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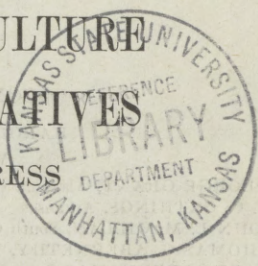
House of Representatives - Agriculture
AMEND TITLE I OF PUBLIC LAW 480

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GOVERNMENT

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HEARING
BEFORE THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-SEVENTH CONGRESS



FIRST SESSION

ON

H.R. 4728

MARCH 15, 1961

Printed for the use of the Committee on Agriculture

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AMEND TITLE I OF PUBLIC LAW 480

WEDNESDAY, MARCH 15, 1961

HOUSE OF REPRESENTATIVES, COMMITTEE ON AGRICULTURE, Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Grant, Gathings, Abernethy, Albert, Abbitt, Thompson, Jones, Hagen, Johnson, Jennings, Matthews, Coad, Breeding, Stubblefield, McSween, Inouye, Hoeven, Dague, Belcher, McIntire, Teague, Short, May, Harvey, Findley, Dole, Beermann, and Reifel.

Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; and John Heimburger, counsel.

The CHAIRMAN. The committee will be in order.

I call up H.R. 4728, a bill to amend title I of the Agricultural Trade Development and Assistance Act of 1954.

We have with us this morning Mr. John Duncan, Assistant Secretary of Agriculture, and some of his associates from the Department of Agriculture.

Mr. Secretary, we are very glad to have you with us this morning, and we are very glad to have the administration's views on H.R. 4728. (H.R. 4728 follows:)

[H.R. 4728, 87th Cong., 1st sess.]

A BILL To amend title I of the Agricultural Trade Development and Assistance Act of 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."

STATEMENT OF HON. JOHN P. DUNCAN, JR., ASSISTANT SECRETARY OF AGRICULTURE; ACCOMPANIED BY ROBERT C. TETRO, ADMINISTRATOR; R. A. IOANES, DEPUTY ADMINISTRATOR; AND PATRICK M. O'LEARY, ASSISTANT ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, DEPARTMENT OF AGRICULTURE

Mr. DUNCAN. Mr. Chairman, I would like to introduce my colleagues with me here this morning.

On my left is Mr. Bob Tetro, who is the Administrator of FAS. On my right is Mr. R. A. Ioanes, who is the Deputy Administrator of FAS. And to Mr. Tetro's left is Mr. Pat O'Leary, who is the Assistant Administrator of FAS.

Mr. Chairman and members of the committee, I appreciate the opportunity to discuss with you the Department's request for an increase of \$2 billion in the title I, Public Law 480, authority.

We are literally out of title I funds today. Programs in negotiation and in process of development will exhaust our current balances. We are being forced to defer action on several new requests because of the lack of funds.

Therefore, we urge that the \$2 billion increase be considered and enacted promptly to permit commodity programing for the balance of this calendar year.

Need for additional authorization of \$2 billion: For calendar years 1960 and 1961, the amount of title I funds available totaled about \$3.5 billion. This amount included the \$1.5 billion furnished for each of these 2 years plus about \$500 million in unused funds carried over from previous authorizations.

The additional \$2 billion we are requesting means that we expect to program a total of \$5.5 billion during calendar years 1960 and 1961. This is virtually the same amount programed during the first five and a half years of Public Law 480.

Our present fund situation is this: Of the approximately \$3.5 billion available for programing in calendar years 1960 and 1961, all but about \$150 million has been committed under signed agreements. Requests for programs on hand far exceed this \$150 million balance.

Therefore, action on several requests, including one that runs into hundreds of millions of dollars, is being deferred because of the lack of funds.

You are all familiar with the Pakistan agreement we are discussing with that country, which will be a 4-year deal.

To proceed: Authority to negotiate title I foreign currency sale agreements must continue without interruption so that we can keep commodities moving abroad in an orderly manner and in large volume. We must be in a position to meet commodity requirements of participating countries so they will not reduce consumption levels or fail to meet goals of consumption increases they urgently need to attain. Only by maintaining a steady flow of commodities under this program can we carry out the objectives of food for peace.

There are a number of reasons for the increased interest in the program. More and more, foreign countries now understand that "food for peace" is not a slogan, not an effort to dump our commodities on the world market, but is a positive program backed wholeheartedly by the American people. The program uses our abundance to improve

nutrition and economic development throughout the world on a continuing basis.

The President has taken the leadership in making the program a vital force for peaceful purposes.

Because of lower yields abroad for wheat and other commodities, countries are making larger requests for title I programs. Brazil is an example of a country where increased demand for U.S. wheat has resulted from poor crop conditions abroad.

Also, participating governments have indicated widespread interest in multiyear supply programs now that they clearly understand that such programs are welcomed by the U.S. Government.

We believe it makes sense to negotiate multiyear title I agreements similar to the 4-year agreement concluded last year with the Government of India. These arrangements assure the availability of adequate supplies of commodities to food-deficit countries; it lets them plan commodity procurement and shipment over longer periods and conduct such operations more effectively; it permits maximum use of facilities to receive, store, and distribute commodities; it allows coordination of import programs with local production; and it supports long range plans for total economic development.

The greater use of longer term supply commitments means that we should take a more careful look ahead at the continuing needs of underdeveloped countries and our own ability to supply these needs.

In short, we must develop a world food budget and a national food policy geared more effectively to meet food requirements.

Our request for an additional \$2 billion authorization for the balance of this year indicates our strong desire to make greater use of this valuable program.

Farm productivity is national blessing: At this point, I want to make clear the administration's position on farm abundance. We do not view it as a problem which forces us into a surplus disposal operation. We do not view it as a national catastrophe.

Rather, we believe U.S. farm productivity is a national blessing. The American farmer is efficient and productive. And this capacity offers great opportunities to feed needy people in this country, particularly in depressed areas. There is also great opportunity to attack hunger and malnutrition overseas.

We are using U.S. farm products to help shape national and international policy. This is a positive policy. We have buried the dilemma of surpluses; we recognize our agricultural abundance as a national asset and seek its maximum use.

I might say that the difficulty Russia and Red China are having with food production further emphasizes the favorable position that we are in, with the abundance of food that we have in this country.

Title I program operations: Our efforts to make greater use of U.S. agricultural commodities are reflected in title I, Public Law 480, program operations. Commodities are now moving abroad in record volume and we believe that title I exports for the current fiscal year will be the largest on record.

Next year we expect shipments to be even larger. Increased movements, of course, are dependent upon enactment of the additional authority we are requesting today.

A brief reference to the volume of exports best illustrates the commodity impact of title I. Total U.S. exports of wheat for the year

ending June 30 should reach about 600 million bushels, more than half of which will move under title I. Rice exports should reach 20 million bags, and vegetable oil exports should total 1.6 billion pounds; again more than half of these quantities will move under title I.

Title I feed grain and cotton exports, although not as significant in total U.S. agricultural exports, continue in important volume. Title I feed grain exports this year should run about 70 million bushels and cotton exports should total about 1.2 million bales.

We are also developing programs to make available a wider variety of commodities, for example, poultry, to upgrade the diets of needy people abroad.

Total U.S. agricultural exports: I want to emphasize that our primary interest in agricultural exports is commercial sales for dollars. Seventy percent of our total exports are commercial sales for dollars. Public Law 480 serves as a large and supplementary means for the Department to expand foreign markets for U.S. agricultural commodities. Here the outlook is bright. For the year ending June 30 we expect to exceed the record of \$4.7 billion established in fiscal year 1957. The 1957 record was stimulated by the Suez crisis.

The volume of exports will also establish a new record—a high level of shipments is expected for wheat, cotton, rice, vegetable oils, tobacco, soybeans, and poultry. Our promotion of commercial sales for dollars, alone with greater emphasis on feeding needy people through special export programs such as Public Law 480, gives promise for continuing high agricultural export totals.

We will be glad to furnish more information on some of the operations and policies we have discussed only briefly in this statement. We feel there is great hope that the production of U.S. farmers can be put to greater use in the United States and in many parts of the world.

In our testimony today, we are requesting an additional \$2 billion for title I programing. We appreciate that there are other changes in the law which should be considered. However, the need for additional funds is so urgent that we recommend you defer action on such other amendments.

We assure you that the administration will have proposals for changes in the law. These will be presented along with our recommendations for continuation of Public Law 480 beyond December 31, 1961.

I urge that this committee give prompt consideration to H.R. 4728 to provide additional funds to continue title I of Public Law 480 operations. We strongly support this bill.

The CHAIRMAN. Thank you, Mr. Secretary for your presentation. I would like to ask you a few questions.

First I would like you to tell the committee, if you can, why it is that no title IV program has been consummated.

Mr. DUNCAN. Mr. Chairman, we are certainly friendly toward title IV. We are pushing title IV. And we expect to make an announcement within the very near future of our first transaction under the program.

The CHAIRMAN. Is it not a fact that the Congress authorized programs under title IV as a loan program?

Mr. DUNCAN. That is true.

The CHAIRMAN. That is the program that contemplates sales for dollars, at low-interest rates?

Mr. DUNCAN. Correct.

The CHAIRMAN. Do you not think that program should be used more in fact as a program?

Mr. DUNCAN. Mr. Chairman, we certainly are friendly, as I said, toward the title IV authority. We have already begun moving in that direction. We are pushing title IV. And we are right now on the verge of signing an agreement with a foreign country for our first sales under the program.

The CHAIRMAN. I think I am correct in saying that I received a communication some time ago—a few weeks ago—which indicated that the Department was concerned over the fact that we had accumulated large sums of foreign currency from foreign countries. Will you provide for the record information as to where the foreign currencies are and the volume, that have accumulated in different countries of the world.

Mr. DUNCAN. Mr. Tetto is familiar with it.

The CHAIRMAN. Yes.

Mr. TETTO. We will be glad to furnish that for the record. We have this information available.

(The information follows:)

The following three tables furnish information on the use of foreign currencies received in payment for commodities shipped under the title I, Public Law 480, program.

Table I shows the use to be made of foreign currencies under agreements signed from the beginning of the program through December 31, 1960. It shows the total amount by country to be received by the United States when the agreements are fully implemented; the amounts specified in agreements to be used by foreign countries under 104(c) common defense grants, 104(e) economic development grants, and 104(g) economic development loans; the amounts set aside for Cooley amendment loans to private business firms under 104(e); and finally the amounts of currencies set aside for U.S. agency uses.

Table II shows the status of the use of foreign currencies by country; the amounts in agreements through December 31, 1960; and allocations, collections, and disbursements through September 30, 1960, as obtained from the latest foreign currency report prepared by the Treasury Department. As of September 30, 1960, foreign currencies deposited to the account of the United States totaled about the equivalent of \$4 billion and disbursements made through that date total about \$1.7 billion. The difference of about \$2.3 billion was on hand and not yet disbursed.

Table III shows the status of foreign currencies by the specific uses authorized in section 104 of Public Law 480. It shows as of September 30, 1960, allocations made by the Bureau of the Budget, amounts transferred to U.S. agency accounts, and disbursements made by U.S. agencies.

TABLE 1.—*Uses of foreign currency as provided in title I, Public Law 480 agreements signed July 1, 1954, through Dec. 31, 1960*¹

[Amounts are in dollar equivalents at the deposit rate of exchange]

Country	Total amount in agreements (market value including overseas transportation)	104(c) common defense	104(e) grants for economic development	104(e) loans to private enterprise	104(g) loans to foreign governments	For U.S. uses ²
	Thousand dollar equivalent	Thousand dollar equivalent	Thousand dollar equivalent	Thousand dollar equivalent	Thousand dollar equivalent	Thousand dollar equivalent
Argentina.....	64,100			8,250	36,500	19,350
Austria.....	42,940				26,328	16,612
Brazil.....	214,420	2,000			178,547	33,873
Burma.....	40,700		6,000		26,550	8,150
Ceylon.....	26,100		4,340	6,540	9,580	5,640
Chile.....	71,900			850	56,330	14,620
China (Taiwan).....	55,500	30,550		8,600	2,300	14,050
Colombia.....	70,890	80		11,270	41,180	18,360
Ecuador.....	10,940			710	7,660	2,570
Finland.....	44,735			3,165	25,454	16,116
France.....	60,440			13,989		46,451
Germany.....	1,200					1,200
Greece.....	86,000		7,470	5,945	47,350	25,235
Iceland.....	10,270			765	7,374	2,131
India ³	1,345,203		369,875	112,634	667,708	194,986
Indonesia.....	164,300		21,900	13,600	91,895	36,905
Iran.....	32,446	5,763		1,557	15,005	9,521
Israel.....	168,554		4,200	25,827	111,537	26,990
Italy.....	152,900			6,250	100,300	46,150
Japan.....	150,800	700	600		108,850	40,650
Korea.....	201,000	162,910		3,500		34,590
Mexico.....	28,200			7,100	13,600	7,500
Netherlands.....	275					275
Pakistan.....	396,870	79,366	57,592	41,712	135,392	82,808
Paraguay.....	3,000				2,250	750
Peru.....	37,280	100		4,962	21,523	10,695
Philippines.....	14,400	3,100		1,000	5,200	5,100
Poland.....	365,300					365,300
Portugal.....	7,100				3,400	3,700
Spain.....	456,130	9,910			228,730	217,490
Thailand.....	4,600				2,050	2,550
Turkey.....	232,265	67,739		18,230	48,092	98,204
UAR (Egypt).....	198,800			37,450	113,400	47,950
UAR (Syria).....	28,200			5,200	16,900	6,100
United Kingdom.....	48,150					48,150
Uruguay.....	46,400			11,550	23,300	11,550
Vietnam.....	20,500	10,228		5,100		5,172
Yugoslavia.....	408,530		114,290		213,091	81,149
Total.....	⁴ 5,311,338	372,546	586,267	355,756	2,388,176	1,608,593
Uses as percent of total.....	100.0	7.0	11.0	6.7	45.0	30.3

¹ Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.² Agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Included are uses specified under subsecs. 104 (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), and sometimes (d) insofar as specified in agreements.³ Includes only the amounts to be financed during the 1st year of the 4-year agreement signed May 4, 1960.⁴ Amounts shown in this column may differ from amounts on table I, which reflects purchase authorization transactions.

TABLE 2.—*Status of foreign currencies under title I, Public Law 480*

[Amounts are in million dollar equivalents]

Country ¹	Agreement amounts through Dec. 31, 1960	Allocations by Budget Bureau through Sept. 30, 1960	Collections through Sept. 30, 1960	Disburse- ments by agencies through Sept. 30, 1960
Argentina.....	64.1	33.4	30.6	11.1
Austria.....	42.9	40.1	40.1	30.1
Brazil.....	214.4	155.2	157.0	68.6
Burma.....	40.7	36.8	36.7	6.1
Ceylon.....	26.1	16.4	17.1	6.5
Chile.....	71.9	38.8	38.9	32.6
China (Taiwan).....	55.5	35.1	39.5	23.2
Colombia.....	70.9	46.0	43.2	23.8
Ecuador.....	10.9	8.4	8.4	6.8
Finland.....	44.7	48.7	38.4	24.8
France.....	60.4	33.4	31.9	17.7
Germany.....	1.2	1.2	1.2	1.1
Greece.....	86.0	69.5	69.9	57.4
Iceland.....	10.3	7.7	8.3	6.0
India.....	1,345.2	821.5	877.6	143.5
Indonesia.....	164.3	121.2	132.7	15.8
Iran.....	32.4	12.5	12.4	10.9
Israel.....	168.6	144.7	151.7	95.8
Italy.....	152.9	143.3	144.2	109.8
Japan.....	150.8	141.4	146.4	133.0
Korea.....	201.0	160.9	154.3	144.1
Mexico.....	28.2	25.2	25.2	17.1
Netherlands.....	.3	.3	.3	1.5
Pakistan.....	396.9	246.1	300.9	154.6
Paraguay.....	3.0	2.9	2.9	2.4
Peru.....	37.3	25.1	25.2	19.1
Philippines.....	14.4	13.0	13.8	10.4
Poland.....	365.3	38.9	236.0	1.0
Portugal.....	7.1	7.1	7.1	5.2
Spain.....	456.1	363.6	395.6	188.1
Thailand.....	4.6	4.3	4.3	3.2
Turkey.....	232.3	198.5	206.0	110.3
UAR (Egypt).....	198.8	112.4	126.5	22.9
UAR (Syria).....	28.2	7.7	9.2	.2
United Kingdom.....	48.2	43.8	48.5	21.7
Uruguay.....	46.4	33.9	34.7	6.4
Vietnam.....	20.5	10.4	8.2	3.6
Yugoslavia.....	408.5	358.9	388.6	179.9
Total.....	5,311.3	3,608.3	4,013.4	² 1,715.3

¹ Disbursements exceed collections because of conversion from other currencies.² Excludes about \$720,000 equivalent disbursements in nontitle I countries through convertibility.

TABLE 3.—*Status of foreign currencies under Public Law 480 as of Sept. 30, 1960*

[Amounts are in million dollar equivalent]

Uses as specified in sec. 104, Public Law 480	Allocation by Bureau of Budget	Transfers to agency accounts	Disbursements by agency
104(c) common defense.....	317.8	299.0	268.2
104(e) grants for economic development.....	349.6	219.3	79.0
104(e) loans to private enterprise.....	255.0	206.9	35.4
104(g) loans to foreign governments.....	1,739.7	1,566.7	885.1
U.S. uses:			
Treasury: 104(f) payment of U.S. obligations.....	584.2	550.5	313.7
Agriculture: 104(a) agricultural market development, 104(k) scientific activities, 104(m) agricultural fairs.....	105.7	67.8	20.5
International Cooperation Administration: 104(d) purchase of goods for other countries.....	63.9	51.3	30.8
Defense: Military family housing ¹	101.5	105.6	65.0
State:			
104 (h) and (j) international educational exchange and American-sponsored schools and centers.....	63.8	53.3	14.5
104(l) buildings for U.S. Government use.....	5.2	.5	-----
U.S. Information Agency: 104 (i) and (j) translation of books and periodicals and American-sponsored centers.....	15.1	12.1	3.1
Health, Education, and Welfare: 104(k) scientific activities.....	5.2	.3	-----
National Science Foundation: 104(k) scientific activities.....	1.6	1.1	.6
Total.....	3,608.3	3,134.4	² 1,715.9

¹ Includes small amount for other 104(f) uses. Defense also uses currencies for 104(k) scientific activities, totaling less than \$50,000 through Sept. 30, 1960.

² Includes \$720,000 disbursed in nontitle I countries.

The CHAIRMAN. There is one other thing that also disturbs me. I know in some countries we have run out of foreign currency. And I am told that you cannot take foreign currency in one country and convert it over into that of another country. Why can that not be done; and if necessary, why do we not amend the law so as to permit that to be done, to be used in that fashion?

Mr. TETRO. Mr. Chairman, under title I agreements we do try to get 2 percent as convertible foreign currency. We have had, I think, some success in doing this. And you are right in saying that in a number of countries today we are getting greatly reduced amounts of local currencies compared with earlier years of this program.

The one difficulty that other countries have seen in the local currency program for permitting a larger part of the agreement to be used on a convertible basis is that it then proves to be a straight cash sale to a larger extent.

We have so far had, I think, reasonably good success with most countries in getting agreement to convert in recent programs. And I believe that our proposals for this year for agricultural market development purposes where we have to have hard currencies is in the order of \$4.5 million, of which we have already been able to convert well over \$3 million.

In other words, in this year's trade promotion work, the target figure is about \$4.5 million, which I think will be converted.

I do not know that we need a specific amendment to support us further in this, but I can assure you that this is the desire of the administration to get as many of these currencies converted as are needed for the trade promotion program.

The CHAIRMAN. It is your understanding, then, that under existing law you can provide in the basic agreement for the convertibility of currency?

Mr. TETRO. Yes, sir.

The CHAIRMAN. I thought it could be done, but my recollection is that I was told by our attaché in Rome that all of the counterpart funds had been used and some part of it had been converted into funds used in connection with some program for some Scandinavian country.

Mr. TETRO. Yes, sir.

The CHAIRMAN. What about the necessity for this legislation? Do you regard it urgent that we pass this law?

Mr. DUNCAN. We do, Mr. Chairman.

The CHAIRMAN. How much money do you have now uncommitted?

Mr. DUNCAN. Uncommitted?

The CHAIRMAN. Yes.

Mr. DUNCAN. Approximately \$150 million. We have requests on hand, Mr. Chairman, that are imminent, of more than \$1 billion.

We are having preliminary discussions on an additional few hundred million dollars of programs. The small balance of the \$2 billion will be used for programs we believe will come up soon for final signature between the United States and importing country.

The CHAIRMAN. Enough requests on file for that?

Mr. DUNCAN. Yes.

The CHAIRMAN. To commit the funds?

Mr. DUNCAN. Yes, sir.

The CHAIRMAN. Is there any reason why we should not insist upon convertibility in all contracts?

Mr. TETRO. Mr. Chairman, we are trying to get 2 percent in all programs at the present time for agricultural market development.

The CHAIRMAN. What is that?

Mr. TETRO. We are trying to get 2 percent of convertibility into all programs at the present time for agricultural market development.

The CHAIRMAN. Just 2 percent?

Mr. TETRO. Yes, sir.

The CHAIRMAN. Why do you not make it all 100 percent or 50 percent? Two percent is no amount. I think it is important for this committee to have for these bills before the House a statement indicating where the currency is, how it is being used, how much has been converted, and how much is not converted, so we can intelligently understand the question.

Mr. TETRO. We will supply this information.

(The information follows:)

In developing title I programs the Department seeks to obtain agreement of participating countries to permit convertibility of 2 percent of the sales proceeds. In most cases, this is being obtained. During the first 6 months of fiscal year 1961 the market value of agreements, or the potential amount of currencies to be received, totaled the equivalent of \$477.3 million of which agreement was obtained to convert the equivalent of \$5.8 million.

The amounts of foreign currencies that can be converted under the program are extremely limited because countries eligible for title I programs are those whose financial condition precludes the purchase of commodities on a normal cash basis.

The CHAIRMAN. Mr. Short.

Mr. SHORT. Mr. Chairman, the question that I wanted to ask Mr. Duncan and Mr. Tetro covers the same field. And that is, if they would provide us with a brief explanation of what the reason is for this rather considerable increase in the potential for these foreign sales to foreign countries. And what countries, if they want to delineate it that much.

Mr. DUNCAN. The Pakistan 4-year agreement we are discussing with them totals right out at \$1 billion.

Mr. SHORT. That is in addition to what was anticipated under the availability of funds that are included in the last session?

Mr. DUNCAN. That is correct.

Mr. TETRO. Mr. Chairman, we had in our testimony the two basic reasons for these increased obligations under this authority.

The first is that a number of countries, owing to their long-term development programs, are anxious to take advantage of the multi-year agreement. When we sign them, we obligate for the entire amount.

For example, the Indian agreement of last year, which is a 4-year agreement, is over \$2 billion itself.

In addition to this instance there is very much increased interest among other countries in multiyear agreements.

As most of you know, sir, there have been some difficult weather situations around the world, and this is one of the reasons for the increase for wheat. The world, as a whole, has had some difficulties with crops.

While we have not participated in the shortages in the Balkans, east Balkans, and in mainland China, some of our competitors have, and, as a result, we have been filling in, in back of them. This is a definite factor in the wheat increase.

There also has been bad weather in some other important wheat areas.

I believe, Mr. Short, these are the two big reasons: difficult weather in other parts of the world, and the very much increased interest in multiyear agreements.

Mr. SHORT. Thank you.

The CHAIRMAN. I will yield to Mr. Poage.

Mr. POAGE. I wanted to find out, do we now have a pattern for all of these agreements—are we including that clause in all of these agreements?

Mr. TETRO. Mr. Chairman, I think the answer to that is that it is not a pattern. The fact that it is a multiyear agreement of a substantial kind having some relationship to a national economic development program has increased the interest of other countries in doing the same thing.

But as the committee has suggested before, we feel that every request is a separate case.

Mr. POAGE. I am not bothered about the 4-year feature of it. I think that is essential. I have already expressed my views that we must give these people that for a substantial period of time if we are going to have this program. They cannot do it on a year-to-year basis. And we have to have a program, and you have got to have the authority, to make the payment over a period of years, in order to make the program satisfactory.

What I am talking about, what I am not satisfied with, and what I do not personally approve of—and I do not speak for anybody but myself—is this matter of a gift of 42.5 percent. Are we using this policy of making or of letting 480 be used as a means of covering up direct grants to countries?

Mr. TETRO. Mr. Chairman, I think the answer to that is a part of what we hope to present to the committee when we come up for the extension of titles I and II of Public Law 480.

Mr. POAGE. Have you since we entered into these agreements—has every other agreement that you have in this, since that time, contained a provision for a grant?

Mr. TETRO. The answer to that is "No."

Mr. POAGE. What have you got in the way of your major agreements—what happens on your major agreements? Have you in effect basically included grants to other nations?

Mr. TETRO. In many agreements; yes, sir.

Mr. POAGE. Similar to the Indian agreement?

Mr. TETRO. Yes.

Mr. POAGE. And it is a pretty well established policy of the Department to give away 42.5 percent of anything that we sell under Public Law 480; is that not right?

Mr. TETRO. Mr. Chairman—

Mr. POAGE. Do not tell me "No," Mr. O'Leary, unless you can cite me the cases where you have not done it and do not cite me a hundred-thousand-dollar agreement, either. Let us talk about these billion-dollar agreements to see if they contain that kind of thing. What does the Pakistan agreement contain?

Mr. TETRO. It has not been negotiated yet.

Mr. POAGE. Are you proposing to put it in? Do you propose to give them 42.5 percent?

Mr. TETRO. I do not know.

Mr. POAGE. How are you going to say to Pakistan that we treated India one way—we gave India 42.5 percent, and we will not give you 42.5 percent—how can you complete the agreement if you do that?

You would have to follow one course or the other, gentlemen.

Mr. TETRO. Mr. Chairman, I do not know—

Mr. POAGE. We know that you must do that.

Mr. TETRO. We have as a part of the administration policy been making substantial grants to countries as is shown in the following table.

The percentage of foreign currencies set aside each fiscal year in agreements for country grants is as follows:

	104(c) common defense grants	104(e) economic development grants	Total percent, 104 (c) and (e) grants
Fiscal year:			
1955.....	7.0	12.7	19.7
1956.....	10.0	7.6	17.6
1957.....	10.9	5.2	16.1
1958.....	9.6	1.4	11.0
1959.....	3.9	9.0	12.9
1960.....	1.8	27.1	28.9

Mr. POAGE. That is right. I know that—we know you have been doing it. Why do we not tell the U.S. public that? And why does this committee not act upon the basis that we are going to understand that what you propose to do with this \$2 billion is not simply to sell for foreign currency, but to give away 42.5 percent of it and then sell the balance for foreign currency?

That is actually what we are doing, is it not?

Mr. TETRO. Mr. Chairman—

Mr. POAGE. I think you are wrong, but you can make an argument in behalf of giving this currency away later on. It was pointed out

if we pass this authorization, it involves giving away, plain giving away, of over \$500 million.

The CHAIRMAN. That is not morally wrong.

Mr. POAGE. I am not saying it is. This clearly involves a give-away of \$0.5 billion before you get any foreign currencies.

Mr. MATTHEWS. The committee ought to know about it.

Mr. POAGE. That is all I am contending. This committee ought to know about it. I think the Department ought to tell me what is in these bills. I think we ought to be able to go out on the floor—and if there is a good reason for giving away \$500 million, Mr. Matthews ought to get on the floor and defend it. If there is not a good reason for it, then we ought not to bring such a bill out.

Mr. TETRO. Mr. Chairman, may I state two things on this. First, over the last 6 months of 1960, our percentage for grants as such is not in the magnitude of 42.5 percent. They, probably, are less than 10 percent. This is on the basis of signed agreements.

On the other hand, Congressman Poage—

Mr. POAGE. I know we have agreements made in the last 6 months; you have made deliveries on some of those.

Mr. TETRO. These are agreements signed in the last 6 months of 1960. I might add, however, that for the current fiscal year as a whole the percentage of grants will be substantially higher than 10 percent.

As to the general question that Congressman Poage has raised, Mr. Chairman, on that question, there are other people who do share his views. And the reason I think we are unable today to give a more direct answer is that this problem is being studied. There are many eminent economists who, along with our Congressman from Texas, feel this should be looked at rather carefully to see if there is not some other way that both we and the other countries would agree is a better way to handle it.

But I think the Secretary will agree we are not in position today to say how those are going to develop. But I can assure Congressman Poage that his point of view is definitely being taken into account and is shared by other people.

Mr. POAGE. How long do you think the \$2 billion will last?

Mr. TETRO. To the end of this year, sir.

Mr. POAGE. Until the end of this year?

Mr. TETRO. Yes.

Mr. POAGE. How long will it take to use up that \$1.5 billion?

Mr. TETRO. What?

Mr. POAGE. How long will it take to use up the \$1.5 billion?

Mr. TETRO. We have had in the current authority \$3.5 billion. This is now practically all obligated. We have about \$150 million left, which would not cover agreements already in process of negotiation.

Mr. POAGE. You had \$1.5 billion in last year's authorization, did you not?

Mr. TETRO. \$1.5 billion per year, plus \$500 million carryover from unused previous funds.

Mr. POAGE. How long did it take to use that?

Mr. TETRO. Roughly, 15 months.

Mr. POAGE. How long?

Mr. TETRO. The \$1.5 billion?

Mr. POAGE. Yes.

Mr. TETRO. Less than a year.

Mr. POAGE. Less than a year?

Mr. TETRO. Yes.

Mr. POAGE. It took about 9 months. It has been in the last fiscal year?

Mr. TETRO. Over the 2-year period, sir, we are now, roughly, what—15 months—and the programs have just about taken up the \$3.5 billion available.

Mr. POAGE. Well, now, I notice that the bill contains language that I think may have been provided possibly in the past:

in amounts in excess of \$3.5 billion, plus any amount by which agreements entered into in the preceding calendar year have been called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year.

Does that mean that the \$2 billion we appropriate——

The CHAIRMAN. Let me interrupt. Your appropriations for the calendar year are \$2 billion.

Mr. TETRO. Yes.

The CHAIRMAN. You have committed all funds up into March; is that right?

Mr. TETRO. Yes, sir.

The CHAIRMAN. You need \$2 billion more, to carry on for the rest of the year?

Mr. TETRO. Yes, sir.

The CHAIRMAN. And it commits \$1.5 billion from January to March. That is what it has in mind. I suppose all of them have a certain amount of grant.

Mr. TETRO. Most of them do.

The CHAIRMAN. Most of them do have grants?

Mr. TETRO. Yes.

The CHAIRMAN. You provide in the agreement that the country with which you are dealing use a certain portion of the funds for internal improvement; is that right?

Mr. TETRO. That is right.

Mr. DUNCAN. That is correct, Mr. Chairman.

The CHAIRMAN. And then some of it is in loans?

Mr. TETRO. Yes; in most cases.

The CHAIRMAN. And a percent is for promotional purposes, and a certain amount is set apart for that what they call the Cooley provision?

Mr. TETRO. Yes, sir.

The CHAIRMAN. A lot of those countries with which you have been dealing, have deleted those funds, have they not?

Mr. TETRO. Yes, sir.

The CHAIRMAN. Have those funds run completely out?

Mr. TETRO. Yes, sir.

The CHAIRMAN. Why would it not be well to insure the use of those funds in basic agreements so that the funds shall be set aside, as we indicated they should be? I understand some countries do not like the idea of loaning this money to local businessmen to expand industries in their own nation. Is that not true? That is one of the difficulties?

Mr. DUNCAN. We have run into that. Mr. Ioanes, Mr. Chairman, can give you that information.

Mr. IOANES. That is correct.

The CHAIRMAN. If we are going to give away all of this money in all of these other countries, why cannot we insist upon these conditions being carried out in the basic agreements with the countries receiving them or hold off the deal?

Mr. IOANES. In most cases we have come mighty close to that. With regard to the Cooley provision you talk of, without identifying particular countries—I do not think we ought to do that on the record—there are two countries that refused to permit any loans to American business. The alternative is to say, “No” to them completely and not move the commodity, or to negotiate as best you can and hope that next year you will do a better job of convincing them.

The CHAIRMAN. Do you not agree that in order to move commodities you are going to have to make up your mind about that?

Mr. IOANES. Yes, sir.

The CHAIRMAN. You are not asking for any additional authority—you are asking for money. You are asking for the appropriation of \$2 billion more. Mr. Poage was the author of the amendment that we wrote into the law authorizing the sale for a period of 20 years at low interest rates. And yet up to now you have not made any long-term loans and you have not committed any at low interest rates. If you will use the authority put in the bill by this Congress for this, we feel it would help. The maximum has been used as a minimum interest rate. If you carry out the intent and purpose of this law at low interest rates, and make it 15 years instead of 2 and 3 years, you will remove these objections.

Mr. DUNCAN. We agree with you that this authority should be used. As I said before, we are very concerned about moving these commodities for dollars, and I know your views on this. Over a long period of time you have made them clear.

We feel we are moving in the right direction because we are hopeful of signing an agreement soon with a country under title IV with payment in dollars at 3.75 percent. I believe that is what you are interested in.

Mr. POAGE. How much?

Mr. DUNCAN. 3.75-percent interest.

Mr. POAGE. I want this in the record. What I proposed as the author was 2-percent interest and that is because the Soviets are, at least claiming, to make loans at 2 percent and the world believes it, whether it is true or not. On the other side of the coin, we are selling commodities which we now have in storage which are costing us some 14 to 20 percent a year in carrying charges. And if you can get 2-percent interest, instead of paying 14 percent, you are getting about 16-percent return on your money. There is not another place I know of where the U.S. Government can make that kind of return other than through this program.

The 1.75-percent difference, which is nearly 50 percent more than the Soviet claims to be charging, is enough to make the difference of whether you sell in a great many countries or whether you do not sell. It is a 100-percent increase in carrying costs for the purchasing countries. It is a question of whether we pay 16 or save 14.25 percent. I am in favor of saving 14.25 percent rather than lose the deal.

You are not selling anything that you do not have a storage charge on, are you?

Mr. DUNCAN. That is right for the great bulk of commodities.

Mr. POAGE. Every time you sell something you are saving a storage charge. Once you save that charge, it is equivalent to additional interest to the U.S. Government.

So I do not want you to feel that this member of the committee is satisfied—and I want to speak only for myself—I do not want you to understand that this member of the committee is a bit satisfied with that interest rate.

Mr. DUNCAN. This country thought it was a good deal. They were willing to pay 3.75 percent. We are not necessarily setting that as any standard to go by.

Another thing is that we are, also, sending abroad under Public Law 480, title I, crops that are not under price support.

Mr. POAGE. What is that?

Mr. DUNCAN. Poultry, for example.

Mr. POAGE. You are not selling dried eggs that are in storage. You are not drying eggs just to sell them.

Mr. DUNCAN. These commodities come out of the market.

Mr. POAGE. Are you buying them and drying them just for the purpose of selling them at a discount?

Mr. DUNCAN. They are eligible under title IV.

Mr. POAGE. They are in surplus?

Mr. DUNCAN. Yes, that is correct. I do want to reiterate what I have said, we are taking a good look at opportunities to use title IV.

The CHAIRMAN. On this question of financing with some of these countries, they cannot do business with us because they thought our interest rate was too high and our repayment period too short. If you will use the law as Congress has given it to you, I think you will move these commodities.

Mr. DUNCAN. We are doing that.

The CHAIRMAN. One other question.

We authorized the use of these commodities in barter transactions by the Department for strategic materials selected by the President of the United States, not by Congress, not by this committee.

Now, I understand we have some material for which we bartered, about \$105 million in storage, which are worth more than when we got them. Why can you not step up that? I would rather have strategic material rather than have surpluses piled up here that we cannot use.

What do you say about that?

Mr. DUNCAN. We are studying this barter program very carefully. And we will, certainly, in the very near future establish a firm policy on this. Barter can be useful to move commodities.

Mr. POAGE. In that connection, may I ask this question? We anticipate there is going to be a sugar bill authorizing substantial purchases of sugar. A good many of those countries which produce sugar are, also, recipients of our food under Public Law 480. Why should we not—why is it not good business—maybe the President has plans for doing this—I wonder if you have any plans—of using this in foreign trade, when we want to buy sugar from a country we will do so providing they take some American wheat, they take some American cotton? If we are going to buy their sugar at a favorable rate, why not do that?

The CHAIRMAN. That is a concrete example. If we take 1,000 tons of sugar, have them take back a boatload of wheat. That makes sense to me.

Mr. POAGE. They did not talk about the wheat in that relation. They talked about taking wheat under Public Law 480.

The CHAIRMAN. I understand that.

Mr. POAGE. Taking wheat back under Public Law 480 and have us pay them cash for sugar.

What I want to know is why we cannot do this, in the agreement with India? I am not advocating breaking agreements. What I am talking about is when we go to dealing with other countries, and there are sales, they get commodities under Public Law 480. Are we talking to these people about the proposition if you want to sell us sugar, how much wheat will you buy?

Mr. DUNCAN. We would have to take a good look at this.

Mr. POAGE. Are we dealing with anybody now on the basis of selling them American wheat or other surplus commodities and their selling us sugar in return?

Mr. DUNCAN. Congressman Poage, on a direct barter basis?

Mr. POAGE. I am not talking about a barter basis. Of course, under this bill the President will have the say as to what country from which we are going to buy a great deal of sugar. There is no criteria as it stands today. The President has that authority to buy where he thinks best. It does not mean that John Kennedy is going out and doing this. It means the Department of Agriculture. Do you have any negotiations with any country—I will not ask you to name any—do you have any negotiations going on with any countries to suggest that, “If you will buy X number of bushels of American wheat—”

The CHAIRMAN. Or barter it.

Mr. POAGE (continuing). “That we will then authorize the sale of X tons of sugar in the American market at a favorable price?”

Do you have have those kind of negotiations?

Mr. DUNCAN. There may be three or four proposals.

Mr. POAGE. Do you think well of that?

Mr. DUNCAN. I think we need to see what they involve.

Mr. POAGE. Do you not think that otherwise it would be rather foolish if along about May you come up and show us that you have made Public Law 480 agreements, using the \$2 billion that you are asking for now, with countries that could have paid us money, or in sugar, or in other products?

Mr. DUNCAN. I hope we can look at these instances in the very near future.

Mr. POAGE. I want to know what you are going to do. Would you not agree that it would look rather ridiculous if you came up with those kind of statements?

Mr. DUNCAN. I would say this, Mr. Cooley, that we must examine these cases.

The CHAIRMAN. Let me give you one case. A delegation from Manila is on its way here—on their way to Washington—coming here because they want to sell sugar and more sugar, to have more quota and more quota.

I want to remind you of the fact that they have on their books over there now a law that discriminates against American-grown tobacco.

I do not think that they come in good grace here when they come here asking us to let them sell sugar in our market, and they refuse to take in return American goods.

Mr. DUNCAN. I agree that we should seek to eliminate such trade barriers.

The CHAIRMAN. I want somebody to tell them. I do not believe in this business of giving them freedom for shipping in sugar and then they sit back over there and play footsie with everybody else in the world excepting they will not buy our tobacco. That is what I think Mr. Poage has in mind.

We put in the sugar bill. And we want consideration to be given to countries that have been purchasing and are willing to purchase American surplus commodities. And you are the one that is going to be held to account for seeing that it is properly administered.

Mr. POAGE. You have this program for market development. We gave you authority to use 5 percent of the money.

Mr. TETRO. Yes; 5 percent.

Mr. POAGE. And you used it for promotion of sale of our products abroad?

Mr. TETRO. Much of it; yes, sir.

Mr. POAGE. You never have used the 5 percent?

Mr. TETRO. No, sir; not in total.

Mr. POAGE. Why?

Mr. TETRO. Mr. Chairman, we have asked the groups with whom we are cooperating in market development to sit down with us. We met with them a week before last to review this entire program. We are trying to develop market development plans far enough ahead so we will know what the needs are in this area. And then I think we will have a report which will give us a better idea of what these demands are. Part of the answer to Congressman Poage's question is that so far promotion programs with trade cooperators have been carried on with the 2-percent convertibility plus the availability of other funds in countries where they are working has been sufficient.

Mr. POAGE. Is the 2 percent intended only to take care of the trade development fund?

Mr. TETRO. Yes, sir.

Mr. POAGE. That is all you are trying to get?

Mr. IOANES. I might add this: The 2 percent in conversion means going to a government like India, for example, and asking them to convert rupees into German marks or into Swiss francs. So the conversion refers to other countries other than the big title I countries. And then of course, we also have use of currencies in the title I country for market development.

Mr. POAGE. In most cases the effect of that is making that much available in dollars?

Mr. TETRO. Yes.

Mr. POAGE. They pay 2 percent in dollars?

Mr. TETRO. The other side of this coin, Mr. Congressman, is to develop cash markets. This effort is largely in hard currency countries. We really have to convert.

Mr. POAGE. I know. But we have to have convertibility to use most of this?

Mr. TETRO. Yes, sir.

Mr. POAGE. In other words, if you develop the German or French markets, you are not sending Public Law 480 goods over there, and

you have no development fund for those areas where you, probably, would have American money if you developed it. Consequently, if the development is to mean anything, you have to convert rupees and other currencies—you have got to convert some of it into Western European currencies to make sure that your development is effective.

The CHAIRMAN. Would it not be an advantage if you increased that 2 percent to, say, 10 percent convertibility?

Mr. TETRO. At present we do not have programs that would require that much. This is 10 percent of some pretty large numbers and involves underdeveloped countries with scarce foreign exchange. We will know soon what our trade promotion needs are.

I would suspect, Mr. Chairman, that currently the 5 percent is enough. We would like to talk with you about this as we develop our plans.

The CHAIRMAN. Not for promotional purposes. I am talking about convertibility.

Mr. TETRO. For other uses?

The CHAIRMAN. To provide for convertibility of that amount. Then you have flexibility.

Mr. JENNINGS. Would you not be creating this 5 percent in cash?

The CHAIRMAN. Not in dollars, but in some other foreign currency.

Mr. JENNINGS. The same thing.

Mr. HOEVEN. Mr. Duncan, what is the primary objective and purpose of Public Law 480?

Mr. DUNCAN. Well, I think it has several, Mr. Hoeven. For one thing, I think it is to develop our agricultural trade with foreign nations.

Mr. HOEVEN. Foreign nations; did you say?

Mr. DUNCAN. Yes; with foreign nations, our agricultural trade in foreign nations. Also, in a way to help our foreign policy.

Mr. HOEVEN. I think you will find that Public Law 480 was written in this committee. Its primary objective and purpose was to dispose of surplus agricultural commodities, because those surplus commodities were influencing the market. Is that not correct?

Mr. TETRO. That is correct.

Mr. HOEVEN. The thing that concerns me is that Public Law 480 is very rapidly getting to be a welfare program. If it is to be converted into a welfare program, then the Committee on Agriculture will soon lose its jurisdiction. I can visualize the whole program becoming involved in foreign affairs and health, education, and welfare matters.

Your prepared statement is replete with suggestions that we should primarily be concerned with improving nutrition throughout the world on a continuing basis, and that the legislation affords an opportunity to attack hunger and malnutrition overseas. This is all very well and appropriate, and I have no objection to such objectives. But the thing I fear is that this entire program is rapidly developing into a worldwide welfare program instead of the program for which the legislation was originally intended.

Do you have the same concern?

Mr. DUNCAN. No, sir; our primary concern here, Mr. Hoeven, is to move our agricultural commodities into foreign lands.

Mr. HOEVEN. Well, in the basic law there is no reference whatsoever to improving the economic situation of the countries in the world or to be concerned about their nutrition problems or anything else.

The objective is to dispose of surplus agricultural commodities. I

think that should be a matter of concern for the Department and the administration. You are requesting a new authorization of \$2 billion.

Evidence before the committee indicates that during the first 3 months of this year you have committed about \$1.5 billion. At that rate, you will need about \$6 billion, which is largely, as I see it now, in the welfare category. You will have to justify every dollar of that on the floor of the House of Representatives.

How are you going to do it?

Mr. DUNCAN. We believe we have sound programs for an additional \$2 billion. Also there are provisions in the law for grants for economic development.

Mr. HOEVEN. In your prepared statement you say:

We do not view it as a problem which forces us into a surplus disposal operation.

Does that mean that it is incumbent upon you to administer this as a welfare program?

Mr. DUNCAN. No, sir. I do not think so.

Mr. HOEVEN. Why then do you say?

We do not view it as a problem which forces us into a surplus disposal operation.

That is on page 3, the last paragraph of your statement.

Mr. TETRO. Mr. Chairman, if I might comment on the Congressman's question, the name this committee gave to the law was, "The Agricultural Trade Development and Assistance Act." And while one sentence taken out of context here would indicate a view that it is only surplus disposal—there might have been that—I believe this committee and the farmers of this country have always looked on this as a program to promote the export of U.S. agricultural commodities.

The reference to the surplus disposal—by far most of the effort has been in the movement of commodities which have been under price support, but not all. We have had some difficulties in negotiating agreements with other countries because they did feel that we were trying to dump the surpluses, that these were goods which were unwanted.

The statement that Mr. Duncan has given here, sir, is aimed to try to indicate to other countries that we feel these commodities are worth something, that we are not doing ourselves a favor necessarily, we are trying to promote trade. We are trying to use the agricultural abundance of this country in a useful fashion.

But this committee has also recognized that if there were no such markets there would come a time when the U.S. agriculture within itself would say, "We won't produce these any more."

We are trying to change an attitude here so that other countries will understand that these are important sources of capital to them and they are not just surpluses that we are trying to get rid of.

Mr. HOEVEN. You told Mr. Poage that 42.5 percent of the money goes into direct grants—Mr. Duncan told him that. What is your justification for the \$2 billion? Why not spell it out.

Mr. DUNCAN. We need it to meet requests from food deficit countries.

Mr. HOEVEN. For what?

Mr. DUNCAN. To carry out the requests that these foreign countries have made. Right now we are down to \$150 million. We want to negotiate an agreement with Pakistan.

We have other requests that total hundreds of millions of dollars—well over a billion dollars right now that are ready to be started.

Mr. HOEVEN. How much money will be going into direct grants?

Mr. IOANES. Mr. Hoeven, we cannot give you precise figures on what will go into grants. I would guess offhand that about 25 to 30 percent of the foreign currencies generated under the \$2 billion authorization would be for grants.

Mr. HOEVEN. In my judgment you will have to make a complete justification for the added money not only before this committee, but before the Appropriations Committee. At the rate you are spending money so far this year, it will amount to about \$6 billion a year.

Mr. IOANES. Mr. Hoeven, basically what you are saying is there have been changes in this program since it started. That is correct. I recall in reading a conference report once issued by this committee, it said that the administrators of this program were not utilizing the authority in the law to make grants for economic development in countries. I do not recall the exact year that that was done, but in one of the reports in extending the law this committee took the position that greater use should be made of that particular grant authority.

It seems to me when we talk about surplus disposal as opposed to what you call a welfare program, we are trying to define an area here that is very difficult to nail down exactly.

Mr. HOEVEN. Let me ask you this—

Mr. IOANES. Yes.

Mr. HOEVEN. Do you need the full \$2 billion to dispose of surplus agricultural commodities?

Mr. IOANES. Yes, sir.

Mr. HOEVEN. One more question: I notice in the prepared statement reference is made to the food for peace program, wherein is stated:

More and more foreign countries now understand that food for peace is not a slogan.

Do you infer from that that the food for peace program has only been a slogan in the past?

Mr. DUNCAN. I did not get the question.

Mr. HOEVEN. On page 2 of Mr. Duncan's statement it says "that food for peace is not a slogan." Do you infer from that statement, that under the previous administration the food for peace program was only a slogan?

Mr. DUNCAN. No, sir; I do not.

Mr. HOEVEN. What do you mean?

Mr. TETRO. Congressman Hoeven, the "food for peace" as a term or a slogan, if you wish, has been with us now about 2 years. And there has been considerable discussion as to its paternity. But I think it has been accepted by farmers in this country as an idea of trying to use the agricultural abundance of the United States to help maintain security in the world.

The term as used here—saying, "Food for peace"—is not a slogan. The development of these programs has extended over several years. Food for peace has only been with us about 2 years, and has developed into a more specific, different kind of program. Previously it did not have as much of a practical significance.

And we have tended, I think, more and more to discover that food for peace is what we are doing, it is what this committee asked us to do, not just 6 but several years ago. We had section 550 of the Mutual Security Act of 1953, which is the first time we officially tried to use surpluses in support of an international security program.

Mr. HOEVEN. I am glad you give recognition to the fact that the food-for-peace program is about 2 years old.

Mr. TETRO. We have heard that the food-for-peace program may be 40 years old—I do not know.

Mr. HOEVEN. I did want to remind you gentlemen that the first reference to a food-for-peace program in a Presidential message, was in a message sent to the Congress by President Eisenhower last year.

I think the record should, also, show that Mr. Don Paarlberg, an assistant to President Eisenhower, had his office in the White House and was in direct charge of the food-for-peace program. I did not want the country to get the impression the food-for-peace proposal was a creature of the New Frontier.

I want the food-for-peace program to succeed. I was one of those who recommended that the food-for-peace proposal be incorporated in President Eisenhower's farm message.

Mr. TEAGUE. Will you yield? It is 40 years old—it was mentioned in 1920—that was during a Republican administration.

The CHAIRMAN. It was an idea.

Mr. GATHINGS. This request for \$2 billion, if it is approved by the Congress, would give you a rate of disposal under title I of \$2,750 million for the fiscal year 1960 and 1961; would it not?

Mr. DUNCAN. That is true for calendar 1960 and 1961 programing.

Mr. GATHINGS. Is that greater in extent of the disposal programs than for 1959 calendar year?

Mr. TETRO. Fiscal 1959?

Mr. GATHINGS. Well, calendar year—this comes in on the calendar year basis—12-month period of time.

Mr. DUNCAN. About \$1 billion, I believe it ran.

Mr. GATHINGS. It was what?

Mr. DUNCAN. \$1 billion in 1959.

Mr. GATHINGS. The statement reflects that this request is in line with the requests under title I in previous years. And I was wondering, would it exceed the usual movement under title I; is it more or less?

Mr. TETRO. Congressman Gathings, I think we can give you a general answer now, but if you would permit, we would like to put it in the record year by year. However, part of the difficulty here is that the year-by-year use has been moving up.

In our statement we say that the fiscal year which we are now finishing, 1960-61, will be the largest movement of title I commodities on record.

(The information follows:)

In response to the request to indicate the CCC cost of title I programs by time periods, the following shows agreements signed during each fiscal year:

	[In millions]
Fiscal year 1955.....	\$466
Fiscal year 1956.....	958
Fiscal year 1957.....	1, 470
Fiscal year 1958.....	998
Fiscal year 1959.....	1, 138
Fiscal year 1960.....	1, 722
Fiscal year 1961 through Mar. 15, 1961.....	2, 348

Country detail is available in the following list giving the dates of signatures for each agreement signed since the beginning of the program through the present date.

U.S. DEPARTMENT OF AGRICULTURE—FOREIGN AGRICULTURAL SERVICE

Title I, Public Law 480: Agreements signed from beginning of program (as modified by purchase authorization transactions) through Mar. 15, 1961

[Dollar amounts in thousands]

Country	Date signed	Market value excluding ocean transportation	Ocean transportation	Estimated CCC cost including ocean transportation
1. Turkey ¹	Nov. 15, 1954	\$17,330	\$4,759	\$32,205
2. Yugoslavia ¹	Jan. 5, 1955	38,021	5,297	64,942
3. Pakistan ¹	Jan. 18, 1955	27,545	1,242	34,248
4. Chile ¹	Jan. 27, 1955	4,559	396	6,906
5. Peru ¹	Feb. 7, 1955	2,944	305	6,016
6. Spain ¹	Apr. 20, 1955	19,094	1,103	20,884
7. Argentina ¹	Apr. 25, 1955	5,670	128	8,211
8. Turkey (amendment) ¹	Apr. 28, 1955	4,143	333	5,087
9. Israel ¹	Apr. 29, 1955	7,887	831	13,682
10. Finland ¹	May 6, 1955	5,088	84	5,172
11. Yugoslavia (amendment) ¹	May 12, 1955	6,522	1,165	13,051
12. Italy	May 23, 1955	49,623	1,650	67,485
13. Japan ¹	May 31, 1955	77,607	6,842	105,177
14. Korea ¹	do	13,998	841	14,839
15. United Kingdom ¹	June 7, 1955	15,000	205	15,205
16. Austria ²	June 14, 1955	5,487	572	7,730
17. Israel (amendment) ¹	June 15, 1955	3,573	687	7,279
18. Thailand ¹	June 21, 1955	1,900	100	2,000
19. Colombia ¹	June 23, 1955	4,166	300	5,763
20. Greece ¹	June 24, 1955	5,576	497	9,785
21. Greece ¹	do	7,261	924	13,498
22. Peru (amendment) ¹	June 25, 1955	3,080	322	6,021
Subtotal, beginning of program through June 30, 1955		326,081	28,581	465,817
23. France ¹	Aug. 11, 1955	650		650
24. Peru (amendment) ¹	Sept. 20, 1955	1,044		1,044
25. Yugoslavia (amendment) ¹	Oct. 1, 1955	17,545	3,813	39,542
26. Ecuador ¹	Oct. 7, 1955	3,135	278	4,282
27. Spain (amendment) ¹	Oct. 20, 1955	9,976	429	10,607
28. Israel ¹	Nov. 10, 1955	15,980	1,942	27,566
29. Brazil ¹	Nov. 16, 1955	35,680	4,979	73,422
30. United Arab Republic (Egypt)	Dec. 14, 1955	4,818	782	10,225
31. Colombia ¹	Dec. 20, 1955	10,756	662	15,526
32. Argentina ¹	Dec. 21, 1955	23,011	89	26,195
33. Germany ¹	Dec. 23, 1955	1,197		1,197
34. Finland (amendment) ¹	Jan. 12, 1956	(³)	(²)	(²)
35. Yugoslavia (amendment) ¹	Jan. 19, 1956	42,461	6,340	70,729
36. Spain (amendment) ¹	Jan. 21, 1956	14,881	559	15,440
37. Israel (amendment) ¹	Jan. 31, 1956	(³)	(³)	(³)
38. Austria ¹	Feb. 7, 1956	21,115	1,211	31,508
39. Burma	Feb. 8, 1956	21,081	797	31,464
40. United Arab Republic (Egypt) (amendment) ¹	do	4,899	674	10,316
41. Israel (amendment) ¹	Feb. 10, 1956	9,999		9,999
42. United Arab Republic (Egypt) (amendment) ¹	Feb. 17, 1956	7,344	1,013	15,546
43. Greece (amendment) ¹	do	5,849	232	6,081
44. Iran ¹	Feb. 20, 1956	9,963	2,612	20,801
45. Pakistan ¹	Mar. 2, 1956	16,850		28,900
46. Indonesia	do	90,951	7,123	143,959
47. Spain	Mar. 5, 1956	59,929	4,492	77,233
48. Turkey ¹	Mar. 12, 1956	3,825	193	4,018
49. Korea ¹	Mar. 13, 1956	41,892	4,959	53,659
50. Chile ¹	do	32,164	2,279	46,768
51. Spanish-Swiss (amendment) ¹	Mar. 20, 1956	4,444	270	9,324
52. Finland (amendment) ¹	Mar. 26, 1956	14,264	1,061	22,282
53. Finland (amendment) ¹	Apr. 26, 1956	(⁴)	(⁴)	(⁴)
54. Paraguay ¹	May 2, 1956	2,598	328	4,539
55. Peru ¹	May 7, 1956	2,470	295	4,370
56. Turkey (amendment) ¹	May 11, 1956	9,807	1,258	18,703
57. Portugal	May 24, 1956	6,282	862	13,4
58. Japan (effective May 29, 1956) ¹	Feb. 10, 1956	57,457	6,664	96,3
59. United Kingdom ¹	June 5, 1956	12,000	186	12,
Subtotal, July 1, 1955, through June 30, 1956		616,320	56,977	957,938
60. Italy (amendment) ¹	July 5, 1956	6,596	144	6,740
61. Netherlands ¹	Aug. 7, 1956	247	7	324
62. Pakistan ¹	do	41,436	2,196	70,310
63. Greece ¹	Aug. 8, 1956	14,867	1,680	20,665
64. China (Taiwan) ¹	Aug. 14, 1956	8,851	468	12,534
65. India	Aug. 29, 1956	302,618	59,645	546,023
66. Pakistan (amendment) ¹	Sept. 7, 1956	2,224	175	2,399

See footnotes at end of table, p. 25.

Title I, Public Law 480: Agreements signed from beginning of program (as modified by purchase authorization transactions) through Mar. 15, 1961—Continued

Country	Date signed	Market value excluding ocean transportation	Ocean transportation	Estimated CCC cost including ocean transportation
67. Israel ¹	Sept. 11, 1956	\$9,299	\$1,262	\$15,104
68. Spain (amendment) ¹	Sept. 15, 1956	6,978	360	7,338
69. Spain (amendment) ¹	do	1,981	260	2,241
70. Spain	Oct. 23, 1956	45,366	2,925	50,159
71. Finland (amendment) ¹	Oct. 24, 1956	1,479	177	2,844
72. Italy	Oct. 30, 1956	64,262	2,464	83,437
73. Yugoslavia	Nov. 3, 1956	85,248	14,667	143,180
74. France ¹	Nov. 8, 1956	1,400	---	1,400
75. Turkey ¹	Nov. 12, 1956	39,313	5,507	65,025
76. Pakistan (amendment) ¹	Dec. 3, 1956	24,642	3,267	42,439
77. Thailand (amendment)	Dec. 14, 1956	461	39	807
78. Brazil	Dec. 31, 1956	124,378	14,322	204,817
79. Korea (amends No. 49)	Jan. 7, 1957	---	---	---
80. Italy (amendment) ¹	do	1,500	47	1,547
81. Greece (amendment) ¹	Jan. 21, 1957	3,700	575	7,093
82. Turkey (amendment) ¹	Jan. 25, 1957	20,727	3,280	34,993
83. Korea ¹	Jan. 30, 1957	16,724	2,091	21,680
84. Ecuador ¹	Feb. 15, 1957	3,102	230	3,936
85. Thailand ¹	Mar. 4, 1957	2,032	67	2,099
86. Greece (amendment) ¹	do	4,309	899	8,050
87. United Kingdom (amendment) ¹	Mar. 13, 1957	6,000	23	6,023
88. Spain (amendment) ¹	Mar. 26, 1957	7,189	336	7,525
89. Italy (amendment)	do	(¹)	(²)	(³)
90. Iceland ¹	Apr. 11, 1957	2,586	76	3,350
91. Colombia ⁶	Apr. 16, 1957	13,957	1,587	21,813
92. Turkey (supplement) ¹	Apr. 20, 1957	(⁷)	(⁷)	(⁷)
93. Peru ¹	May 2, 1957	3,536	270	5,878
94. Austria	May 10, 1957	13,501	1,499	21,809
95. Finland ¹	do	3,331	268	4,972
96. Poland ¹	June 7, 1957	17,635	712	24,260
97. Bolivia	do	(²)	(²)	(²)
98. Burma (amendment)	June 14, 1957	663	16	679
99. Philippines ¹	June 25, 1957	9,301	849	14,711
100. United Kingdom (supplement) ¹	June 27, 1957	2,180	---	2,180
Subtotal, July 1, 1956, through June 30, 1957		913,298	122,476	1,470,136
101. Poland (supplement)	Aug. 14, 1957	43,667	3,146	70,432
102. Mexico ¹	Oct. 23, 1957	24,644	984	41,170
103. Israel ¹	Nov. 7, 1957	31,765	2,925	54,213
104. Pakistan	Nov. 15, 1957	56,800	8,555	99,767
105. Greece	Dec. 18, 1957	17,702	2,085	28,690
106. Yugoslavia (amendment) ¹	Dec. 27, 1957	6,554	664	11,206
107. France ¹	do	2,498	49	2,547
108. Turkey	Jan. 20, 1958	43,405	3,395	60,918
109. Spain	Jan. 27, 1958	65,207	3,905	77,671
110. United Kingdom	Feb. 3, 1958	7,914	---	7,914
111. Yugoslavia	do	57,666	4,990	89,214
112. Korea	Feb. 5, 1958	44,818	5,242	69,909
113. Poland	Feb. 15, 1958	67,305	5,558	100,315
114. United Kingdom (supplement) ¹	Feb. 17, 1958	5,000	32	5,032
115. Finland ¹	Feb. 21, 1958	7,470	328	10,363
116. France ¹	Feb. 28, 1958	23,010	---	34,599
117. Italy	Mar. 7, 1958	19,072	636	26,438
118. Colombia	Mar. 14, 1958	5,967	409	7,970
119. Peru ¹	Apr. 9, 1958	7,207	424	11,076
120. Spain (supplement) ¹	Apr. 10, 1958	3,831	90	5,9
121. China (Taiwan) ¹	Apr. 18, 1958	10,826	962	14,675
122. Iceland	May 3, 1958	2,628	148	3,271
123. Burma	May 27, 1958	17,000	1,000	22,008
124. Philippines ¹	June 3, 1958	3,375	509	5,636
125. Vietnam	June 17, 1958	5,800	269	6,069
126. Ceylon ¹	June 18, 1958	3,604	263	5,879
127. India	June 23, 1958	46,000	9,341	73,922
128. Turkey (supplement) ¹	June 25, 1958	5,000	213	5,213
129. Yugoslavia (supplement)	June 26, 1958	2,653	292	4,149
130. Iceland (supplement) ¹	do	66	---	96
131. Israel (supplement) ¹	June 30, 1958	5,442	874	7,762
132. Ceylon (supplement) ¹	do	1,315	253	2,221
133. Ecuador	do	1,602	200	2,377
134. France (supplement) ¹	do	2,000	---	2,000
135. Spain (supplement) ¹	do	24,371	681	27,516
Subtotal, July 1, 1957, through June 30, 1958		672,927	58,316	997,889

See footnotes at end of table, p. 25.

Title I, Public Law 480: Agreements signed from beginning of program (as modified by purchase authorization transactions) through Mar. 15, 1961—Continued

Country	Date signed	Market value excluding ocean transportation	Ocean transportation	Estimated CCC cost including ocean transportation
136. India	Sept. 26, 1958	\$222,814	\$38,780	\$372,550
137. Spain (supplement)	Oct. 31, 1958	11,798	527	12,325
138. Israel	Nov. 6, 1958	33,663	4,086	49,672
139. Pakistan	Nov. 26, 1958	71,439	12,017	120,810
140. Yugoslavia	Dec. 22, 1958	85,996	10,201	134,992
141. United Arab Republic (Egypt)	Dec. 24, 1958	22,494	2,392	38,544
142. Finland	Dec. 30, 1958	3,960	104	4,200
143. Spain	Jan. 13, 1959	90,690	5,725	102,672
144. Turkey	Feb. 13, 1959	33,163	1,517	37,142
145. Uruguay	Feb. 20, 1959	9,600	310	10,528
146. Iceland	Mar. 3, 1959	2,100	276	2,889
147. Israel (supplement)	Mar. 10, 1959	500	67	912
148. Ceylon	Mar. 13, 1959	7,155	1,311	12,380
149. France	Mar. 21, 1959	3,500	55	3,555
150. United Arab Republic (Egypt) (supplement)	May 5, 1959	21,789	1,580	26,964
151. Uruguay (supplement)	May 21, 1959	2,200	314	2,874
152. Pakistan (supplement)	do	3,359	297	3,656
153. Ceylon (supplement)	May 28, 1959	5,300	800	9,000
154. Indonesia	May 29, 1959	38,350	2,871	62,405
155. China (Taiwan)	June 9, 1959	12,399	957	17,554
156. Poland	June 10, 1959	40,359	3,480	59,566
157. Argentina	June 12, 1959	1,227		1,480
158. Korea	June 30, 1959	29,711	3,289	51,077
Subtotal, July 1, 1958, through June 30, 1959		753,325	90,760	1,138,103
159. Yugoslavia (supplement)	July 9, 1959	440		440
160. United Arab Republic (Egypt)	July 29, 1959	52,735	5,740	86,473
161. Peru	Sept. 25, 1959	50	5	55
162. Indonesia (supplement)	Oct. 1, 1959	9,900	1,366	16,119
163. Colombia	Oct. 6, 1959	27,700	3,900	44,700
164. Vietnam	Oct. 16, 1959	4,700	194	4,894
165. Iceland (supplement)	Nov. 4, 1959	375		375
166. Poland (supplement)	Nov. 10, 1959	10,703	1,260	12,594
167. India	Nov. 13, 1959	203,913	35,424	365,840
168. United Arab Republic (Syria)	Nov. 14, 1959	8,500	1,386	13,076
169. Uruguay (supplement)	Nov. 16, 1959	3,800	136	6,216
170. India (supplement)	Nov. 23, 1959	15,983	1,687	33,657
171. Uruguay (supplement)	Dec. 1, 1959	18,500	2,507	34,834
172. Turkey	Dec. 22, 1959	31,382	3,697	52,057
173. Greece	Jan. 7, 1960	5,500	841	6,511
174. Israel	do	26,863	3,307	39,467
175. India (supplement)	Jan. 8, 1960	31,200	1,617	52,367
176. Uruguay (supplement)	Jan. 13, 1960	5,200	650	5,989
177. Pakistan (supplement)	Jan. 28, 1960	20,352	4,151	38,650
178. China (Taiwan) (supplement)	Feb. 11, 1960	5,327	687	9,697
179. Poland (supplement)	do	37,412	4,145	70,666
180. Peru	Feb. 12, 1960	11,000	1,000	17,543
181. Vietnam (supplement)	Feb. 13, 1960	1,200	59	2,059
182. India (supplement)	Mar. 21, 1960	6,944	1,103	12,593
183. Finland	Mar. 23, 1960	4,475	86	5,311
184. United Arab Republic (Egypt) (supplement)	Mar. 26, 1960	13,989	954	15,193
185. Iceland	Apr. 6, 1960	1,750	288	2,404
186. Pakistan (supplement)	Apr. 11, 1960	15,122	1,204	16,326
187. Pakistan	do	61,400	10,800	114,700
188. India	May 4, 1960	270,250	48,750	529,750
189. Finland (supplement)	May 6, 1960	100		100
190. Pakistan (supplement)	May 27, 1960	440	80	700
191. Chile	June 2, 1960	2,900	150	4,207
192. Yugoslavia	June 3, 1960	18,000	849	26,040
193. Spain	June 22, 1960	61,300	2,837	71,637
194. Israel (supplement)	June 30, 1960	6,689	869	7,558
195. Vietnam (supplement)	do	675	172	1,248
Subtotal, July 1, 1959, through June 30, 1960		997,235	142,515	1,722,223
196. Poland	July 21, 1960	119,500	10,528	181,037
197. Iran	July 26, 1960	4,315	1,145	8,267
198. India (supplement)	July 29, 1960	39,600	2,000	68,000
199. United Arab Republic (Egypt)	Aug. 1, 1960	51,800	6,730	87,963
200. United Arab Republic (Syria)	Aug. 9, 1960	14,900	2,573	26,377
201. Chile (amendment)	Aug. 12, 1960	300	50	350
202. China (Taiwan)	Aug. 30, 1960	12,780	1,420	20,585
203. Korea (supplement)	Sept. 16, 1960	750	60	810
204. United Arab Republic (Syria) (amendment)	Sept. 17, 1960	1,382	236	1,618
205. Pakistan (supplement)	Sept. 23, 1960	8,700	1,600	15,996
206. India (supplement)	do	14,100	3,051	17,151

See footnotes at end of table, p. 25.

Title I, Public Law 480: Agreements signed from beginning of program (as modified by purchase authorization transactions) through Mar. 15 1961—Continued

Country	Date signed	Market value excluding ocean transportation	Ocean transportation	Estimated CCC cost including ocean transportation
207. Iran (supplement).....	Sept. 26, 1960	\$11,280	\$2,078	\$20,823
208. Ecuador.....	Sept. 27, 1960	925	75	1,000
209. Ceylon.....	Sept. 30, 1960	4,100	1,000	7,200
210. Uruguay (supplement).....	Oct. 14, 1960	2,800	494	3,294
211. Iran (supplement).....	Oct. 20, 1960	1,095	122	1,217
212. Vietnam.....	Oct. 28, 1960	6,545	955	11,223
213. France.....	Nov. 4, 1960	2,500	32	2,532
214. Indonesia.....	Nov. 5, 1960	14,600	1,549	22,655
215. Greece.....	Nov. 7, 1960	12,200	1,561	15,509
216. Chile.....	Nov. 8, 1960	25,900	3,000	41,100
217. Korea.....	Dec. 28, 1960	31,600	3,500	51,900
218. Brazil.....	Dec. 29, 1960	30,800	3,700	55,800
Subtotal, July 1, 1960, through Dec. 31, 1960.....		412,572	47,276	665,137
Total, all agreements signed through Dec. 31, 1960.....		4,691,758	546,901	7,417,243
India, balance, 4-year agreement.....		810,750	146,250	1,589,250
219. Turkey.....	Jan. 11, 1961	12,400	1,600	22,000
220. UAR (Egypt) (supplement).....	Jan. 16, 1961	4,400	200	4,600
221. China (Taiwan) (supplement).....	Feb. 9, 1961	3,000	600	5,648
222. Iceland (amendment).....	Feb. 27, 1961	75		75
223. Indonesia (supplement).....	Mar. 2, 1961	3,100	600	6,400
224. India.....	Mar. 9, 1961	33,600	1,500	43,500
225. Pakistan.....	Mar. 11, 1961	4,500	900	9,300
226. Pakistan.....	do	4,000	100	4,100
Subtotal, Jan. 1 through Mar. 15, 1961.....		875,825	151,750	1,684,873
Subtotal, July 1, 1960, through Mar. 15, 1961.....		1,288,397	199,026	2,350,010
Total, all agreements, through Mar. 15, 1961.....		5,567,583	698,651	9,102,116

¹ Shipments completed. Amounts shown are based on accounting records.

² Expired. No funds expended.

³ Funds combined with No. 28.

⁴ Funds combined with No. 52.

⁵ Funds combined with No. 72.

⁶ Agreement signed for \$20,400,000 of which \$15,940,000 is being financed by CCC under title I, and the remainder has been financed by Colombia for dollars.

⁷ Funds combined with No. 82.

Mr. GATHINGS. It has been moving up gradually in the last 3 years, has it not?

Mr. TETRO. Yes, sir. One difficulty is that we have, I think, is that we are talking here about obligations authority.

Mr. GATHINGS. Yes.

Mr. TETRO. And we are, also, talking about the movement of commodities under what has been done in the past.

Mr. GATHINGS. Yes, that is correct.

Mr. TETRO. For example, the statement that it would be \$2,750 million this year, or a rate of \$6 billion in the first quarter of this year will not be directly related to the amount of commodities that move in a particular 12 months' period. This is, however, moving up and we hope to keep it moving in that direction.

Mr. GATHINGS. If you expand your title IV shipments, that is, what is known as the Poage provision, and move commodities out under title IV, will you still need the \$2 billion that you are asking for here for title I?

Mr. TETRO. Yes, sir. This is a different kind of market. I think Secretary Duncan would agree with me that we have now several different tools.

Title IV is certainly one.

Barter is another.

Title I, also, meets needs of underdeveloped countries.

And what we hope to do is to use each of these programs to the maximum extent to move as many agricultural commodities as we reasonably can.

We are looking forward to more activity in title IV. Title IV was not too well understood by us or by other countries at first.

Mr. GATHINGS. How has it been received?

Mr. TETRO. The one program which we hope to be able to announce rather soon will be extremely well received by that particular country.

Mr. Chairman, I would like to go back on the food for peace record for just a moment. I had not known Mr. McCabe had been the Director of Food for Peace. We had a coordinator of food for peace in the White House for some time who was, also, the economic adviser to the President, Mr. Don Paarlberg.

In, I believe, April of 1960 for the first time he was given a letter of authority to be a coordinator of food for peace.

The big difference, perhaps, in moving out of the slogan area is partly the practical fact that we now have a better concept of what food for peace is. But we also have had in the last 2 months the creation of a White House position the sole function of which is Director of Food for Peace. It is not now confused with other things.

The CHAIRMAN. Let him finish.

Mr. BREEDING. I want to interrupt.

The CHAIRMAN. Have you finished?

Mr. TETRO. Roughly, sir.

Mr. BREEDING. I want to get onto this food-for-peace subject because my good friend from Iowa, Mr. Hoeven, indicated that this program was first created under the Eisenhower administration in 1959. But I want also to remind him that in 1958 there were 30 House bills put into the Congress of the United States here to create a world food bank within the United Nations, which became known as the food-for-peace program.

Certainly, I am pleased that we have a new administrator for food for peace, Mr. George McGovern; and this office is created under the new Kennedy administration in 1961.

Mr. MATTHEWS. Mr. Chairman, this is a little extraneous to the specific subject matter, and I know that, perhaps, these gentlemen cannot give me the specific answer, but I am particularly interested in the disposal of more of our agricultural surplus. I believe it is under title III, that disposition for charitable institutions is authorized.

Am I correct in saying that is title III?

Mr. DUNCAN. That is correct.

Mr. MATTHEWS. I have in mind in particular two institutions in my district that are boys' ranches. They have been receiving some surplus, but as I understand now, they are going to be able to get more of a surplus.

My question is, Is that true? In other words, could you gentlemen tell me whether you have all of the tools you need, the legislation you need, to make more liberal distribution of these surplus foods to these institutions already receiving them?

These boys' ranches, for example—a little extra handful of this surplus food would take care of their needs. They have to go out and

beg for money and private contributions. It would mean so much, I know, to them and to thousands and thousands of people in America, if we make a more liberal distribution of the surpluses to those organizations and charitable institutions already authorized to receive them by law.

So, again, my inquiry is, Could you tell me whether we are to have a more liberal disposition of food under that title?

Mr. DUNCAN. We are. That happens to be in my department, too, under the direct food distribution program. And we have all of the necessary legislation. We have it right now to go forward.

Mr. MATTHEWS. You do not need any more legislative authority?

Mr. DUNCAN. No, sir. We do not.

Mr. MATTHEWS. I want to congratulate you particularly on that. I think the American people would heartily approve of the liberalization of that program.

Mr. DUNCAN. Thank you.

Mr. BELCHER. Mr. Secretary, I am a little concerned about the comments in your statement here. We have been discussing these huge surpluses in this committee for a long time and on the floor of the House and in the newspapers.

And yet your statement seems to sound like you are not concerned about them, that you view this as a great opportunity to feed the people of this country and the people of the world. That might be a fine welfare program, but every time, as I understand it, that we give away or make grants of any of these surpluses, either abroad or here at home, it is charged against agriculture.

Mr. DUNCAN. That is correct.

Mr. BELCHER. Then the newspapers can point to what it costs to subsidize the farmers.

Mr. DUNCAN. Yes.

Mr. BELCHER. It seems to me that you are welcoming these surpluses so that you will have an opportunity to use them in a welfare program because it states here, that this offers great opportunities to feed the needy people of this country, particularly of the world.

Is this a welfare or a surplus disposal program?

Mr. DUNCAN. I view this food, not as a surplus, but as an abundance. And we can use this food and make it a blessing rather than a burden on us.

I think that the greatest success story, as the Secretary stated, not only of this country, but, also, of the world, is American agriculture.

I, also, want to say that we have confidence in this country. The long fear that man has had is the fear of hunger and famine. And I think that we are blessed in this country in being able to take this food that we have on our hands and not leave it stored, not let it become a burden, but use it to feed the needy people here in this country, and also around the world.

Mr. BELCHER. All that starts with the American farmer and is charged to him. The newspaper editors, when they point to \$6 billion, \$7 billion appropriations for the Agriculture Department, in their minds, and in the minds of the public, is the thought that this money is used for the benefit of the American farmer; is it not?

Mr. DUNCAN. Yes, sir; it is charged up, of course, to Public Law 480 and is charged up to the agricultural budget.

Mr. BELCHER. Is there anything that is appropriated for the Department of Agriculture, technically, in the minds of the public, that is not charged up to the American farmer? And make people think that he is subsidized to that extent.

My understanding is that the Secretary complained the other day about things being charged to the Department of Agriculture.

Mr. DUNCAN. That is true, and he has tried to improve public relations.

Mr. BELCHER. In these grants, instead of the sale of these products for currencies, are we not increasing the loss to the Department of Agriculture and thereby causing more money to be appropriated and more money to be charged to the farmer? Are we not going in the wrong direction rather than in the right direction?

Mr. TETRO. Congressman Belcher, you have quite correctly stated the accounting for this now is a charge against the farm programs. And Secretary Freeman, as you said, has indicated that he would like to give a different look to this if he could.

Insofar as the domestic program is concerned, we believe there is a different attitude toward it, as Congressman Matthews has indicated. So far as the program in general is concerned, it is now we think being captured in the food for peace concept which has rather complicated and manifold farm-policies-general-taxpayer aspects in it and this is part of trying to make food for peace a living thing.

If the chairman will permit me to dream on it a little bit: The original purpose of this act, sir, was to use our surpluses in agricultural trade development and assistance, so that we could speed up the time when there would be no more grants and giveaways but instead the world would be in such a fine financial condition that we would be selling more and more U.S. agricultural products at good prices for cash.

I think this is still the longtime purpose of this particular effort. And we had hoped, sir, that food for peace would be recognized as a general taxpayer burden and not just one that is attributed to agriculture, because there are these other aspects.

The CHAIRMAN. As Mr. Belcher points out, the public, generally, charges up all of this to the farmer, to the farm program. And they believe that this is because of the greediness of the farmer. I think that all of you in the Department should do everything you possibly can to see to it that it is regarded as a general program rather than one for the farmer only.

Mr. TETRO. Well—

Mr. BELCHER. I would rather see the Department stick to the original concept; and that is, to dispose of our surplus products rather than do it according to this statement:

In this capacity it offers us great opportunity to feed needy people in this country, particularly in depressed areas and the rest of the world.

Mr. DUNCAN. Mr. Chairman, may I ask the Congressman a question?

The CHAIRMAN. Yes.

Mr. BELCHER. Yes.

Mr. DUNCAN. With all of this surplus food that we have, Mr. Congressman, is it that you do not want us to feed them, do I get that correctly?

Mr. BELCHER. No; I want somebody to pay for it besides the farmer. I think the welfare department and the international policy of this country is the concern of every person in America, not just a few million farmers.

Under the theory that you are putting forward here, if the Department of Agriculture is going to be more concerned with foreign policy and welfare than disposing of surplus commodities, then I think you are getting out of your jurisdiction. I think you will take the jurisdiction of this program away from this committee.

Mr. HOEVEN. I would like to clarify one thing, Mr. Duncan. As to the administrator for the food-for-peace program—is he under the jurisdiction of the Department of State?

Mr. DUNCAN. Congressman, he is under the President.

Mr. HOEVEN. I believe he has an office in the State Department.

Mr. DUNCAN. Well, I think that is the executive offices. I would say he had offices in the White House. They don't have—

Mr. HOEVEN. I am sure all members of the committee want to get food to hungry mouths, but we do object to this vast program being charged solely to the Agriculture Department, and turning Public Law 480 into a welfare program.

Mr. DUNCAN. Mr. Congressman—

Mr. HOEVEN. Someone should do a bookkeeping job. Some phases of the program should be charged to the Department of Health, Education, and Welfare, and others to the State Department.

Mr. DUNCAN. I think that the Secretary has made it clear that he is concerned about this.

The CHAIRMAN. Mr. McIntire.

Mr. MCINTIRE. In Mr. Gathings' query, which was responded to by Mr. Tetro, I think there was a request made there be put into this record some tables showing some statistics in relation to these agreements or authorizations. I would be very much interested that this table would show—so that the record would have the definite information, in view of the comments that \$1.5 billion has been used—what has been committed since the 1st of January. It would be good if the record could show what has been used—whether your records on that are on a monthly or yearly basis or whatever—thereby giving a breakdown of the authorization and showing how it has been running over the past couple of years or so, and how it has been operating since the 1st of January. We could then get some insight as to the acceleration which is your only justification for this \$2 billion figure right now.

And, also, if I understand correctly, the \$1.5 billion is the amount which you have committed of your total authorization since the 1st of January. It would be well if you could break this down to show how many countries are involved, because you might have one commitment that runs into a very substantial figure, one that will not be repeated every 2 or 3 months. Could you give us some information as to the outstanding requirements, I mean, agreements under negotiation as of the 1st of January, so that we could get some idea of how much this buildup has been since the 1st of January?

Are you working out a backlog of agreements or are these new agreements which have come in since the 1st of January?

I think we need that, for this matter of justifying \$2 billion just right off the cuff is not easy. And I think we need just such a break-

down of the exact situation, far more so than just the request that you will anticipate this much business.

If you can give some information as to your justification at this moment in relation to the agreements now in some phases of negotiation, it would be helpful.

I do not think you would want to give a detailed program, for it would not be appropriate to ask for that, but we do need something of a record here that will give us some support for this total figure.

I presume it is appropriate for me to estimate that since this program has been underway there has been about \$11.8 billion used, if my figures are correct.

Mr. O'LEARY. The title I authority is \$9,250 million.

Mr. McINTIRE. You are including in that some of 1961?

Mr. O'LEARY. The total authorized, under title I, is \$9,250 million.

Mr. McINTIRE. That is to date?

Mr. O'LEARY. Yes.

Mr. McINTIRE. What is it to date?

Mr. O'LEARY. Pardon?

Mr. McINTIRE. That is to date, as of today?

Mr. O'LEARY. Yes; the last authorization was 2 years ago. And that brought the total authorized title I programing to \$9,250 million. Almost all of this has actually been programed.

Mr. McINTIRE. Can you give me some comment relative to the aspects of the program as of the moment that would justify the estimate that the authorizations should be substantially accelerated above the authorizations contained in the previous authorizing legislation?

In the Secretary's statement there was reference to the fact that in 1957 some of the increase in exports was, in some degree prompted by the Suez crisis. Mr. Secretary, you have, also, mentioned that some of the additional exports will arise out of certain crop shortages in various countries of the world.

What other aspects are there in the current situation which you feel will justify a sum greater than you have had in the past?

I realize currently you have the crop shortages. But are there other aspects in the current program which you feel will be the basis of this type of authorization? Yesterday I read in the paper that the food-for-peace program is to be based on about \$2 billion a year. I do not know what it is.

I would, also, like the Secretary to advise the committee as to what is the framework of jurisdiction? I agree I am lost. I can read the papers but this is about all I get. What is the framework of the administrative jurisdiction of the food-for-peace program?

Certainly, that has not been information available to me as a member of the committee.

Mr. DUNCAN. This was given——

Mr. GRANT (presiding). Do you want the question repeated? [Laughter.]

Mr. DUNCAN. No. Let me say before Mr. Tetro starts, we will give you the information you want. We will break it down for you and furnish it to you.

(The information follows:)

The chronological listing and the information furnished on page 22 shows how title I programing has been accelerated during fiscal years 1960 and 1961. By far the biggest item is the 4-year Indian agreement signed on May 4, 1960. Item

188 on page 3 of the listing represents the first year's financing of the 4-year agreement, or the amount of about \$530 million at CCC cost. The balance of the 4-year agreement, or about \$1.6 billion, is shown as the first item in calendar year 1961. The grand total of the Indian agreement, \$2.1 billion, is the principal reason for the increased use of title I programing funds.

The total of agreements signed to date is about \$9.1 billion which leaves a balance of \$150 million from the total title I funds authority of \$9.25 billion.

We have requested an additional \$2 billion authorization for programing for the remainder of calendar year 1961. This amount represents our best estimate as to programs that can be concluded during this period within the safeguards of the act. It includes more than \$1 billion in firm requests for programs received from participating countries, including a very large 4-year agreement being discussed with the Government of Pakistan. It includes an additional several hundred millions of dollars in contemplated programs based on preliminary discussions with participating governments. The relatively small remainder of the \$2 billion is made up of our estimate of requests we anticipate receiving in the near future based on past programing experience, crop conditions abroad, and the supply position of potential title I countries.

Mr. McINTIRE. We want it for the record. Can you not outline for me, Mr. Secretary, just briefly what the administration jurisdiction is here now? We are acquainted with Mr. McGovern. Many of us are interested in the work that he is charged with doing. Can you not tell us something of what is going on in this?

Mr. TETRO. I think, Mr. Chairman, Congressman McIntire is asking three large questions.

The first is to provide some information in support of Mr. Gathings' question, which we will be very happy to do. We can do it by months. The second, what are some of the factors that have caused the sudden increase?

We mentioned the one large multiyear agreement with India and that we have had some difficulty in crops in certain parts of the world.

Mr. JOHNSON of Wisconsin. If you were on the old basis where you were committed to it for a year, you would only be asking for \$500 million right now?

Mr. TETRO. That is about right; yes, sir.

There is one other aspect of the programs in the underdeveloped countries. In India, for example, their own attempts to increase agricultural production have not kept pace with the new demands of their population, partly because of larger population and partly because of the very modest increase in income which has increased the demand for food and fiber products.

And, also, we had some agreements which previously were for 2 and 3 years which have now run out, so these countries are coming back in again.

On the last question regarding the arrangements with the director of food for peace, he is a Presidential assistant in the White House and he operates under an Executive order which says that he shall coordinate all programs affecting food for peace.

The concept of food for peace itself, I think, as you said before, is changing somewhat and we hope it is changing in a way which will show this is not just an agricultural burden, it is a countrywide burden.

As to the operating arrangements to date, these are being worked out. We have to do this through Mr. McGovern and other people in the White House and the Secretary of Agriculture.

At present the operating responsibility for this kind of program is clearly remaining with the Department of Agriculture. There is a problem in foreign policy, generally, where food and other programs

are a factor where the director of food for peace will be coordinating this effort.

I think you recognize, too, from some of the comments earlier today that as a program is developed, while we have the primary purpose of developing the commodity part of an agreement, there is not always complete harmony within government because other departments of government have different interests from ours. There is, therefore, a need on occasion to have a sort of referee or an umpire, which will be Mr. McGovern.

Mr. McINTIRE. That might be so. This has been an administrative vehicle in the past.

Have you not had coordination with the State Department and other departments and all agreeing to the agreements which were worked out?

Mr. TETRO. Yes, sir.

Mr. McINTIRE. What is the difference now?

Mr. TETRO. The difference now is that we have a director of food for peace who has no other function. As I said before, Mr. Paarlberg, when he was economic adviser, also, was coordinator of food for peace, but only beginning near the middle of last year.

This function of the last part of last year that Mr. Paarlberg had, you are quite right, that is the same function that I was describing that Mr. McGovern would now have, but he has added to these in the sense of program development which I suggest he has not yet fully explored or developed, in this arrangement within the Government. However, we still have the operating responsibility for developing title I programs, for getting agreement on the programs and for getting these out into a negotiating instrument to the State Department to negotiate.

Mr. McINTIRE. Then would it be fair to observe that Public Law 480 is one of the tools which Mr. McGovern has the responsibility to implement in the context of food for peace?

Mr. TETRO. Yes.

Mr. McINTIRE. To what extent, in the present concept administratively of the food for peace program, are commercial transactions, outside of the context of Public Law 480, considered to be within or without the framework of the food for peace programs? Are they considered to be within it?

Mr. TETRO. Insofar as the commercial sales operations, I would say the answer specifically would be "No". To the extent that an all-out effort of using agriculture to improve our public relations around the world would be concerned, there may be some peripheral advantage to this; in other words, Mr. McGovern has already, with the Secretary, given us considerable encouragement to do more work in the market development field, which is primarily aimed at commercial hard money sales.

He does not have, I would say, direct authority in coordinating that kind of program.

Mr. McINTIRE. Just one other question, Mr. Chairman. My understanding of the poultry export is that it is a rather outstanding example of what can be accomplished in market development; am I correct?

Mr. TETRO. Yes, sir.

Mr. McINTIRE. And then after it was developed it went into a strictly sale-for-cash transaction, strictly a commercial operation. Do I understand now correctly that this policy here is changing and that we are now to begin, if we have not already begun, to purchase poultry to be shipped abroad under title I; and that internally, it is a change of policy?

Mr. TETRO. Mr. Chairman, the assumption that Congressman McIntire has made is correct. To use Germany as a case in point, I think we salted that mine twice but now definitely it is on its own and has been a substantially increased commercial outlet.

Mr. McINTIRE. Through market development funds?

Mr. TETRO. We used a small title I program to move some poultry and then we used market development funds to further increase sales to the market. This, in essence, is the same kind of concept that we have in trying to move still more poultry in other areas.

As you know, poultry in this country is what is considered by the home economist a good buy, whereas in most other countries in the world it is almost a luxury item. We hope by combining a judicious use of poultry in, perhaps, title I, or under some of the other programs of Public Law 480, to increase the availability of this kind of food for other people—a cash market, eventually, which we hope to share rather immediately because the United States is the outstanding exporter of poultry products.

Mr. HAGEN. The State Department would be, ultimately, the negotiator of these agreements, the final negotiator?

Mr. TETRO. Yes, sir.

Mr. HAGEN. And on the question, we will say, whether 42 percent is granted or 5 percent, would be a State Department decision; would it not?

Mr. IOANES. It is fair to say that the State Department negotiates these agreements as they negotiate all other agreements of any executive branch of the Government.

The decision as to the currency use, which is what you are talking about, we have a voice in making that decision.

Mr. HAGEN. Who makes the ultimate decision?

You may give advice but the State Department does; does it not?

Mr. IOANES. At the present time these programs are developed by the Department of Agriculture. The programs are presented to an interagency group, chaired by the Department of Agriculture, and it is in this group that the decisions are made.

Mr. HAGEN. A majority vote decision in that group or what? Does one person have the final decision or what?

Mr. IOANES. No; if there is no agreement, then the question would be referred to the White House. This would be Mr. McGovern in this case.

Mr. HAGEN. Outside of the cost of these commodities themselves, the value of these commodities themselves, what additional costs accrue that would have to be picked up, we will say, by appropriations?

Referring to the \$2 billion authorization, what additional amounts of money would be involved?

Mr. IOANES. In addition to the cost of the farm commodity?

Mr. HAGEN. Yes. We have that in storage.

Mr. IOANES. Well, it would be the cost of processing commodities in certain instances—the cost of transportation.

Mr. HAGEN. Do you have any idea what the bill would be in terms of dollars in relation to the \$2 billion?

Mr. O'LEARY. We computed this one time and the net new budget impact of a \$1.5 billion authorization was about \$300 million.

The complexion of the program—this was a couple of years ago—has changed a little, and I am not sure that the relationship would be the same, but the net new cost, if you take into account that many of the commodities are in current storage, or if they come out of the free market and would not otherwise move they would come in under the price-support program at the end of the loan year and begin to accrue storage charges, the percentage of net additional budget impact is small.

Mr. IOANES. It is about 20 percent, roughly 20 percent of the total. And I should have added to what I said before: that the biggest single item in this is the cost of ocean transportation, where the U.S. Government bears the entire dollar cost of transportation on American vessels.

Mr. HAGEN. You deduct the potential storage cost on the commodity?

Mr. O'LEARY. In the computation we made, we assumed that if the commodities did not move out of storage, they would stay 3 more years. Or if they moved out of the market, they would otherwise have come into the price-support program and stayed in storage 3 years.

We came up—I cannot remember the percentage, but my recollection is that it was about \$300 million as the new cost of \$1.5 billion.

Mr. HAGEN. So you are in effect asking for \$2.3 billion?

Mr. O'LEARY. No; the \$300 million would be within the \$1.5 billion—and of \$1.5 billion authorization, \$1.2 billion of that is already spent. Roughly \$300 million is still to be spent as net new costs under this program.

Mr. HAGEN. Thank you.

Mr. SHORT. I would like to pursue the point that Mr. Hagen started a little bit further. I believe, Mr. Dunican, you said these were Government contracts. Is that quite true? Do I not understand title I of Public Law 480 to be a vehicle whereby grain exports move through commercial channels?

Mr. TETRO. The negotiation to get an agreement with other governments is what the State Department does. Once an agreement is signed, then the handling of the purchase authorizations under that agreement gets the actual movements into commercial channels.

Mr. SHORT. Let me ask you this question then: Is it not possible for a commercial transaction to be shaped up, and if the recipient, the foreign country and those in this country come to some agreement, then is not about the only function of the Department under this law to make the determination of whether the export subsidy that will be necessary to pay is a proper one; in other words, that the grain companies are not offering for sale at a price below what it should be which would automatically raise the amount of the export subsidy?

Mr. O'LEARY. May I speak to that, sir. The government-to-government agreement is in the nature of an international treaty. It is not under Public Law 480, because there are certain provisions in the law which require the foreign government to agree, for example, that commodities purchased under Public Law 480 will not increase

the availability of commodities to countries unfriendly to the United States; that they will not reexport the commodities or products without permission of the United States; that they will assure that these imports under Public Law 480 will not displace commercial marketings that they would otherwise make.

You, therefore, must have a government-to-government agreement because private trade cannot agree to these. But all sales under such an agreement are made through private trade channels by the U.S. private trade. The function of the Government is twofold:

First, to provide that the financing is made available through banking channels, so that private trade can function; and, second, to assure that the Government funds are spent effectively and efficiently; in other words, that the commodities which are shipped do represent the contract prices set up in the negotiations between the seller and the buyer.

Mr. SHORT. The reason I asked that is I am told that the government-to-government transaction as a transaction is similar to the method used by Canada in their export program which does actually have the Government in the grain export business.

Mr. O'LEARY. Public Law 480 requires that private trade channels shall be used.

Mr. SHORT. There is a considerable difference in the concept of a government-to-government negotiation or government-to-government transaction, as Canada carries it out, as compared to the way we carry it out.

Just one more question—and I think this is important to get this picture properly into the record. It relates to the cost in dollars of this program. Perhaps we are asking an impossible question, asking you to make an impossible projection, because, as I see it, it will be impossible to make a determination as to whether or not all of these exports will be drawn out of Commodity Credit stocks or a large portion of them will just be picked up on the market as they move in normal channels of trade.

Mr. O'LEARY. Such a large percentage of the program consists of commodities which are in very abundant supply—such as wheat, feed grains, cotton, edible oils—that it is pretty safe to make the assumption that if a cargo of wheat were not exported under title I, it would come into the possession of CCC, at the end of the loan year.

This same thing is true of cotton, although the cotton surplus is not as large as it used to be. But, on the other hand, the programing of cotton is not as large as it used to be.

So the question is not as large a question as it sounds when you take into account that the bulk of the program does consist of these commodities. And since the beginning of the program non-price-supported commodities have amounted to less than one-half of 1 percent of the total program.

Mr. SHORT. The bulk of that is, to keep a proper picture of this request that you are making, as to the effect that will have on the actual drawing out of CCC stocks—it is conceivable to me that you might have a very extensive export program going on under the provisions of Public Law 480—and except for the amount of the payment-in-kind for the export subsidy, you would not draw out of CCC stocks 1 bushel.

Mr. O'LEARY. The payment-in-kind comes out of CCC stocks.

Mr. SHORT. That is right. I said except for the payment-in-kind, you might not draw it out of CCC stocks.

Mr. O'LEARY. That is true, sir, except if you did not move the 2 bushels that go out from private stocks together with the 1 bushel from CCC stocks for the payment-in-kind, if you did not move it this year it would come into CCC stocks at the end of the year.

Mr. SHORT. Not necessarily. It might be beyond the point where you could even put it into CCC stocks. A commercial grain concern might have a few million bushels of grain on hand. They cannot put grain into CCC stocks.

Mr. O'LEARY. I was thinking in terms of wheat being produced, 1.3 billion bushels, and CCC is going to wind up with a certain proportion of that in spite of anything unless it is moved out of the country.

Mr. SHORT. Thank you.

The CHAIRMAN. Any further questions?

If not, at this time we thank you for coming here, and I hope that you will provide for the record the information which has been requested of you to provide.

We will adjourn until tomorrow morning at 10 o'clock, at which time we will be in executive session to take final action on this bill.

And immediately following that, Mr. Gathings' subcommittee will have some representatives in from the Immigration and Naturalization Service, and he wants to invite all of the members of the committee to attend his hearing in executive session.

(The following letter was submitted to the committee:)

NATIONAL MILK PRODUCERS FEDERATION,
Washington, D.C., March 28, 1961.

HON. HAROLD D. COOLEY,
Chairman, House Committee on Agriculture,
House Office Building, Washington, D.C.

DEAR MR. COOLEY: We shall greatly appreciate it if you will put in the record of the hearings on the Public Law 480 program this letter supporting an authorization for additional funds under title I.

While we are not as directly concerned with title I as we are with other parts of Public Law 480, we do, nevertheless, have a substantial interest in its continued and expanded use. Approximately \$47 million had been committed for exports of dairy products through December 31, 1960, and some 80 million pounds of nonfat dry milk are expected to be programed from the additional \$2 billion now under consideration.

Public Law 480 has proven its value as an instrument for moving agricultural products out of CCC warehouses into useful consumption throughout the world. The need for it still continues, and we support its expansion.

Sincerely,

E. M. NORTON, *Secretary.*

The CHAIRMAN. We stand adjourned at this time until tomorrow morning.

(Whereupon, at 12 noon, the committee recessed, to reconvene in executive session at 10 a.m., Thursday, March 16, 1961.)

