome maritime lobbies, support-seeking farmers, fighting bureaucrats and executive/ Congressional tension.

In 20 years the world had changed a great deal. The Cold War became a dim memory. The Soviets and the Chinese became arch-enemies. America was no longer the world's policeman. That allowed one more change in the Agricultural Trade Development and Assistance Act of 1954. Section 104, subsection (c) was repealed by the 1975 Act. That clause allowed for U.S.-owned soft currency "To procure military equipment, materials, facilities, and services for the common defense" (12, p. 3).

It had finally become Food for Peace.

END

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