

Y4
.Ag 8/1
Ag 8/15
961/pt. 7

House - Agriculture

87 Y4
Ag 8/1
Ag 8/15
961/pt. 7

Ag 8/15
961/pt. 7

GOVERNMENT
Storage

1961/pt. 7

AGRICULTURAL ACT OF 1961

TITLE II, AGRICULTURAL TRADE DEVELOPMENT (P.L. 480)

HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 6400

MAY 22, 23, 24, AND 26, 1961

Serial E
PART 7

Printed for the use of the Committee on Agriculture

KSU LIBRARIES

111900 0061TV

642489



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1961

09644

1/8 8A.
2/18 8A
2/7/1900

HEARINGS
BEFORE THE
COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*
W. R. POAGE, Texas, *Vice Chairman*

GEORGE GRANT, Alabama
E. C. GATHINGS, Arkansas
JOHN L. McMILLAN, South Carolina
THOMAS G. ABERNETHY, Mississippi
CARL ALBERT, Oklahoma
WATKINS M. ABBITT, Virginia
CLARK W. THOMPSON, Texas
PAUL C. JONES, Missouri
HARLAN HAGEN, California
LESTER R. JOHNSON, Wisconsin
ROSS BASS, Tennessee
W. PAT JENNINGS, Virginia
D. R. (BILLY) MATTHEWS, Florida
MERWIN COAD, Iowa
J. FLOYD BREEDING, Kansas
FRANK A. STUBBLEFIELD, Kentucky
HAROLD B. McSWEEN, Louisiana
DANIEL K. INOUE, Hawaii
RALPH R. HARDING, Idaho

CHARLES B. HOEVEN, Iowa
PAUL B. DAGUE, Pennsylvania
PAGE BELCHER, Oklahoma
CLIFFORD G. McINTIRE, Maine
CHARLES M. TEAGUE, California
ALBERT H. QUIE, Minnesota
DON L. SHORT, North Dakota
CATHERINE MAY, Washington
DELBERT L. LATTA, Ohio
RALPH HARVEY, Indiana
PAUL FINDLEY, Illinois
ROBERT DOLE, Kansas
RALPH F. BEERMANN, Nebraska
BEN REIFEL, South Dakota

RESIDENT COMMISSIONER

A. FERNÓS-ISERN, Puerto Rico

Mrs. CHRISTINE S. GALLAGHER, *Clerk*

HYDE H. MURRAY, *Assistant Clerk*

JOHN J. HEIMBURGER, *Counsel*

FRANCIS M. LEMAY, *Staff Consultant*

II



CONTENTS

Statement of—

Atkin, Maurice D., representing the American Jewish Joint Distribution Committee and Hadassah.....	Page 793
Beers, Robert M., acting director, Information Center Service, U.S. Information Agency, accompanied by Parker May, and Eugene Skora.....	734
Brinkley, Homer L., executive vice president, National Council of Farmer Cooperatives.....	830
Devine, Fred W., representing CARE, Inc.....	766
Freeman, Hon. Orville L., Secretary of Agriculture; accompanied by Raymond Ioanes, Deputy Administrator, and Patrick M. O'Leary, Assistant Administrator, FAS, U.S. Department of Agriculture.....	671
Hull, Rev. Cameron P., executive director, Department of the Church and Economic Life, Division of Christian Life and Work, National Council of the Churches of Christ in the USA.....	852
Johnson, Reuben, legislative director, National Farmers Union.....	759
Lynn, John C., legislative director, American Farm Bureau Federation, accompanied by Herbert E. Harris II, assistant legislative director.....	805
Martin, Hon. Edwin M., Assistant Secretary of State for Economic Affairs.....	711
Newell, Bishop Frederick B., representing Church World Service, National Council of Churches.....	761
Swanstrom, Bishop Edward E., executive director of Catholic Relief Services, NCWC.....	763
Waters, Herbert J., special assistant to the Director, International Cooperation Administration, accompanied by Roger Stewart, Chief, Public Law 480 Division, and Mrs. Kathleen Bitterman, Chief, Sales and Grants Branch, Public Law 480 Division, ICA.....	752
Whatley, David, Washington, D.C.....	847
Wilson, E. Raymond, executive secretary, Friends Committee on National Legislation.....	841
Communications submitted to the committee:	
Bartling, Martin L., president, National Association of Home Builders, letter of January 17, 1961.....	854
Burke, E. J., Jr., president, National Association of Home Builders, letter of June 1, 1961.....	855
Dunn, Read P., Jr., director, foreign trade, National Cotton Council of America, letter of May 19, 1961.....	750
Dyess, James B., executive vice president, National Association of Wheat Growers, letter of June 6, 1961.....	840
Jean, Clancy, Washington representative, Western Wheat Associates, U.S.A., Inc., letter of May 31, 1961.....	839
Robertson, Caffey, Caffey Robertson Co., letter of May 26, 1961.....	855
Stewart, Mrs. Annalee, legislative secretary, Women's International League for Peace and Freedom, letter of June 9, 1961.....	856

AGRICULTURAL ACT OF 1961

Title II

MONDAY, MAY 22, 1961

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

The committee met, pursuant to recess, at 10:15 a.m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley (chairman), Poage, Grant, Gathings, Abernethy, Albert, Thompson, Hagen, Matthews, Breeding, Harding, Inouye, Hoeven, McIntire, Belcher, Teague of California, Quie, Short, Mrs. May, Harvey, Findley, Dole, Beermann, and Reifel.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Heimburger, counsel; and Francis M. LeMay, consultant.

The CHAIRMAN. The committee will be in order.

Mr. Secretary, we are delighted to have you with us this morning, and we will be very glad to hear from you at this time.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE; ACCOMPANIED BY RAYMOND A. IOANES, DEPUTY ADMINISTRATOR, AND PATRICK M. O'LEARY, ASSISTANT ADMINISTRATOR, FAS, U.S. DEPARTMENT OF AGRICULTURE

Secretary FREEMAN. I sincerely appreciate the opportunity to urge the extension and liberalization of our programs under Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, as an important part of the Agricultural Act of 1961. As I pointed out in my testimony of April 24, the programs authorized under Public Law 480 constitute an integral part of our total farm program. They will become an even more important factor as, on the one hand, we make a determined effort to adjust our abundant agricultural production to the quantities we can use while we simultaneously seek to expand our use of food and fiber as instruments for peace and freedom in our foreign aid program.

The expanded programs that we propose to carry out under the amendments provided in title II of the Agricultural Act of 1961 are designed to contribute to a sounder agricultural economy and better farm incomes at home as they become increasingly effective as tools of U.S. foreign policy. They are, therefore, based on certain valid assumptions.

First, we recognize that the tremendous productive success of American agriculture means that we can produce far larger quantities of food and fiber than are necessary to meet domestic needs.

Second, we recognize that throughout most of the world there are enormous unmet needs for food and fiber. Billions of people are hungry. Scores of countries are in need of the food that can contribute so much to the health of their people and to the development of their economies.

Third, we recognize that, in spite of the tremendous success of our farmers in producing commodities that are so greatly needed, the incomes of our farmers are far too low. Although farmers have increased their productivity more rapidly than the other major segments of our economy, their proportionate per capita income has declined, so that for them economic distress has been the ironic reward of productive efficiency. Therefore, any programs that can help to meet vital needs abroad and at the same time contribute to increasing farm income should be given highest priority. Programs under Public Law 480 are specifically designed to meet these dual goals.

These amendments to Public Law 480 are incorporated in the Agricultural Act of 1961 in order that we may clearly and effectively tie the goals for American agriculture to the objectives of U.S. foreign policy, with maximum gains for both.

Permit me to call your attention to the gains we seek as we move toward the most intelligent use of our agricultural abundance. We must first evaluate the effectiveness of our programs for the use of agricultural products abroad, and complete the survey we have already begun of the needs that exist for such products.

I take it that the members of this committee have seen the first draft of a report titled "The World Food Deficit, a First Approximation."

One of the things that concerned me when I assumed the office I hold was that there was nowhere data which would give us a clear picture of what the world's food needs really are.

Secondly, there was nowhere an evaluation of the effectiveness of the use of our food supplies under Public Law 480, food for peace.

And, thirdly, we have felt there was a need to evaluate the effectiveness of our technical assistance program in agriculture.

All three of these are now in the process of being reviewed, by an interagency committee, composed of Agriculture, also ICA, Food for Peace Organization, with Mr. McGovern's office, State Department, and others.

And when this report is completed, we will have, I think, useful and vital information for further planning.

Then, with the expanded and extended programs contemplated by these proposed amendments, our capacity to produce in abundance will be no longer an embarrassing problem but will rather become power for peace and progress in the world.

The use of our agricultural abundance under Public Law 480 has already contributed to stability and economic development in many countries of the free world. It is effective in meeting the emergency requirements arising from great national disasters, and in many other ways in helping to attain the humanitarian objectives of the food-for-peace program. Its potential contribution has, up to now, been limited by the lack of authorization for a period of time long enough to

stimulate the most effective and constructive planning of foreign aid. If the Congress will now enact the key recommendation for a 5-year extension, Public Law 480 will become a much more forceful instrument, both in support of our farm economy and in our effort to help emerging nations develop and grow in freedom, rather than under communism.

Such an extension will permit the coordination of agricultural imports with the long-term development plans of recipient countries. It will avoid delays in programing and interruptions in shipments that have occurred in the past as a result of short-term extensions. It will permit maximum effective country-by-country planning for the use of agricultural commodities to stimulate and assist the economic development of emerging nations, to the end that they may become more stable and secure, and their people more resistant to Communist propaganda. It will more effectively assist such emerging nations to achieve the economic growth necessary for higher standards of living, and will in many cases help them to reach the point where they will become cash customers for our products. The 5-year extension will likewise help us to gear our agricultural programs at home toward the twin goals of better and greater utilization of food and fiber and better farm incomes.

The expansion of agricultural exports is a very important part of our efforts to improve farm income. Agriculture is more dependent on exports than is the rest of our economy. In recent years total exports have represented only about 4 percent of our gross national product while agricultural exports have averaged about 13 percent of farm commodity sales. Commercial sales for dollars constitute approximately 70 percent of these agricultural exports. We will intensify our efforts to increase these dollar sales. The other 30 percent of our exports have been moving under special Government programs—primarily those programs authorized under Public Law 480.

Our agricultural exports are at a record level. For the year ending June 30, 1961, we estimate they will total about \$4.9 billion. The existing record of \$4.7 billion was established in 1956-57 when export movement was stimulated by the Suez crisis.

The importance of Public Law 480 in supplementing our commercial exports can best be illustrated in terms of individual commodities. We are estimating wheat exports this year at 650 million bushels, a new record—almost one-half of last year's crop. About 70 percent of these wheat exports are moving under the Public Law 480 programs. Without such programs wheat exports probably would not exceed 200 million bushels. About 65 percent of our rice exports, 45 percent of our vegetable oils exports, and 33 percent of our feed grain exports are going out under these programs.

These programs likewise assist in the creation and development of permanent commercial markets for the U.S. farmer. In recent years Public Law 480 programs have developed dollar markets for tobacco in Thailand, soybean oil in Spain, poultry in West Germany, soybeans and feed grains in Israel. Spain has for several years taken practically all of its imports of U.S. agricultural commodities under Public Law 480 and the mutual security program, but I am happy to report that this year, as a result of an improving economy and increased foreign exchange earnings, Spain has become a good cash customer for several of our agricultural commodities.

In the years ahead, as we make necessary adjustments to meet the needs and conditions of our times, the importance of exports to our farm economy will increase. We believe that real opportunities exist to expand the consumption and utilization of U.S. agricultural commodities abroad to meet human needs and to promote economic development in emerging nations. We can make the most of these opportunities only if we recognize the great potential of our abundance of food and fiber, if we recognize that this potential can be geared to both better farm incomes at home and greater utilization abroad, in both commercial sales and food for peace programs, and if we adopt positive measures toward the realization of these goals. This we are resolved to do.

The amendments proposed to Public Law 480 in title II of the Agricultural Act of 1961 will enable us to implement this resolution. I should like to turn now to a specific consideration of these amendments. I have already indicated the special importance of the 5-year extension. I will now refer to other proposals under the titles in which they appear in Public Law 480.

RECOMMENDATIONS FOR TITLE I OF PUBLIC LAW 480

We are requesting authorization to enter into foreign currency sales agreements under title I of the law totaling \$7.5 billion, at CCC cost, over the 5-year period beginning January 1, 1962, with an annual limitation of \$2.5 billion. This will be in addition to the \$2 billion recently authorized for the balance of this calendar year, and I wish to take this occasion to express our appreciation for the prompt action taken by this committee and the Congress on that increase. The additional authorization was urgently needed, and is being put to good use. Already, during 1961, we have signed 20 agreements under title I with 16 countries. The list of countries involved (Bolivia, Brazil, China (Taiwan), Ecuador, Iceland, India, Indonesia, Iran, Israel, Korea, Pakistan, Spain, Turkey, U.A.R. (Egypt), Vietnam, Yugoslavia) indicates the scope of our programs. Based on program requests received and anticipated, we feel sure that the \$2 billion authorization will be all, or substantially all, committed by the end of the year.

One amendment that we propose is a request for authority to help underdeveloped countries establish national food reserves under title I. The amendment contemplates the shipment of commodities, principally wheat, to underdeveloped countries as buffer stocks. Exports would be made in accordance with current title I operations except that no payment would be made at the time of shipment. The stocks would be paid for under title I if they are used for distribution through regular commercial channels. On the other hand, if commodities are withdrawn for emergency relief purposes authorized by section 201 of title II, payment for the commodities would not be required. The reserves amendment is designed for countries where crop failures are chronic and where emergency supplies of food might be required quickly. Reserve stocks could be used by these countries for a relatively short period of 2 or 3 months during which import plans could be made to meet these emergencies. Thus would assure more stable prices to indigenous producers and more stable availability to consumers.

Although the quantities of wheat and other commodities to be moved under the reserves amendment are likely to be small compared with annual exports, they would result in increased consumption in underdeveloped countries and in increased U.S. exports. The foreign government would be responsible for the cost of storage and for storage and handling operations to maintain the reserves.

We are proposing an amendment of section 104 of title I to provide that principal and interest received by the United States from foreign currency loan repayments may be used for any of the purposes specified in that section. The amounts now being received as repayments under economic development loans and loans to private business firms under the Cooley amendment are still relative small. However, they will become substantial in the future and provision should be made for their use. At the present time these currencies may be used only for agricultural market development and international educational exchange programs, in addition to sales by the Treasury against regular dollar appropriations.

Amendment of section 104 is also requested to eliminate the provision which requires appropriation action before foreign currencies loaned or granted to the foreign country may be used for purposes of health and education. This requirement does not apply to any other use of loan and grant funds. The proposed amendment would not change the existing requirements that U.S. agencies obtain appropriations to use foreign currencies for such purposes when the United States is administering such programs.

A change in the wording of section 106 is proposed but this change will not alter our actual practice. Section 106 now authorizes the Secretary of Agriculture to determine the quantities which may be included in the negotiations with each country, and the countries with which agreements shall be negotiated, after advising with other agencies and within broad policies laid down by the President. In practice, because we recognize the importance of this program in the field of foreign relations and foreign aid, this determination is always made in accordance with the foreign policy of the United States as determined by the President. Therefore, the revision specifically places in the President the authority to determine nations with whom agreements shall be negotiated. The Secretary of Agriculture would still be authorized to determine the commodities and quantities which may be included in agreements with each country.

Although we expect that overall planning and coordinating of the various programs on a country-by-country basis will be centralized in a new foreign aid agency, we contemplate that the Department of Agriculture's function in agricultural commodity program development and operations will remain unchanged. We contemplate also that the Department will continue to participate in decisions regarding nations with which agreements shall be negotiated.

RECOMMENDATIONS FOR TITLE II OF PUBLIC LAW 480

Although the volume of exports under title II is relatively small as compared with title I, it is a highly useful means by which the President makes Commodity Credit Corporation stocks available to meet emergency needs resulting from natural disasters such as drought,

flood, and earthquake. More recently, title II programs have been used to promote economic development. Commodities are used as part payment of wages in labor intensive projects with the remainder of the wages being paid in cash by the host government. This authority, which has been extremely successful, expires on June 30, 1961. We propose that this expiration date be repealed.

There are many opportunities for localized works projects in underdeveloped areas, particularly in Africa and the Near East, where there are substantial numbers of people who are underemployed and underfed. Projects which are carried on include land clearing, irrigation and drainage ditches, cisterns, feeder roads, and schools.

We propose an annual authorization of \$300 million plus carry-over for title II emergency relief and economic development programs for the 5-year extension. This will permit substantial expansion in the activities under this title.

Proposed amendments to title II would eliminate the requirement that commodities used under that title come from Commodity Credit Corporation stocks. Although the great bulk of title II commodities would continue to come from CCC stocks, this amendment would give us the same discretion to include noninventory commodities in title II programs that we now have with respect to the title I program. We believe that judicious exercise of such discretion to program commodities not in Government stocks can be of substantial benefit to the American farmer and in some instances, as in the case of soybean oil, result in reduced costs under the price-support program.

A technical amendment to title II would make the annual authorization limitation applicable to the amount programmed rather than the amount spent. This is the same type of limitation as contained in title I and will permit more effective accounting control of program operations.

TITLE IV RECOMMENDATIONS

We are proposing certain amendments of title IV which authorizes long-term supply commitments on a dollar credit basis. The principal amendments are designed to place emphasis on use of title IV to increase or maintain dollar sales of U.S. agricultural commodities as well as to assist other friendly nations during periods of economic development. Other amendments make certain provisions of title I, such as the safeguarding of usual marketings and the use of private trade channels, applicable to title IV and provide flexibility and discretionary authority for fixing the dollar repayment schedule.

We believe that title IV can be a useful program in expanding or maintaining U.S. dollar exports of agricultural commodities and in meeting needs of countries which are not as financially weak as some underdeveloped countries participating under title I but which are not as financially well off as many countries of Western Europe which are cash dollar markets. While there have been several programming problems which have delayed consummation of the "pilot" country title IV sales agreements, we are hopeful that the first title IV agreement will shortly be completed. In the meantime, the Department has authorized the use of additional Commodity Credit Corporation funds for title IV programs in countries in addition to the "pilot" countries, and we are otherwise moving, in collaboration with other U.S. agencies concerned, to make maximum use of the title IV authority as an integral part of our food-for-peace program.

BARTER

We are not requesting additional barter legislation. However, I am pleased to report to the committee that we are conducting an intensive study of ways in which that program may be improved and expanded. As a matter of fact, a meeting is being held by our Department today with representatives of the private trade to obtain their views and recommendations. It is our intention to attain a substantial expansion in barter activity on a sound basis and under clear-cut rules. I firmly expect to be able to report success in this endeavor within the next few months.

In conclusion, let me emphasize my belief that U.S. agricultural productivity during recent years offers us an advantage in the cold war which we must fully exploit. Enactment of this legislation as an integral part of the Agricultural Act of 1961 will permit sound and effective use of our abundance in food and fiber through a long-term, aggressive and positive program in the interest of peace and freedom. Only through such a program can we fully capitalize on this great advantage which the productive success of American farmers has given us.

The 5-year extension will give notice that the United States is prepared to give greater assurance of a continuing supply of agricultural commodities needed by emerging nations. Many of these countries are striving to promote economic growth through ambitious, long-term plans. Many more could be encouraged and helped to do so. A 5-year extension of Public Law 480 will give such encouragement, and will permit the coordination of U.S. agricultural export programs with these development plans. It will also give meaning to our program for evaluating world food needs and for our cooperation with other countries to meet those needs.

As we increase our efforts for expanded utilization of food and fiber, and as we develop means for the more effective use of greater quantities of agricultural exports, these new and increasing demands on American agriculture will have to be taken into account in the formulation and administration of our domestic agricultural programs. This is why the two programs are inevitably interrelated. This is why our two goals—the goal of more effective use of food and fiber for economic aid abroad, and the goal of an improved farm economy at home—are so closely tied together that neither can achieve maximum results unless they are considered together. This is why amendments to Public Law 480 are an integral part of the Agricultural Act of 1961.

I would conclude by repeating my sincere conviction that the enactment of this bill will enable us to move toward better farm incomes and a sound farm economy that will contribute to economic growth and national prosperity at home, as we achieve maximum utilization of our abundance to meet human needs and promote progress, peace and freedom abroad.

(The tables referred to are, as follows:)

TABLE A.—Title I, Public Law 480—Status of programing and exports

[Billions of dollars]

Calendar year	Commodity Credit Corporation cost		
	Agreements signed	Exported	Balance to be exported
1954 and 1955.....	0.7	0.4	0.3
1955.....	2.0	.9	1.4
1957.....	.5	1.2	.7
1958.....	1.4	1.2	.9
1959.....	1.1	1.2	.8
1960.....	¹ 1.7	1.6	.9
1961 (estimated).....	² 3.8	1.6	3.1
Total.....	11.2	8.1	-----
1962 through 1966 (estimated).....	7.5	8.5	2.1
Grand total.....	18.7	16.6	-----

¹ Includes 1 year of 4-year India agreement—\$530,000,000.² Includes 3 years of 4-year India agreement—\$1,590,000,000.

TABLE B.—Title I, Public Law 480—Exports of major commodities

Calendar year	Wheat	Cotton	Rice	Feed grains	Vegetable oil
	Million bushels	Thousand bales	Million hundred-weight	Million bushels	Million pounds
1955.....	58.4	362	2.1	22.9	177.8
1956.....	127.1	847	10.6	31.0	641.4
1957.....	213.5	1,044	10.3	20.5	459.4
1958.....	200.5	735	4.8	75.3	824.5
1959.....	237.6	662	6.0	51.1	830.0
1960.....	370.0	1,263	11.2	61.2	723.1
Total.....	1,207.1	4,913	45.0	262.0	3,656.2

Calendar year:	Tonnage exported	Metric tons
1955	-----	2,371,000
1956	-----	5,300,000
1957	-----	7,396,000
1958	-----	8,246,000
1959	-----	8,434,000
1960	-----	12,484,000
Total	-----	44,231,000

Title I, Public Law 480—Agreements signed from beginning of program (as modified by purchase authorization transactions) through Apr. 30, 1961

[In thousands of dollars]

	Country	Date signed	Market value (excluding ocean transportation)	Ocean transportation	Estimated CCC cost (including ocean transportation)
1-22	Fiscal year 1955	-----	326,158	28,579	466,001
23-59	Fiscal year 1956	-----	616,150	56,915	957,817
60-100	Fiscal year 1957	-----	911,300	123,141	1,468,488
101-135	Fiscal year 1958	-----	672,256	57,948	995,796
136-158	Fiscal year 1959	-----	751,280	87,419	1,128,958
159-195	Fiscal year 1960	-----	991,881	142,273	1,712,011
196-228	Fiscal year 1961 through Mar. 31, 1961	-----	1,301,006	200,467	2,376,815
229	Ecuador	Apr. 3, 1961	2,200	50	2,425
230	Iceland	Apr. 7, 1961	1,640	100	2,158
231	Bolivia	Apr. 7, 1961	3,000	300	5,000
232	Iran (supplement)	Apr. 17, 1961	1,130	370	2,286
233	Pakistan (supplement)	Apr. 22, 1961	7,700	1,500	15,000
234	China (supplement)	Apr. 27, 1961	3,000	600	5,900
235	Yugoslavia	Apr. 28, 1961	27,800	2,600	41,800
	Subtotal, July 1, 1960, through Apr. 30, 1961	-----	1,347,476	205,987	2,451,384
	Total, all agreements signed through Apr. 30, 1961	-----	5,616,501	702,262	9,180,455

TABLE I.—Commodity composition of programs under title I, Public Law 480, agreements signed July 1, 1960, through Apr. 30, 1961

[In millions of dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean transportation ¹	Market value (including ocean transportation)	Estimated CCC cost (including ocean transportation)
Bolivia.....	3.0								3.0	0.3	3.3	5.0
Brazil.....	30.8								30.8	3.7	34.5	57.2
Ceylon.....	4.1								4.1	1.0	5.1	7.2
Chile.....	15.4	1.4		4.3	1.5		3.6		26.2	3.0	29.2	41.4
China (Taiwan).....	14.6			2.3	1.7		.9		19.0	2.4	21.4	32.3
Ecuador.....				.7	1.5				3.1	.1	3.2	3.4
France.....		5.3			2.5				2.5		2.5	2.5
Greece.....	2.5						4.4		12.2	1.6	13.8	15.5
Iceland.....	.6							0.1	1.7	.1	1.8	2.2
India ²	723.8	11.1	87.0	73.1	2.0		1.0		898.0	152.8	1,050.8	1,717.9
Indonesia.....			11.9	3.4	2.5				17.8	2.0	19.8	29.7
Iran.....	16.7						1.1		17.8	3.7	21.5	32.8
Korea.....	14.5	2.5		14.6			.7		32.3	3.6	35.9	52.7
Pakistan.....	7.7				4.0				24.9	4.1	29.0	44.4
Poland.....	61.5	19.5	13.2	28.0	1.5	1.5	7.5		119.5	10.5	130.0	183.6
Turkey.....	21.4		1.0						22.4	3.1	25.5	43.0
United Arab Republic:												
Egypt.....	51.8						3.9	.5	56.2	6.9	63.1	92.8
Syria.....	14.9	1.4							16.3	2.8	19.1	28.0
Uruguay.....		2.8							2.8	.5	3.3	3.3
Vietnam.....	3.0			5.9					8.9	1.1	10.0	14.6
Yugoslavia.....	12.2			6.7			8.7	.2	27.8	2.6	30.4	41.8
Total, agreements July 1, 1960, through Apr. 30, 1961.....	998.5	\$ 44.4	113.1	139.0	17.7	41.5	\$ 32.3	.8	1,347.3	205.9	1,553.2	2,451.3
Total, agreements through June 30, 1960.....	2,144.6	296.3	273.8	677.4	203.8	44.8	564.4	63.9	4,289.0	496.2	4,785.2	6,729.0
Total, agreements through Apr. 30, 1961.....	3,143.1	340.7	386.9	816.4	221.5	46.3	596.7	64.7	5,616.3	702.1	6,318.4	9,180.3

¹ Includes only ocean transportation to be financed by CCC.² Includes financing of last 3 years of 4-year agreement signed May 4, 1960.³ Feed grains total breaks down as follows:

	Million dollars
Corn.....	17.4
Barley.....	18.0
Grain sorghums.....	9.0
Total.....	44.4

⁴ Nonfat dry milk.⁵ Cottonseed oil and/or soybean oil.

TABLE II.—Approximate quantities of commodities under title I, Public Law 480, agreements signed July 1, 1960, through Apr. 30, 1961

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
	Thousand bushels	Thousand bushels	Thousand hundred-weight	Thousand bales	Thousand pounds	Thousand pounds	Thousand pounds	Thousand pounds	Thousand hundred-weight	Thousand pounds	Thousand pounds	Thousand hundred-weight
Bolivia.....	2,055											
Brazil.....	18,372											
Cameroon.....	2,985											
Chile.....	9,186	1,168		31.0	1,500		28,660					
China (Taiwan).....	8,783			18.0	2,000		3,200					
Ecuador.....				5	1,636		6,822					
France.....					3,378							
Greece.....	1,512	4,400					35,426					
Iceland.....	418	287	4		500		688			482		
India 1.....	440,924	9,312	16,534	570.0	2,000		8,052					
Indonesia.....	4,543		2,298	24.3	3,571							
Iran.....	9,287	2,799					8,664					
Korea.....	8,672		2,605	113.0	4,000		6,039					
Pakistan.....		16,316		185.0	2,000	16,667	66,000					
Poland.....	37,988		221									
Turkey.....	12,892											
United Arab Republic:												
Egypt.....	33,220						33,069	1,323				
Syria.....	9,186	1,159										
Uruguay.....		2,288										
Vietnam.....	2,000			47.5								
Yugoslavia.....	7,349			50.0			66,138			3,968		
Total, agreements July 1, 1960, through Apr. 30, 1961.....	609,303	27,690	21,662	1,039.3	20,585	262,758	4,450	1,323	488	4,450	113,193	10
Total, agreements through June 30, 1960.....	1,301,041	249,866	45,652	4,541.8	285,673	262,376	4,037,913	14,465	488	183,856		
Total, agreements through Apr. 30, 1961.....	1,910,434	287,565	67,314	5,581.1	306,258	279,043	4,300,671	15,788	488	188,306	113,193	10

1 Includes quantities of wheat and rice for last 3 years of 4-year agreement signed May 4, 1960.

2 Feed grains total breaks down as follows:

Corn.....	Thousand bushels	14,043
Barley.....	Thousand bushels	15,136
Grain sorghums.....	Thousand bushels	8,520
Total.....	Thousand bushels	37,699

3 Nonfat dry milk.

4 Cottonseed oil and/or soybean oil.

TABLE III.—*Uses of foreign currency as provided in title I, Public Law 480, agreements signed July 1, 1960 through Apr. 30, 1961*¹

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

Country	Total amount in agreements (market value including ocean 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
Bolivia.....	3,300				2,475	825
Brazil.....	34,500				29,325	5,175
Ceylon.....	5,100		1,280	1,280	1,520	1,020
Chile.....	29,200			75	23,255	5,870
China (Taiwan).....	21,400	11,450		3,900	1,940	4,110
Ecuador.....	3,250			813	1,625	812
France.....	2,530					2,530
Greece.....	19,700				6,800	4,800
Iceland.....	1,815			2,100	1,361	454
India ³	1,050,800		443,065	52,605	443,065	112,065
Indonesia.....	19,700		7,387	985	7,388	3,940
Iran.....	21,535			1,632	14,152	5,751
Korea.....	35,970	31,540		770		3,660
Pakistan.....	29,000		10,145	2,870	10,145	5,840
Poland.....	130,000					130,000
Turkey.....	25,400	3,940		2,670	13,710	5,080
United Arab Republic:						
Egypt.....	62,800		9,400	9,400	31,400	12,600
Syria.....	18,600			2,800	12,100	3,700
Uruguay.....	3,200			800	1,600	800
Vietnam.....	10,000	5,000		2,500		2,500
Yugoslavia.....	30,400		13,680		13,680	3,040
Total, agreements July 1, 1960 to Apr. 30, 1961.....	1,552,200	51,930	484,957	85,200	615,541	314,572
Total, agreements through June 30, 1960.....	4,852,603	332,826	566,832	327,464	2,210,299	1,415,182
Total, agreements through Apr. 30, 1961.....	6,404,803	384,756	1,051,789	412,664	2,825,840	1,727,754
Uses as percent of total.....	100.0	6.0	16.4	6.5	44.1	27.0

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) (1), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), and sometimes (d) insofar as specified in agreements.³ Amounts shown in this column may differ from amounts on table I, which reflects purchase authorizations transactions.

The CHAIRMAN. Thank you very much, Mr. Secretary.

Are there any questions?

Mr. Hoeven?

Mr. HOEVEN. Mr. Secretary, I have often expressed my feeling of late that, Public Law 480 has gotten clear away from its original concept, in that we are now embarking on a worldwide relief program. Is that your conception of the function of Public Law 480?

Secretary FREEMAN. No, sir.

I hope that the statement, Mr. Hoeven, made clear that I think that it has a dual purpose of providing, first, markets, promotion for additional markets, strengthening of American domestic agriculture, tied to American foreign policy, and the use of our agricultural abundance as a part of our economic aid program on a planned, country-by-country basis as a part of the American foreign policy, and I think that the two go together.

Mr. HOEVEN. Your statement is replete with references to foreign aid, for instance, on page 9, in the third paragraph, I find the following:

There are many opportunities for localized work projects in underdeveloped areas, particularly in Africa and the Near East where there are substantial numbers of people who are underemployed and underfed. Projects which are carried on include land clearing, irrigation and drainage ditches, cisterns, feeder roads, and schools.

Such projects are not under the jurisdiction of the Department of Agriculture, are they?

Secretary FREEMAN. No.

Mr. HOEVEN. Mr. Secretary, are you going to surrender the rights and prerogatives of the Department of Agriculture to the State Department?

Secretary FREEMAN. No.

Mr. HOEVEN. I call your attention to page 44 of the bill, beginning on line 3, which reads, as follows:

(3) Section 106 is amended by inserting "with regard to" before "the nations" in the second sentence thereof and by striking, "and to determine" in such sentence.

What do you mean by that?

Secretary FREEMAN. This is covered, Mr. Hoeven, in the testimony on page 8. If you will turn, Mr. Hoeven, to page 8 of the prepared statement, the second paragraph, referring to the change in wording of section 106 to which you refer, this change would not in any way alter our present actual practices which inevitably involve a determination by the President as to what countries we will enter into any arrangements with.

However, you will note there is very carefully stated here, and it is so in the bill, that in terms of the final responsibility in connection with the amounts and kinds of quantities, that this remain as it has with the Department of Agriculture and the Secretary of Agriculture.

Mr. HOEVEN. You are surrendering your authority to determine the nations and giving that authority to the Department of State.

Secretary FREEMAN. No, sir; that is the authority that the Secretary, Mr. Hoeven, has never had.

Mr. HOEVEN. Well, now, may I call your attention to section 106, Public Law 480 which reads in part as follows:

The Secretary of Agriculture is also authorized to determine the nations with whom agreements shall be negotiated, and to determine the commodities and quantities thereof that may be included in the negotiations with each country after advising with other agencies of Government affected and within the broad policies laid down by the President for implementing this Act.

The change that you contemplate would have that sentence read, as follows:

The Secretary of Agriculture is also authorized to determine with regard to the nations with whom agreements shall be negotiated—

and you strike out the words "and to determine." So you are surrendering to the State Department the authority to determine the nations involved.

Is there any other purpose for such an amendment?

Secretary FREEMAN. If I might respectfully disagree with you, Mr. Hoeven.

Mr. HOEVEN. Then what is the purpose of the amendment?

Secretary FREEMAN. The purpose of the amendment is to put in law what has been the practice; and that is, that the President determines what nations we enter into any kind of agreements with.

And I think this is the basic constitutional law, and in practice, obviously, has been the case, and will continue to be the case. And this amendment merely effectuates and places in the law what is now, and I would respectfully submit, will necessarily always be, the practice.

Mr. HOEVEN. Mr. Secretary, this proposed change is the first departure from the original authority you have now. I very much fear that the Secretary of Agriculture and the Department of Agriculture stand ready to surrender to the State Department that part of the Public Law 480 program.

Secretary FREEMAN. I would just comment, as I previously answered your question, that the Secretary of Agriculture and the Department of Agriculture feel that the program should be administered through that Department.

This statement makes it clear that the program, as it has now been operating, would be continued under this law. And it would be my intent and purpose that it should.

Mr. HOEVEN. I would very much regret to see the Secretary of Agriculture surrender his rights and prerogatives to the State Department which would be far removed from the original concept of the legislation.

The CHAIRMAN. Mr. Poage?

Mr. POAGE. For several weeks we have been hearing the objection that this places too much power in the hands of the Secretary of Agriculture.

That has been the theme of a great many people who have been propagandizing the country against the bill. They say this bill would delegate too much authority to the Secretary of Agriculture.

It is, therefore, interesting to now hear that the bill takes away too much power.

If we get an average between these people who are objecting to this bill, we would have to agree that this is a very fine farm bill, it would seem to me.

Mr. HOEVEN. Will the gentleman yield?

Mr. POAGE. Certainly.

Mr. HOEVEN. Regarding the unusual authority being given to the Secretary of Agriculture, I refer specifically to title I. We are now discussing title II.

Mr. POAGE. These people who are objecting to granting authority to the Secretary of Agriculture and these people who are objecting to taking it away from him—if we could average their objections out it seems to me that we would have a nice thing and everybody would be happy.

Mr. HOEVEN. Is the gentleman ready to have the Secretary of Agriculture surrender his rights and prerogatives to the State Department? The gentleman has complained about this same thing before.

Mr. POAGE. To my mind, it is just as silly to talk about the Secretary surrendering his powers here as it is to talk of granting dictatorial powers in section I.

Under section I we all know that the bill circumscribes the existing powers of the Secretary. Whether it circumscribes them as much as you want is another question, but whatever limitations there are, they are limitations. Whatever the effect of the Advisory Committees may be, whatever the effect of the congressional review, it is a limitation on the existing powers of the Secretary which are practically unlimited as the law now stands.

At the present time, under section 301 of the Agricultural Act of 1949, he can establish price support programs for almost all commodities in the United States.

And under 401(c), he can establish conditions of eligibility to participate in those price support programs.

The proposed law would at least place some limitations upon that power. Whether it is adequate or not is another question. But to say that it makes a czar out of the Secretary is utterly ridiculous.

I don't want the Department of State to take over any of the functions of the Department of Agriculture but there is no sense in saying that the President of the United States is not in control of the Secretary of Agriculture.

With all due respect to Mr. Freeman, and I think he is a very able and independent Secretary of Agriculture, the President of the United States does control the policies of his Department and always should.

We did not elect Orville Freeman. We elected Jack Kennedy, and the people can only have response to their wills through the White House and not through any Department. Whether you say the President makes this decision or whether you say the Secretary makes it, it is all the same.

There is not any Secretary, and I doubt that you can name one that ever lived, that lasted as Secretary very long who disagreed with the President's viewpoints, because the President has the right to remove him.

I would not place authority in the Department of State, but you can't keep authority out of the hands of the President by saying that it belongs to the Secretary of Agriculture.

It is not going to make a difference in the world. It is just another one of those bugaboos that are being set up here to try to discredit an effective program, as are the attacks upon title I, which claim that the bill is setting up the Secretary as a czar.

I want to ask you some questions, if I may, now, Mr. Secretary.

I noticed you want to extend the law for 5 years and suggest that that would let us make more stable programs for a longer period of time with foreign nations.

I certainly agree with that. We need to make longtime commitments.

Can we not make longtime commitments even if we had only a 1-year act or a 2- or 3-year act?

Can we not make commitments for 10, 15, 20, 40 years?

Secretary FREEMAN. We could, Mr. Poage, but if we only had a 1-year authorization, why, then, whatever we have would go only to the one country and does not give us a broad base on which to operate.

Mr. POAGE. You have provided it in another portion of the bill that we extend the authority to make commitments for another 10 years—you have that somewhere.

Secretary FREEMAN. Yes.

Mr. POAGE. You are right now paying soil-bank contracts you have not any authority to enter into any more?

Secretary FREEMAN. That is correct.

Mr. POAGE. We stopped the soil-bank program, but we did not repudiate the contracts which were entered into under it. All I am trying to suggest is for whatever period of time we fix for the extension of this act, it seems to me that during that time we should provide for longtime agreements with the recipient nations.

Secretary FREEMAN. Correct.

Mr. POAGE. Would you agree with me that regardless of the period of time for which we extend this bill, whether it be for 1 year or 5 years, or 3 years or 2 years, that we should make specific provision for longtime agreements?

Secretary FREEMAN. Yes; this is the basic element here so that we can plan with some assurance, and so can they, over more than a short period.

Mr. POAGE. Do you think that the time now granted in title IV is adequate?

Secretary FREEMAN. Title IV?

Mr. POAGE. Yes; title IV now provides that payment may be made for equal amounts over the period not to exceed 20 years from the date.

Frankly, last year before we adopted this title IV, I had suggested that we should make our commitments for an even longer period of time, and that we should extend our credit periods for a longer period of time. It seems to me that we are too restrictive in both of those now, having a 10-year limitation upon the agricultural products that are being delivered and a 20-year limitation upon the terms of payment.

Secretary FREEMAN. Right.

Mr. POAGE. I have felt that we might even give 20-year periods of development for a nation. I think it is extremely important that these developing nations, particularly, be able to make contracts with the United States which they know may be carried out for a long period of time, that they may develop their resources in reliance upon these programs and they may have an extended period of time after that period of development in which to make the repayment.

Secretary FREEMAN. I think there was real merit in that. And if this committee in its judgment felt there should be a further extension of title IV in terms of time, there certainly would be no objection from the Department.

The CHAIRMAN. This committee has said over and over again what Mr. Poage just finished saying, that you can enter into agreements beyond the expiration date of the act. We have been saying over and over again in our reports, that it was the hope of this committee that you would enter into longer term agreements.

Secretary FREEMAN. The long-term commitments I think Mr. Poage is referring to are the title IV, are they not?

Mr. POAGE. That is what I am referring to.

Secretary FREEMAN. The India one.

The CHAIRMAN. I know we made that. You have the authority in the law now to make long-term commitments.

Secretary FREEMAN. That is right.

Mr. POAGE. For 10 years.

Secretary FREEMAN. For 10 years.

The CHAIRMAN. Yes.

Mr. POAGE. It has been my feeling that was too short. I know the committee did not agree with me last year. They may agree with me this year. I felt last year and still feel this year that it would be well if we could make commitments for a period of 20 years and provide for repayment over a period of 40 years.

Secretary FREEMAN. I can assure you, Mr. Poage, that we would not in any sense oppose additional time. We considered recommending it and the committee had acted favorably on that before. We certainly are not opposed to such a time schedule.

Mr. POAGE. There is a third feature. I think we have got to lower this interest rate. That is the third feature that I think will make title IV work. The present law provides as to long-term credit supply contracts that:

Payment for such commodities shall be in dollars with interest at such rate as the Secretary may determine but not more than the cost of the funds to the U.S. Treasury as determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States having maturity comparable to the maturities of loans made by the President under this section. Payment may be made in approximately equal annual amounts over periods of not to exceed 20 years from the date of the last delivery of commodities in each calendar year under the agreement and interest shall be computed from the date of such last delivery.

Under that provision, you have the right at the present time to establish a lower interest rate, and I think that that interest rate should be competitive in the world market. As I see it, by "competitive," we mean 2 percent. While the Soviet by restrictive measures never gives an effective 2 percent rate, nevertheless, the advertised rate is 2 percent and all of the developing nations of the world feel they are getting 2 percent when they get it from the Soviet.

On the other hand, we are charging 4 percent. You have not made any of these loans, but you have to charge 4 percent wherever you do, do you not?

Secretary FREEMAN. Yes.

Mr. POAGE. The difference between 2 and 4 percent makes a difference of just 100 percent in the cost of the loans to these developing countries. It makes no difference to us, and here is the reason: We are carrying this wheat at a cost that will run anywhere from 15 percent a year up in the United States. Will it not?

Secretary FREEMAN. Yes.

Mr. POAGE. Now, if we sold that wheat and got only 2 percent, it seems to me that we would be making about 17 percent instead of 2 percent, because it is costing us on the order of 15 percent a year to carry that wheat; and every year we carry it, it is a dead loss to the U.S. Government. Why should we not sell it at 2 percent interest? Why should we let the difference between 2 and 4 percent be the determining factor of whether we get rid of that 15-percent cost? We know we would make 17 percent if we got rid of it at 2 percent. We would make 19 percent if we got rid of it at the rate you are now charging. And 19 percent is a pretty usurious rate, in the first place.

I am talking about disposal of the surplus commodities. Consequently, we are not in the same situation as if we went out here buying quantities and selling them.

Do you not think that is true?

Secretary FREEMAN. Yes, sir; I am informed by the people who are operating this Department at this point, the interest has not been a problem but the discretion is in the Secretary to lower that interest rate. And should it become a problem we will become prepared to do so.

Mr. POAGE. It will become a problem whenever you exercise the authority under section IV. Nobody has made any title IV loans, have you?

Secretary FREEMAN. No.

Mr. POAGE. Consequently, the problem has not come up. I like to hear you say—it is rather important—that when it becomes a problem you will be able to deal with it.

Secretary FREEMAN. We are very concerned with and are pushing very actively on title IV agreements and expect that in the near future that some will be consummated. This is getting a lot of attention, I can assure you.

Mr. POAGE. Do you not think that we ought to put more emphasis on title IV, and less on title I?

Secretary FREEMAN. In some instances, I think we will.

Mr. POAGE. I hope, Mr. Secretary, that unlike the past administration, you will not urge foreign nations to take title I instead of title IV.

Secretary FREEMAN. I do not expect to.

Mr. POAGE. Good. That is all.

The CHAIRMAN. Mr. McIntire.

Mr. MCINTIRE. Many of us on the committee, Mr. Secretary, are very much interested in development work. There has been some very constructive work done in Western Europe. My understanding is that there are some negotiations going on at the present time in relation to the free market areas. How are these negotiations developing, especially with regard to agricultural commodities?

Secretary FREEMAN. Well, first, the negotiations have been extremely involved and difficult, as I am sure that you know, Congressman. The first step has been to try and resolve a common trade agreement between the common countries themselves in connection with agricultural products.

And, of course, the second phase would be a tariff study for all of them.

We have now moved from the first into the second phase. We are not completely satisfied with the results of the first phase. Particularly, as the potential of variable tariff rates remain in the picture. But we were able to accomplish some of our objectives and will continue to bargain hard and hopefully in this second round in relation to other commodities.

Mr. MCINTIRE. I suppose those who are negotiating on behalf of the United States and the countries involved in the common market are fully aware of the impact that their industrial production has on our economy here, as these exported goods come into our markets. Both sides of the negotiations appreciate that?

Secretary FREEMAN. I am sure that they do. I have personally met with our negotiators and brought that fact to their attention, which I felt was not actually necessary.

Mr. McINTIRE. Is there anything further that needs to be done in relation to the administrative work of Public Law 480 in this regard, or do you have the tools necessary to negotiate effectively in this area?

Secretary FREEMAN. You are referring now to the negotiations with the six or with the promotion under Public Law 480?

Mr. McINTIRE. I am referring mostly to the negotiations with the six.

Secretary FREEMAN. So far as I know, we have the administrative tools to work with. It is a question of being able to reach an agreement.

Mr. McINTIRE. In the tables which you have attached to your statement, Mr. Secretary—I have not had a chance to look them over in detail—but do they set forth what you consider to be the total commitments under a 5-year extension of this act so that this committee has an appraisal of the dollar estimate of what your recommendations involve in this title II? Do the tables give that information?

Secretary FREEMAN. If I understand you rightly, it was the projection of what would be committed during the 5 years extension for which we are making requests?

Mr. McINTIRE. Is it your estimate under the authority that you are asking for here?

Secretary FREEMAN. Those commitments would be limited to the \$7.5 billion to be extended; no more than \$2.5 billion each year.

Mr. McINTIRE. This is set forth?

Secretary FREEMAN. That is set forth in the bill.

Mr. McINTIRE. Thank you very kindly, sir.

The CHAIRMAN. Mr. Albert.

Mr. ALBERT. Mr. Secretary, turning to the market development question which Mr. McIntire asked about, in 1959 the Chairman set up a study group to go to Western Europe to study the situation with respect to the purchase of American agricultural commodities there. I have here figures for Japan and Western Europe up to 1959. I do not have the figures for 1960. I hope you can furnish them. But steadily from 1957 to 1959, there has been a decline in wheat sales to those countries with only one minor exception, Norway. There was a decline in the sales of wheat and wheat products to Western Europe. Starting from 5,868,800 tons to 2,972,800 tons.

During the same period, Canada little more than held her own. We were a little ahead of Canada in 1957. They went from 5,754,700 tons to 5,879,800 tons, during the same period.

While the impact was not large, the U.S.S.R. increased their share from 88.2 to 772.8, or about eight times over that same period of time.

We were wondering whether that situation has been improving or whether the title IV can be used to improve the situation or whether other provisions of the law such as bartering can be used to improve the situation, and whether the Department has looked into some of the complaints that we were given at the time other than these that I have just mentioned, which we were told were responsible for the dropoff in American exports of food and fiber.

Briefly summarized: (1) quality and condition of exports; (2) pricing—we were in a surprising situation where other nations were subsidizing—and while we were subsidizing, we were subsidizing a little less than some of the other nations, and naturally, we were in a bad situation on the competitive basis by reason of that fact; (3) lack of Government sales promotion forces all over. There is no question about it. We have fine agricultural attachés but their staffs are small and their operations limited.

What are the plans to try to increase our sales to the best market in the world, the Western European market? And for the most part that is a hard currency market.

Secretary FREEMAN. We have been cooperating and working closely with the Great Plains Improvement Group and others, Congressman Albert. And there is a very concentrated effort underway to meet some of the quality and control problems to which you refer that are very real. They are not simple to meet because we have not been as careful, perhaps, as we might have been in terms of keeping track, precisely, of what we have and exactly of what we are producing and in terms of what is going to be wanted, particularly by bakers in producing the various wheat products for human consumption.

I participated in a dedication of a milling center at Manhattan, Kans., in which a lot of research is going forward in an effort to bring about some kind of standardization. And then meetings are going forward within the producers and related groups, professors and handlers, so that we can know what we have and can better describe it and can in some areas upgrade it in relation to its end product.

Together with the fact that we seemingly have an abnormal amount of breakage, much more so than Canada, the Argentine, or the Soviet in handling. This is being reviewed. It may very well be that our mass systems of handling result in abnormal destruction.

And we need, also, I think, proper descriptions. We are starting on a voluntary basis, and getting good cooperation, generally, so that we will have correct and proper descriptions and will stay within them in relation to the consumer or the purchaser from the foreign nations' viewpoint. We are definitely working on it.

Mr. ALBERT. Do you see any opportunity for increasing title IV programs in Western Europe?

Secretary FREEMAN. Would you answer that title IV in Western Europe question? I do not feel qualified to answer that.

Mr. IOANES. I would say that the southern part of Europe offers possibilities.

Mr. ALBERT. What about barter?

Mr. IOANES. Those countries have some strategic materials and so I think barter would be a possibility.

The CHAIRMAN. Will you yield there?

Mr. ALBERT. Yes.

The CHAIRMAN. Mr. Albert pointed out that our exports to these large Western countries have decreased substantially. I think Mr. Ioanes knows this. Is it not true that barter is not permitted in any of those areas?

Mr. IOANES. There is much less barter in the hard-money market today.

The CHAIRMAN. Has there been any barter recently?

Mr. IOANES. There is less in those countries of Europe, substantially, than there was several years ago.

The CHAIRMAN. The whole barter program has been less. I want to request, Mr. Secretary, if you will yield further, that you put in the full record information on the barter transactions, the cost of the commodities involved, their value, and the countries with which you have barter transactions, as well as some information on the storage cost of the commodities involved. I understand that you saved us \$5 million last year on storage costs.

Secretary FREEMAN. We will be happy to do that, Mr. Chairman. We have the figures here and we will insert them in the record.

(The information follows.)

Barter transactions negotiated

[In thousands]

Year	Value	
	Calendar year	Fiscal year
1954.....	\$95,400	-----
1955.....	235,500	\$281,800
1956.....	414,200	315,800
1957.....	130,700	272,600
1958.....	95,500	65,100
1959.....	191,700	158,100
1960.....	128,300	158,300
1961 (through Mar. 31).....	90,000	129,600
Total.....	1,381,300	1,381,300

Estimated cost for 1 year's storage for the agricultural commodities exported under barter transactions during fiscal year 1960

Commodity	Quantity (In thousands)	Unit of measure	Annual storage rate used	Estimated storage costs (In thousands)
Wheat.....	25,534	Bushels.....	\$0.13505	\$3,448
Corn.....	27,164	do.....	.13505	3,668
Barley.....	14,819	do.....	.13505	2,001
Grain sorghums.....	11,645	do.....	.13505	1,573
Rice.....	683	Hundred-weight.....	.72	492
Soybeans.....	1,426	Bushels.....	.13505	193
Oats.....	1,177	do.....	.1022	120
Cotton.....	112	Bales.....	5.00	560
Tobacco.....	29,407	Pound.....	.003	88
Nonfat dry milk.....	458	Hundred-weight.....	.72	330
Butter.....	154	do.....	1.98	305
Cheese.....	115	do.....	1.56	179
Total.....	-----	-----	-----	12,957

Value of material delivered under barter transactions

[In thousands]

Year	Value	
	Calendar year	Fiscal year
1954.....	\$15,600	-----
1955.....	123,500	\$82,600
1956.....	218,200	177,300
1957.....	245,400	252,000
1958.....	191,900	203,900
1959.....	198,100	174,300
1960.....	163,900	187,500
1961 (through Mar. 31).....	50,500	129,500
Total.....	1,207,100	1,207,100

Value of materials (includes supply materials) delivered by country from July 1, 1954-Mar. 31, 1961

[In thousands]

Country	Value	Country	Value
Africa (not otherwise identified).....	\$122,937	Morocco.....	\$4,638
Angola.....	123	Mozambique.....	20,372
Argentina.....	3,295	Netherlands.....	5,657
Australia.....	21,931	New Caledonia.....	3,418
Bechuanaland.....	791	Nigeria.....	429
Belgian Congo.....	19,468	Norway.....	12,296
Belgium.....	22,165	Nyasaland.....	48
Bolivia.....	1,973	Pakistan.....	78
Brazil.....	23,358	Peru.....	17,179
British Guiana.....	8,262	Philippines.....	27,252
Canada.....	110,575	Rhodesia.....	32,347
Ceylon.....	303	South Africa.....	145,577
Chile.....	2,008	Spain.....	5,631
China (Taiwan).....	121	Surinam.....	12,082
Colombia.....	1,347	Sweden.....	4,870
Cuba.....	739	Tasmania.....	612
France.....	85,742	Thailand.....	4,406
West Germany.....	41,751	Trieste.....	584
Ghana.....	14,200	Trinidad.....	9,568
Greece.....	7,742	Turkey.....	79,925
India.....	42,159	Uganda.....	63
Israel.....	275	United Kingdom.....	36,693
Italy.....	23,559	United States ¹	14,463
Jamaica.....	51,738	Yugoslavia.....	10,904
Japan.....	88,541	Venezuela.....	228
Korea.....	391		
Madagascar.....	1,539	Total.....	1,206,376
Mexico.....	60,023		

¹ Represents materials acquired in the United States and exported under ICA programs, payment being made with agricultural commodities which, in turn, were exported from the United States.

Acquisition cost and present market value of stockpile materials delivered under barter transactions July 1, 1954, through Mar. 31, 1961

[In thousands]

Material	Acquisition cost	Present market value
Aluminum oxide, abrasive crude.....	\$20,493	\$24,208
Antimony.....	9,586	8,840
Asbestos, amosite.....	1,492	1,514
Asbestos, chrysotile.....	891	1,160
Asbestos, crocidolite.....	1,722	2,340
Bauxite.....	81,649	108,035
Beryl ore.....	1,882	2,760
Beryllium copper master alloy.....	24,366	24,547
Bismuth.....	3,255	3,436
Boron minerals, Turkish.....	4,070	4,580
Cadmium.....	10,851	10,574
Chrome ore, metallurgical.....	22,022	16,682
Chromite, chemical grade.....	4,058	4,570
Chromite, refractory.....	4,412	4,766
Chromium metal, electrolytic.....	3,956	4,030
Chromium metal, exothermic.....	8,822	8,891
Cobalt metal.....	4,610	3,114
Columbite ore.....	429	615
Copper.....	13,211	13,331
Diamonds, boart.....	11,231	12,000
Diamonds, stones.....	142,970	150,068
Earths, rare.....	2,244	2,244
Ferrochrome.....	265,161	397,824
Ferrochrome, silicon.....	18,335	18,490
Ferromanganese.....	104,765	124,678
Fluorspar.....	17,236	23,108
Graphite.....	303	303
Iodine.....	3,266	3,266
Lead.....	59,818	49,060
Manganese metal, electrolytic.....	2,537	3,092
Manganese ore, battery grade.....	9,248	11,078
Manganese ore, chemical grade.....	4,142	4,490
Manganese ore, metallurgical.....	47,519	88,276
Mercury.....	5,776	5,776
Mica.....	9,168	16,144
Palladium.....	11,989	15,675
Platinum.....	6,887	7,216
Quartz crystals (raw).....	3,022	3,281
Ruthenium.....	532	855
Rutile.....	1,814	1,994
Selenium.....	1,049	1,021
Silicon carbide.....	23,268	28,251
Silk.....	2,917	2,917
Thorium nitrate.....	9,128	10,080
Tin, pig.....	16,907	16,907
Titanium sponge.....	32,617	23,520
Waterfowl feathers and down.....	1,561	1,561
Zinc.....	86,321	77,760
Zirconium sponge.....	3,211	3,211
Total.....	1,126,719	1,352,139

Storage costs, barter materials, stockpile inventories, fiscal year 1960¹

Strategic and critical materials	CCC inventory ²	Supplemental stockpile	Total
Aluminum oxide, crude.....	\$23,593	\$10,545	\$34,138
Antimony metal.....	10,856	5,019	15,875
Asbestos.....		16,384	39,526
Amosite.....	8,785		
Crocidolite.....	14,357		
Bauxite.....	446,268	41,073	487,341
Beryl.....	367	2,272	2,639
Beryllium copper master alloy.....	7,062		7,062
Bismuth.....	112	657	769
Cadmium.....	1,115	3,737	4,852
Chromite.....		83,044	168,959
Chrome ore:			
Chemical grade.....	64,973		
Refractory grade.....	15,566		
Turkish metallurgical grade.....	5,376		
Chromium metal.....	39,322		39,322
Cobalt.....		642	642
Colemanite.....	35,143	3,281	38,424
Columbite.....	2,694	98	2,792
Copper.....		1,290	1,290
Ferrochrome:			
High carbon.....	114,751		114,751
Low carbon.....	84,466		84,466
Ferromanganese.....	5,734		5,734
Fluorspar.....		40,528	106,377
Acid grade.....	57,375		
Metallurgical grade.....	8,474		
Graphite.....		3,665	3,665
Iodine.....		358	358
Lead.....	21,378	26,403	47,781
Manganese.....		67,756	180,326
Manganese ore:			
Chemical grade.....	3,713		
Metallurgical grade.....	102,749		
Natural, battery grade.....	6,108		
Mercury.....	1,462	395	1,857
Mica.....	4,751	6,338	11,089
Palladium.....	663		663
Quartz crystals.....	52,195	115	52,310
Rare earths.....		5,811	5,811
Ruthenium.....	202		202
Rutile.....	684		684
Selenium.....	1,608	131	1,739
Silicon carbide.....	31,652	22,125	53,777
Thorium nitrate.....	51,843		51,843
Tin.....	18,767	281	19,048
Titanium sponge.....	32,159	17,424	49,583
Zinc.....	49,909	33,247	83,156
Total.....	1,326,232	392,619	1,718,851

¹ Senate Committee Print No. 10, 86th Cong., 2d sess., "Additional Report of the Joint Committee on Reduction of Nonessential Federal Expenditures Congress of the United States pursuant to Section 601 of the Revenue Act of 1941 on Federal Stockpile Inventories September 1960 With Special Table Showing Storage Costs—Fiscal Year 1960."

² Includes both storage and handling (handling charges include transportation to stockpile sites where such costs were not covered in contract price).

Value of agricultural commodity exports under barter contracts by destination, July 1, 1954, through Dec. 31, 1960¹

[In thousands of dollars]

Country	Total, 1954 through Dec. 31, 1960	Country	Total, 1954 through Dec. 31, 1960
Aden	30	Korea	3,679
Algeria	975	Kuwait	141
Angola	22	Lebanon	3,715
Australia	7,103	Liberia	151
Austria	35,025	Libya	8
Azores	261	Luxembourg	141
Bahamas	29	Madeira	160
Bahrein	22	Malta	624
Belgium	117,479	Malaya, Federation of	849
Bermuda	69	Mexico	18,191
Bolivia	3,721	Morocco	490
Brazil	12,743	Mozambique	2,435
British Guiana	12	Netherlands	139,547
British Honduras	29	Netherland Antilles	37
Canada	2,925	New Zealand	9
Canal Zone	138	Nicaragua	215
Canary Islands	5,120	Nigeria	1,738
Ceylon	1,315	Norway	23,772
Chile	3,098	Okinawa	824
China (Taiwan)	8,007	Pakistan	49
Colombia	7,717	Panama	175
Congo, Republic of the	2,042	Peru	11,531
Costa Rica	220	Philippines	7,328
Cuba	5,463	Portugal	5,573
Cyprus	1,816	Portuguese India	40
Denmark	7,893	Qatar	10
Dominican Republic	338	Rhodesia and Nyasaland, Federation of	466
Ecuador	33	St. Pierre and Miquelon	32
El Salvador	775	Saudi Arabia	697
Ethiopia	165	Sierra Leone	50
Finland	4,250	Spain	12,623
France	58,022	Sweden	14,477
French Somaliland	144	Switzerland	3,250
French West Africa	1,609	Thailand	4,537
West Germany	135,571	Trieste	1,371
Ghana	2,665	Tunisia	938
Greece	11,613	Turkey	17,584
Greenland	36	Union of South Africa	5,065
Guam	53	United Arab Republic:	
Guatemala	755	Egypt	8,923
Haiti	2,198	Syria	4,719
Honduras	103	United Kingdom	² 255,811
Hong Kong	13,317	Uruguay	1,200
India	7,636	Venezuela	1,295
Indonesia	1,604	Virgin Islands	77
Iran	748	West Indies Federation ³	1,389
Iraq	1,174	Yugoslavia	3,614
Ireland	31,849	Others ⁴	14,622
Israel	16,880		
Italy	30,286		
Japan	140,013	Total	1,260,944
Jordan	1,661		

¹ Commodity values at export market prices. Includes partial estimate for December 1960.

² Includes data for other British Commonwealth countries for contracts entered into prior to July 1957. It is estimated that about 86 percent of the value shown covers shipments to the United Kingdom; the remaining 14 percent covers shipments to other countries of the British Commonwealth, including Australia, Canada, and Union of South Africa.

³ Includes Jamaica, Trinidad, and unidentified sections.

⁴ Includes shipments for which documents listing country of destination have not been processed and small quantities to British West Africa, Surinam, Iceland, Vietnam, British Cameroons, Cape Verde Islands, Muscat and Oman, and Puerto Rico.

Mr. POAGE. Will you yield there?

Mr. ALBERT. Yes.

Mr. POAGE. Let me ask you to also show where the American products went. It seems some part of the barter commodities went to Italy—wheat went to Germany, and it reduced the actual cash market that we already had in those countries.

Secretary FREEMAN. That is one of the problems, as you well know.

Mr. ALBERT. Mr. Chairman, I would like permission to have this table whose source is the Foreign Agricultural Service, Publication FAS-M-53, inserted in the record. And ask the Secretary and his associates whether they might bring this up to date and include the 1960 figures if they are available. Are they available?

Mr. IOANES. Yes.

Mr. ALBERT. They show an improvement?

Mr. IOANES. That is right. Yes, sir.

The CHAIRMAN. Without objection permission is granted.

(The table follows:)

Wheat and wheat flour

[Thousand metric tons]

	United States			Canada			U.S.S.R.		
	1957	1958	1959	1957	1958	1959	1957	1958	1959
Austria.....	75.8	34.0	35.2	36.2	65.9	83.2		10.0	10.9
Belgium.....	482.2	59.0	131.8	444.1	366.7	316.7		3.2	24.9
France.....	848.4	.5	72.9	95.5	20.5	36.3			231.5
West Germany.....	972.9	566.5	444.9	1,074.8	822.5	918.7			15.3
Ireland.....	35.8	9.9	17.4	92.1	50.4	115.2			
Italy.....	349.8	256.9	147.6	90.5		35.5			
Japan.....	1,361.1	1,406.0	932.0	895.2	1,028.9	1,184.4			
Netherlands.....	581.9	215.1	351.7	339.8	568.0	273.8		7.2	270.9
Norway.....	77.9	39.9	131.8	121.6	93.8	99.9	78.1	117.5	86.9
United Kingdom.....	1,083.0	612.1	707.5	2,544.9	2,867.1	2,816.1	10.1	55.2	132.4
Total.....	5,868.8	3,199.9	2,972.8	5,734.7	5,883.8	5,879.8	88.2	193.1	772.8

Source: Foreign Agricultural Service Publication FAS-M-53, dated April 1959 and revised July 1960.

Wheat and flour: World exports by country of origin and destinations, fiscal year 1960¹ (year ending June 30)

[Thousand metric tons]

Destination	Exporting countries							
	United States ²	Canada	Australia	Argentina	France	U.S.S.R.	Others	World total
North America, Central America, and Caribbean:								
Canada	60.5		(³)					60.5
Mexico	2.6							2.6
United States		96.0	(³)					96.0
British Honduras	7.3	.4						7.7
Canal Zone	.4							.4
Costa Rica	28.1	18.7						46.8
El Salvador	21.7	11.3						33.0
Guatemala	55.8	3.4						59.2
Honduras	17.8	1.9						19.7
Nicaragua	11.0	8.8						19.8
Panama, Republic of	21.1	8.2						29.3
Bahamas	.1	7.6						7.7
Barbados	5.9	7.2						13.1
Bermuda	.1	3.0						3.1
Cuba	242.1	5.5						247.6
Dominican Republic	28.0	13.1						41.1
French West Indies		.1			50.0			50.0
Haiti	39.5	.1						39.6
Jamaica	25.9	44.3	(³)					70.2
Leeward and Windward Islands	1.7	29.0						30.7
Netherlands Antilles	11.4	3.5						14.9
Trinidad and Tobago	25.1	50.3	(³)					75.4
Others	.9	.4			42.2		11.4	54.9
Total	607.0	312.8	.1		92.2		11.4	1,023.5
South America:								
Argentina	19.2							19.2
Bolivia	54.3	(³)			2.7		15.8	72.8
Brazil	918.9	(³)		910.5	51.5			1,880.9
British Guiana	29.2	7.5					.5	37.2
Chile	32.6	.5		50.0	3.7			86.8
Colombia	72.8	22.1						94.9
Ecuador	13.6	26.5						40.1
French Guiana					2.3			2.3
Paraguay				75.8			2.5	78.3
Peru	135.2	74.2		145.9	.7			356.0
Surinam	9.2	2.1						11.3
Venezuela	218.5	93.7		5.1				317.3
Uruguay	220.5			10.9				231.4
Total	1,724.0	226.6		1,198.2	60.9		18.8	3,228.5
Europe:								
Austria	35.3	95.8	17.8	21.0		11.2	136.7	317.8
Belgium-Luxembourg	89.9	297.9	.2	31.7	6.3		6.0	432.0
Denmark	19.6	4.1		1.6	19.8		139.7	191.5
Finland		25.3				221.8		247.1
France	.1			79.5		7.1	181.7	401.8
Germany, West	277.3	696.8	102.9	274.2	461.0	36.0	223.3	2,071.5
Greece	57.8	10.6	(³)					68.4
Iceland	10.6	.3			2.2			13.1
Ireland	1.1	36.4					11.3	48.8
Italy	197.3	59.3		66.0				322.6
Netherlands	317.3	221.1		104.5	43.1	218.7	337.3	1,242.0
Norway	72.3	86.4		15.0	24.8	99.3	2.9	300.7
Portugal	21.8	.5	(³)	9.7	12.1		8.4	52.5
Spain	21.4				.3		.4	22.1
Sweden	3.2	1.1						4.3
Switzerland	24.4	222.0		8.0	43.9	9.1	25.4	332.8
United Kingdom	627.0	2,560.8	612.9	270.3	127.0	114.0	107.4	4,419.4
Cyprus			.2					.2
Malta			23.2					23.2
Others	25.0	47.3	18.7		1.0	26.1	5.8	123.9
Total, West Europe	1,801.4	4,499.1	775.9	881.5	741.5	750.0	1,186.3	10,635.7
Albania						⁴ 75.0		75.0
Czechoslovakia						⁴ 1,250.0		1,250.0
Germany, East						⁴ 1,750.0		1,750.0
Hungary						⁴ 134.9	33.3	168.2
Poland						⁴ 625.0		1,501.2
Rumania	743.6	132.6						3.0
	3.0							

See footnotes at end of table.

Wheat and flour: World exports by country of origin and destination, fiscal year 1960¹ (year ending June 30)—Continued

[Thousand metric tons]

Destination	Exporting countries							
	United States ²	Canada	Australia	Argentina	France	U.S.S.R.	Others	World total
Europe—Continued								
Yugoslavia.....	334.9					4 65.1	14.7	414.7
U.S.S.R.	(3)							(3)
Bulgaria.....						4 100.0	30.5	130.5
Total, East Europe.....	1,081.5	132.6				4 4,000.0	78.5	5,292.6
Total, all Europe.....	2,882.9	4,631.7	775.9	881.5	741.5	4 4,750.0	1,264.8	15,928.3
Africa:								
Algeria.....	4.7	61.4			388.6		35.6	490.3
Egypt.....	1,049.5		11.0		66.6		142.4	1,269.5
Libya.....	40.7				9.0		96.7	146.4
Madeira Islands.....	10.2							10.2
Morocco.....	65.8				3.4		51.7	120.9
Portuguese West Africa.....	.8	3.2						4.0
Sudan.....					38.3		46.2	84.5
Tunisia.....	87.6				30.8		1.1	119.5
Ethiopia.....	9.8						7.0	16.8
Angola.....	4.0						12.3	16.3
Belgian Congo.....	89.5	18.0	(3)		5.4		4.0	116.9
British East Africa.....	.5	.1	7.0				8.7	16.3
British West Africa, not elsewhere classified.....	6.1	.4						6.5
French Equatorial Africa.....	(3)				7.5			7.5
French West Africa.....	5.3				152.2		5.0	162.5
Ghana.....	28.0	45.9	.1					74.0
Liberia.....	2.7	.7						3.4
Madagascar.....					34.7			34.7
Mauritius.....			22.1					22.1
Nigeria and British Cameroons.....	68.5	13.9	(3)					82.4
Rhodesia and Nyasaland.....	.1	1.6	97.1					98.8
Sierra Leone.....		9.6						9.6
Mosambique.....	13.5	8.0	7.2					28.7
Union of South Africa.....	29.8	173.9	61.9					265.6
Canary Islands.....	69.0						2.6	71.6
Others.....	1.3	.1	1.5		13.7		.5	17.1
Total.....	1,587.4	336.8	207.9		750.2		413.8	3,296.1
Asia:								
Aden.....	(3)	.2	40.9				9.1	50.2
Arabian Peninsula, not elsewhere classified.....	6.4		18.7				5.6	30.1
Bahrain.....	8.3		7.4				.2	16.1
Iran.....	3.9	(3)	121.7		.2			145.7
Iraq.....	.6	67.2	229.9				20.1	297.7
Israel.....	220.9	42.0	9.9					272.8
Jordan.....	80.7		15.5		.5		17.7	98.9
Kuwait.....	12.9		15.5		.4		7.5	36.3
Lebanon.....	96.8	11.7	26.0	29.5	11.4		110.3	285.7
Saudi Arabia.....	80.6	1.1	8.4					90.1
Syria.....	70.1	.1			36.9		205.7	312.8
Turkey.....	373.2							373.2
Afghanistan.....	5.0							5.0
Burma.....	(3)	7.3	12.2					19.5
Ceylon.....	75.6	59.5	180.8		3.1		5.5	324.5
Communist China.....		.1						.1
Formosa.....	269.7		1.0					.7
Hong Kong.....	25.3	26.4	72.0		.2			123.9
India.....	3,144.6	179.5	319.3		.3			3,643.7
Indonesia.....	118.9	8.6	40.0		11.2		19.4	198.1
Japan.....	912.4	1,239.9	376.8			67.3		2,596.4
Republic of Korea.....	382.0							382.0
Malaya and Singapore.....	2.3	15.7	356.7		13.3		16.0	404.0
Pakistan.....	911.0	85.9	105.5					1,102.4
Philippine Republic.....	169.6	158.6	26.0					354.2
Portuguese Asia.....	1.8	5.4	5.5		1.6			14.3
Thailand.....	1.5	9.1	18.4					29.0
Vietnam, Laos, and Cambodia.....	65.9	4.2	(3)		2.9			73.0
Nansei and Nanpo Islands.....	12.0	13.9						25.9
Others.....	9.1		30.4				84.6	124.1
Total.....	7,061.1	1,936.3	2,023.1	29.5	82.0	67.3	501.7	11,701.0

See footnotes at end of table.

Wheat and flour: World exports by country of origin and destination, fiscal year 1960¹ (year ending June 30)—Continued

[Thousand metric tons]

Destination	Exporting countries							
	United States ²	Canada	Australia	Argentina	France	U.S.S.R.	Others	World total
Oceania:								
Australia.....								
New Zealand and dependencies.....	(³)	(³)	220.7					220.7
British Pacific Islands.....	(³)	.4	25.8					26.2
French Pacific Islands.....	(³)	(³)	.7		16.4			17.1
Others, unspecified.....	1.4	.3	16.4					18.1
Total.....	1.4	.7	263.6		16.4			282.1
Others, unspecified.....	68.8	155.2	41.8		23.4	82.7	131.0	502.7
World total.....	13,932.6	7,600.1	3,312.4	2,109.0	1,766.6	4,900.0	2,341.5	35,962.2
Equivalent, 1,000 bushels.....	511,936	279,256	121,710	77,493	64,911	180,044	86,034	1,321,384

¹ All data preliminary and subject to revision. Exports from U.S.S.R. and "Others," in part are based on import data from recipient countries.

² Includes flour not wholly of U.S. wheat, durum flour and semolina, and macaroni and macaroni products. Also includes exports for relief or charity.

³ Less than 50 metric tons.

⁴ FAS estimates of U.S.S.R. exports to East European countries.

Source: Foreign Agricultural Service.

Mr. ALBERT. And then one other thing, Mr. Secretary. Personally, I think you have made a very fine statement, and I do not see why we cannot support most of the proposals which you have made here. I think we should use this program not only to get rid of agricultural surpluses but to help implement the foreign policy of our country. I hope, however, that you do not let the State Department take this program over. I think it would be a mistake to do so. This committee is just as concerned with the foreign policy of this country as any other committee, but we think this program belongs in agriculture.

While we have major responsibility in the agricultural field, I sincerely hope that the Department of Agriculture does not agree with the Department of State that this function should go to the Department of State because from what little I have seen of the operation of Public Law 480, it has been a lot more successful than some of the foreign operations programs handled by the Department of State.

The CHAIRMAN. Mr. Short?

Mr. SHORT. I would like to add my hope to that of Congressman Albert's: that the Department of Agriculture will continue its authority in the administration of Public Law 480.

It seems to me, if I read into your statement what I think I do, that if the suggestion you made materializes we would have to be getting further in the area of government-to-government trading. I don't know whether you agree with that or not, Mr. Secretary, but, at least, it seems to me that if you would carry out all of the suggestions that you have made that it would be inevitable that in the actual mechanics of the movement of this grain and cotton, it becomes a government-to-government proposition. There would be much greater reliance on government-to-government suggestions and

government-to-government dealings, in the planning of these foreign food programs.

Secretary FREEMAN. I do not really think so, Mr. Short, any more than it has been in the program as it now operates. The operation of it is handled by private traders, as you know.

In terms of whether we are going to enter into an arrangement with a particular nation that, obviously, has to be on a government basis. I think there are no changes in procedures, nor is there any change in authority involved. If the Congress sees fit to pass the omnibus bill in this session here, the procedures will be as they have been before.

Mr. SHORT. I certainly hope that my fear is not well founded.

One other question that I would like to ask, and this comes to the minds of a lot of people continually. We have the barter program whereby we can change some of our agricultural abundance for so-called strategic material. I never can understand, I do not believe a lot of people can understand why this type of approach cannot be extended to other commodities. If I can be specific, we buy a lot of coffee from Brazil, for instance. It is contemplated that we will buy some sugar from Brazil in the near future. We have just negotiated or are in the process of negotiating a wheat agreement under Public Law 480 with Brazil.

Would it not be possible to have a little more of the barter aspect in these dealings? If I understand rightly we would be buying sugar for dollars. We are buying the coffee for dollars. We are selling the wheat to Brazil under Public Law 480, under title I for Brazilian currencies.

Do you think that this barter aspect could be extended a little bit further into a little bit different classification?

Secretary FREEMAN. We are reviewing this possibility in connection with a number of commodities and a number of places. It has not been done, as you know. I think there are possibilities that can be done.

The CHAIRMAN. Will you yield?

Mr. SHORT. Yes, sir.

The CHAIRMAN. You know in the last year we suggested in the hope that something might happen along the lines suggested by Mr. Short, that special consideration should be given to countries buying our surplus agricultural commodities. We did not put that in there just as reading material. It had some meaning. It was discussed at great length in the committee and it was decided that we should give special consideration to the countries that have been large buyers of our surplus commodities.

I do not believe we ought to carry it to a foolish extent, but I think that we can use these commodities to increase trade. That is one of the purposes of this act. It was not intended as a welfare program, but to get rid of the surplus. I do not think that we want to carry on the program for 20 years and feed the hungry people of the world for 20 years. I do hope within the next few years we can get rid of the surplus commodities we have that cost so much to store at the present time.

Mr. POAGE. Will you yield further?

Mr. SHORT. Yes.

Mr. POAGE. That raises a very interesting question because what we provided in sugar was that we were to give preference to countries purchasing American surplus commodities. As I understand it, if they have a 480 agreement with the United States and are buying surplus commodities for foreign currencies, they are taking American surplus commodities and, therefore, we give them preference.

Secretary FREEMAN. I do not think so, Congressman Poage. I do not believe that is the way. Out of the 480 agreement there would come no preference to that given a country in connection with our purchases.

The CHAIRMAN. Mr. Short meant cash sales.

Mr. POAGE. Mr. Short did contend that. But is that what we passed? We said take American agricultural commodities. And certainly India is taking more agricultural commodities than anybody in the world, are they not?

The CHAIRMAN. They are buying it, I think.

Mr. SHORT. Mr. Chairman—

Mr. POAGE. How is that being done? I think it is clear what we did. I want to know what you are doing; how you interpret it.

Secretary FREEMAN. I am a little between what Mr. Short stated and what you stated.

Mr. POAGE. I agree with Mr. Short. I think what Mr. Short is suggesting is exactly correct. I think what we passed was that a nation taking substantial quantities of surplus quantities gets preference.

Mr. SHORT. Maybe we were a little bit naive. I will say to my friend from Texas in the language we used in the extension of the Sugar Act, I believe we were all quite clear as to the intention that we strove to implement. If we were going to buy sugar from some of the countries which we previously had not been buying sugar from that we would buy that sugar from nations who would buy presumably for dollars some of our agricultural surplus commodities.

That was my interpretation.

Mr. POAGE. I hope you are right.

Mr. SHORT. I will agree with the gentleman from Texas that the language is not spelled out strongly enough.

That is all I have, Mr. Chairman.

Thank you, Mr. Secretary.

The CHAIRMAN. Mr. Abernethy.

Mr. ABERNETHY. I want to congratulate you on your statement. I think you have made a fine statement in support of the extension of a very valuable act. My questions will be directed to the use of foreign currency for trade development purposes.

Incidentally, I think this is one of the finest provisions in the act, and is one in which I know many of the agricultural commodity groups have expressed and manifested considerable interest.

What percentage of the foreign currencies have been expended since the amendment of 1959 in the development of trade programs?

Secretary FREEMAN. Less than 2 percent.

Mr. ABERNETHY. Less than 2 percent?

Secretary FREEMAN. Yes.

Mr. ABERNETHY. The act provides not less than the equivalent of 5 percent of all of the sales be made available for this purpose. Can you give us any reason—that is not the word—just tell us why more than 5 percent has not been expended?

Secretary FREEMAN. The reason is because—

Mr. ABERNETHY. Take my first one.

Secretary FREEMAN. Pardon me. Five percent has not been expended because these currencies are not uniformly distributed among all nations where we might be able to use them for this purpose, and the interpretation that has been placed upon the 5-percent proviso has been that this was 5 percent of the total.

Mr. ABERNETHY. That is right.

Secretary FREEMAN. Rather than 5 percent in each country. And the net result has been that there has been taken into consideration the policy to use these funds first, for dollar purposes, where they could be used, in lieu of expenditures that our Government would otherwise make. The amounts available have totaled less than the 2 percent to which we refer.

Mr. ABERNETHY. This has not been because of an arbitrary withholding—

Secretary FREEMAN. No, sir.

Mr. ABERNETHY (continuing). Of the funds by the administration?

Secretary FREEMAN. No; the funds have not been.

Mr. ABERNETHY. It is because the funds were not available in the particular area in those quantities?

Secretary FREEMAN. Yes, sir.

Mr. ABERNETHY. Where the programs—where potential programs existed?

Secretary FREEMAN. That is correct.

Mr. ABERNETHY. Would it be advisable, in your judgment, to have meetings for furthering these trade programs to make it not less than 5 percent available in each country?

Secretary FREEMAN. Yes, I think that would be fine.

Mr. ABERNETHY. Do you think it might be well to amend the act instead of tying it down to 5 percent of the total sales, to permit you to spend not less than 5 percent of the available in each country?

Secretary FREEMAN. I think that would or could be a very useful part of our effort to have an effective trade promotion program.

Mr. ABERNETHY. That is all.

The CHAIRMAN. Mr. Secretary, the language of the amendment which you just suggested reads as follows: that special consideration be given to countries in the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

I would like to ask Mr. Ioanes to tell us how that language has been accepted abroad—with regard to sales for foreign currencies.

What interpretation has been placed on it?

Mr. IOANES. I am not a lawyer and I will not try to give you a legal statement. In my thoughts up until the question was raised, I have thought, and I think those of us in the Department working on this matter have thought, that you were referring to commercial sales.

The CHAIRMAN. That is what I thought, too.

Mr. IOANES. This would be as we move ahead, Mr. Secretary, this would be our view.

The CHAIRMAN. About the only purpose of this language was to increase the sales of surplus commodities and give special consideration to certain countries. I wonder why we could not extend it to sugar and let them take more wheat. I want to know whether under this program they are to buy it. I assume that they are going to buy it.

Mr. POAGE. You are talking about Public Law 480? You are talking about buying under Public Law 480?

The CHAIRMAN. I am not sure. I thought they were buying it under this.

Mr. POAGE. No, they were not. They were talking about buying it under Public Law 480. They say we should be shipping sugar back. They are buying the wheat now from their standpoint.

The CHAIRMAN. I thought they would buy wheat for every bit of sugar that came in.

Mr. POAGE. They were to pay for it.

The CHAIRMAN. Any further questions?

Mr. ABERNETHY. Are there any countries where we now have trade development programs where the 5 percent limitation is working against the highest possible development of the program in that country?

Secretary FREEMAN. What you really mean, I think, are there any countries in which we have had sufficient currencies available.

Mr. ABERNETHY. Insufficient currencies.

Secretary FREEMAN. Since the limitation went into effect. Yes, there are quite a number of countries where this has been a limitation.

Mr. ABERNETHY. Is there some way we could solve that?

Secretary FREEMAN. Increase the limitation, I guess.

Mr. ABERNETHY. Actually, this says—I do not read this statute as being a limitation—it says not less than the equivalent of 5 percent—indicating that you could allocate it with country A or country B—is that true?

Mr. IOANES. No, sir; our problem is as the Secretary has stated, that this law had been interpreted to give us the 5 percent priority, for the total acquisitions in the whole world rather than to be earmarking 5 percent in each country of the world.

Mr. ABERNETHY. Are there some countries now where you need additional funds for trade development purposes?

Mr. IOANES. We have pretty well tailored the program to what we could get. If we had more funds, we could and would expand the program. The answer is, Yes, there are countries where we could use more money.

Mr. ABERNETHY. Would it not be possible to get those funds by revising the language in this subsection A of, I guess it is section 104—that could that be solved by revising that language?

Secretary FREEMAN. If the Congress said it should be 5 percent in each country, why, this would.

Mr. ABERNETHY. I am trying to find out if you think it advisable to revise that language so as to lift you out of that limitation?

Secretary FREEMAN. Yes.

Mr. ABERNETHY. I thank you.

The CHAIRMAN. If you were able to transfer funds from one country to another, could you expand the program?

Secretary FREEMAN. Yes.

The CHAIRMAN. Any further questions?

Mrs. MAY. There have been two statements expressed by several members of this committee in which I join. One is to commend you for a very clear-cut statement and, certainly, offer enthusiastic support for the overall goals that have been accomplished and are to be accomplished under Public Law 480.

And secondly, I would like to join in with the concern that has been expressed by members of this committee that you do not relinquish further authority to the State Department in the administration of this program.

However, there are some other points on which I wish to address my questions to you this morning.

You have made certainly an excellent and strong case of the value of increased sales and export of our surplus commodities by utilizing this program.

I would recall to you that in March of this year a number of Members of Congress from the west coast States met with representatives of your Department to make specific suggestions on how we might better do this in one specific way. At that time we pointed out that the west coast was a heavy grain deficit area, and could consume and export a much larger quantity of the grain than it produced. But at the same time was in a very poor bargaining position to supply the ever-expanding Oriental markets in that at that time in March we had CCC stocks available on the west coast that represented only 4.1 percent of the national total. We made a case—we thought a good case—with the representatives of your Department that it was very difficult to do business from an empty wagon, i.e.—to make dollar sales to Japan and other countries where we have a historically good record on grain export business.

At that time we pointed out because of its ability to use its own shipping and shorter transit lines, better quality and cheaper freighting, Japan and other places in the Orient could procure a greatly expanded supply of Hard wheat (which has been in great surplus) also corn and milo if only inventories were available on the west coast, the Pacific Coast, and priced competitively. If they could be made available on a continuing basis instead of as "one-shot deals."

My question to you is—and I would like for the record at this time to show that we made this request back in March—what has been done to increase the movement of grains to our west coast ports?

Secretary FREEMAN. It is my best recollection—and I am referring to memory now and will subsequently verify the figures—there is presently in transit something in the nature of 10 million bushels of wheat for storage in various places at the west coast ports for this very reason and that we have been negotiating with Japanese authorities looking to an expansion of the Hard wheat market in Japan with some promises of success.

Mrs. MAY. Thank you. I thought that ought to be in the record. And I wish to express my hope that this USDA policy will be further strengthened in the future.

One more question. There has been some concern expressed in my northwest area that wheat out there should be stored on an identity preserved basis so it does not infiltrate the local market. We did not want to disturb the locally grown Soft wheat market. I have had

some communications with your Department on this. Am I correct that your policy is to store this Hard Red wheat on an identity preserved basis when you send it to the west coast?

Secretary FREEMAN. That is what is being done now.

Mrs. MAY. That policy will continue?

Secretary FREEMAN. We intend to do that.

Mrs. MAY. Thank you; that is all.

The CHAIRMAN. Any further questions. Mr. Harvey.

Mr. HARVEY. I would like, Mr. Secretary, to reiterate what has previously been stated concerning the importance of the Department of Agriculture maintaining its prerogatives and its control over the operations of Public Law 480.

I recall during my service on the committee the great struggle that the committee had in making the Foreign Agricultural Service an independent agency, and we all worked very hard to bring that about—to make it an independent agency, with the ultimate goal in mind of using the agency to improve our foreign markets.

I think progress has been made. I am very happy that you have included in your statement here, you intend to continue with this foreign market development. I hope you are successful. I would like to say, however, though, as I have studied the figures on your projected proposed program, it seems that you are anticipating at least \$2 billion disposal a year for the next 5 years without taking into consideration the barter provisions. Is that possibly correct?

Secretary FREEMAN. Actually, the barter would be considered a part of the total extension. And the act would be extended and it would include and cover barter as well as title I.

Mr. HARVEY. I am wondering, is it your honest estimate, Mr. Secretary, that even with the efforts we are making to reduce our surpluses with various programs at home, we are going to generate \$2 billion of annual surplus agricultural commodities in the future?

Secretary FREEMAN. I believe that we will certainly be in a position to constructively utilize the amount that is asked for by way of authorization in this proposal.

Mr. HARVEY. What have you been averaging in the disposal program in the past 5 years?

Secretary FREEMAN. It would be in the nature of close to \$1.5 billion—the \$2 billion this year, this calendar year 1961, and I think we had the figures attached to our statement here—this is just for title I—our estimate is \$1.7 billion for each of the next 5 years under title I.

Mr. HARVEY. Then, of course, in title II you have some others?

Secretary FREEMAN. That is correct.

Mr. HARVEY. Which brings the total probably pretty close to \$2 billion a year?

Secretary FREEMAN. Yes.

Mr. HARVEY. I well remember when I was in Italy in 1949 with a committee to observe the activity of the Marshall plan at that time (we were using surplus commodities), we talked to the Italians about supplying southern Italy with wheat. We talked about that possibility—for their needy people, for the hungry people of southern Italy; and they said at that time they did not want us to embark on any kind of a program of that kind unless it was a long-term pro-

gram, 5, and preferably 10 years—they could not deal with it on a short-range basis.

At that time we backed off and refused to enter into that kind of negotiations because we said, "We will have it licked in 5 years and there is no point of going into a long-range deal of that kind, obligating ourselves to produce surpluses."

The thing that concerns me, Mr. Secretary, is that in this proposal of yours, it seems we are obligating ourselves to continue to produce surpluses and virtually give them away.

Secretary FREEMAN. Well (a) it is very clear that the productive potential of our country is substantially greater than our ability domestically to utilize these products; and (b) it seems clear there are a number of countries—developing countries—around the world where it has been the policy of our Nation, and I believe will continue to be, to give them help and assistance in their effort to raise their standards of living.

So, because as a democratic nation, we want to be helpful, but, also, for our own personal relief as well.

Thirdly, it would be my strong conviction, as part of this, that food should be an extremely important instrument and that the effective use of this productivity can be, on the one hand, a very important tool for our domestic farm income and total national economy, and at the same time be important there.

Mr. HARVEY. I am not differing with your basic philosophy to try to feed people who do not have enough to eat.

Mr. POAGE. Will you yield there?

Mr. HARVEY. Just a minute and then I will be glad to yield to the gentleman.

The thing that I am driving at, however, is that, (a) the farmers of this Nation are being charged with being the most heavily subsidized part of the economy; and (b) the consumers are raising a great deal of complaint about this program and have only gone along because they felt some of these days we will come up with a better solution.

I am saying that I wonder whether (1) the farmers will want to continue to back a program that puts them in that position; and (2) whether the consumers will support a program of this kind over a long-range period.

Secretary FREEMAN. I am deeply concerned with the problem that you pinpoint here, Congressman Harvey, and I can assure you that I will continue to do everything that I can do in my power as Secretary of Agriculture to make it clear to the people of this country that regardless of our accounting and where we may have this set up in the books, that in this process we are making a very important contribution to the overall policies of this country, and this cannot in all fairness be considered a subsidy to the farmer.

It is rather a part of the foreign policy of this Nation; and, also, a part of a sound domestic farm program which we need, in my judgment, as we get it adjusted and straightened out to a stronger domestic economy across the border.

Mr. HARVEY. I agree that you have great problems in front of you and that it requires a lot of thoughtful consideration and it changes year to year. We should not look on this as a permanent program—

in your long-range thinking you ought to be looking at it from that standpoint, how are we eventually going to work this out on a better basis than just a continuing dole proposition for the world.

Secretary FREEMAN. Might I say for the record, there is no intention on my part as Secretary of Agriculture that we should launch a program that would be designed to feed the world or be a dole, as you put it. But rather as we can make a constructive contribution for strengthening and developing nations and keeping them in the path of free institutions. How long this will take is something that I think, probably, neither of us could predict with any accuracy.

Mr. HARVEY. I yield to the gentleman from Texas.

Mr. POAGE. I just wanted to call attention to this. There's a fourth reason for suggesting that \$7.5 billion is not excessive and does not require production for sales simply to fulfill these commitments. That is, that we have got, if I understand it, \$9.5 billion in surplus agricultural commodities in storage right now. And even in 5 years, if you did not add a bushel of surplus in the 5 years, this would not draw down the entire surplus we have now on hand.

Mr. HARVEY. We are somewhat in the same position that a merchant is in who has overstocked on some items. Because he has that big inventory, it does not mean that the customers will take all of those items. I think you agree with me that some of the items are going to be slow moving.

Mr. POAGE. The biggest items we have to move is wheat and we have moved more of it than we have moved of all of the other commodities combined, and we have got more wheat on hand than we have of anything else. I think right clearly that wheat is going to continue to be our big item.

Mr. HARVEY. I did not get the last comment.

Mr. POAGE. I think it is quite clear that wheat will continue to be our big item. If we did not build up any stocks it will take at least 5 years to get rid of that surplus of wheat we have on hand. If we did not build up a single extra bushel. We will add more than half a billion bushels to that surplus under existing law, as you well know.

Mr. HARVEY. I have heard the gentleman repeatedly say it is the objective of this committee through legislative action to bring these surpluses down rapidly and radically and that is why I say—

Mr. POAGE. I hope so. If we did not add another bushel it would take more than 5 years to use up what we have got.

Mr. HARVEY. I do not feel that way. I feel we ought to consider, (regardless whether you try to prove it by mathematics) that we would not run out in 5 years. I am not arguing so much about that. What I am arguing about is that we ought not to look in our planning on Public Law 480 as a permanent proposition. And it seems to me that is what we may be doing, doing the same thing here that we have aimed to do with the Sugar Act.

That is all.

The CHAIRMAN. Mr. Hagen.

Mr. HAGEN. You have indicated that you feel this disposal program is desirable; there are, however, contrary opinions. Let us take the case of one country, India, which is neutral in the cold war. What advantages come from India, from the agreement we have with them? With regard to the diet, has it been improved for the

Indian citizen? Will it be improved? What advantage has come from this billion- or multibillion-dollar agreement we have made with them?

Secretary FREEMAN. I am not an expert on India. You know better than I there is presently a strenuous effort by way of various plans to try and improve the gross national product and increase the living standards of the Indian people. While the Indian nation has been diverting from its very limited resources into capital assets in such things as roads, schools, and dams, and other things in this effort, they have needed food for their population, and to prevent having a runaway inflation as a part of their economic plans. As a part of that planning the foodstuffs we have been able to make available have permitted them to hold this in some measure of proper relationship and has, I am told, been a very integral part of their economic planning.

Mr. HAGEN. Since this apparently is becoming more of a foreign policy program and less of an agricultural program, why should not the State Department get into it? I suspect that the Secretary of Agriculture is only the warehouseman in this program.

Secretary FREEMAN. No. 1, I do not consider the Secretary of Agriculture or our Department as a warehouseman or a procurement agent in any sense of the word. And that is why the law specifically states here, as it has been introduced, that the present procedures would continue. The political judgment as to whether we are going to enter into agreements with any nation is made after consultation, in which we participate, by the President through the medium of the State Department, but the nature of the agreement, the composition and the commodities, the analysis of the agriculture of that country, and what they can use and should be using, and our domestic agriculture and how it fits into our domestic purposes to strengthen agriculture and the farmer's income, is our responsibility, and one that I hope and trust will remain in the Department of Agriculture. And that I think should be there and the statutes so state.

Mr. HAGEN. Thank you.

The CHAIRMAN. Any further questions?

Mr. FINDLEY. Your concluding paragraph indicates that the program is an incentive to maximum utilization. Realizing that there are manifold unfilled human needs in the world today, looking at the long-range goal of this program in your hands, do you think as long as unmet human needs exist we should have this program?

Secretary FREEMAN. This is speculation a long way from here. As I envision this, Congressman Findley, we are seeking to use this abundance in productivity that we have as an integral part of the programs in nations that we hope will be free countries and it is tied in for that purpose. That is the fundamental purpose.

Mr. FINDLEY. You are right about that—

Secretary FREEMAN. There are a lot of unmet—

Mr. FINDLEY. There are a lot of unmet needs today.

Secretary FREEMAN. There are a lot of unmet needs and the two go together. The additional question, I suppose, would refer to the use of our foodstuffs in disaster areas. It would be my philosophy if there was an earthquake and flood in Chile and millions of people were starving to death and we had wheat in storage, we ought to use it to help.

Mr. FINDLEY. Do you think we have the capacity in American agriculture today to fill the needs of these nations that you refer to?

Secretary FREEMAN. We, most certainly, do not.

Mr. FINDLEY. Do you not think it should be our goal in farm policy to expand the production of American agriculture so we can fill these needs as much as possible? Does not this work at cross-purposes with the first part of H.R. 6400 which provides mechanisms for cutting back production?

Secretary FREEMAN. No. On the surface there seems to be something of a surface contradiction in what you say.

Mr. FINDLEY. It seems so to me.

Secretary FREEMAN. If you could assume we were in a position to push a button and thus provide that everywhere in the world where there are countries that are seeking to strengthen their economies, such countries would be prepared to utilize what we could lay down, and if we could also solve the problems of transport, of distribution, of difference of eating habits and all of the practical problems of doing this—if we could do this, then, there would be this contradiction, but this does not happen to be the case. And what we are in the process of doing is seeking to use this food for these purposes as effectively as we can, but in the immediate future, there are certain commodities that we cannot get to places where the plans are not even ready, and the people are not even set up, and the transport is not available, and the shipping is not there, the eating habits are different. And so long as this is the case we face domestically the problem of combining the expansion that we have in mind in this bill with some kind of adjustments. Unless we do we will find ourselves with increasing commodity stocks on hand ourselves, which would have an adverse effect on our economy.

And so this is not a contradiction. It is merely a recognition of the realistic practical problem of reaching the goal we seek to reach, but it will take some doing to get there.

Mr. FINDLEY. But as long as there is an unfilled need for a farm product, should we not boost production to meet that need?

Secretary FREEMAN. In the first place, we presently have 3 billion bushels of feed grains, as you know, in stock right now. If we proceeded to put that into hogs, which is its obvious use, it would bring about an increase in hogs and I am just recalling now because I have tried to think this through, it would be something like 8 million the first year, 12 million the second year, and 20 million the third year. And if you are going to go on with that program, we would then slaughter those hogs, let us say, can them and seek to use this pork, and we would have a very practical problem, that many of these countries that are in greatest need do not eat pork for religious reasons.

Mr. FINDLEY. What I was trying to get at was the top ceiling on this whole thing. You indicated in your statement that it was to be the maximum utilization of our abundance. And it seems to me really the top limit is the capacity of the American taxpayer himself, because this giveaway has to be paid for.

Secretary FREEMAN. It certainly does.

Mr. FINDLEY. Thank you.

The CHAIRMAN. Mr. Breeding.

Mr. BREEDING. Mr. Secretary, I want to congratulate you on your forthright statement. I thought you did a very fine job here this morning.

Also, I want to join with my colleagues here in regard to the handling of various portions of the bill, Public Law 480. I think this program should be handled by the Department of Agriculture, rather than to turn it over to the Department of State.

Certainly, since you are Secretary of Agriculture, I think you would be more interested in selling farm products abroad than the State Department would be.

I, also, would like to encourage you, since I am interested in the disposing of surpluses of wheat to do your best to try to sell or trade wheat for sugar or any other commodity that we need.

I think you have done a nice job to date and it has been nice to have you before the committee.

Secretary FREEMAN. Thank you.

The CHAIRMAN. Thank you very much, Mr. Secretary, for your appearance.

The Chair will now recess the hearing until 10 o'clock in the morning.

(Whereupon, at 12 noon, the hearing was recessed, to reconvene at 10 a.m., Tuesday, May 23, 1961.)

AGRICULTURAL ACT OF 1961

Title II

TUESDAY, MAY 23, 1961

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

The committee met, pursuant to recess, at 10 a.m., in room 1310, New House Office Building, Hon. W. R. Poage presiding.

Present: Representatives Poage, Gathings, McMillan, Thompson, Albert, Bass, Jennings, Matthews, Breeding, Inouye, Harding, Hoeven, Dague, McIntire, Teague of California, Quie, Short, Mrs. May, Latta, Harvey, Findley, Dole, Beermann, and Reifel.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Heimbarger, counsel; and Francis M. LeMay, consultant.

Mr. POAGE. The committee will please come to order.

The committee is continuing its hearings on H.R. 6400, relating to title II.

The Assistant Secretary of State, Mr. Martin, is with us this morning.

Mr. Martin, will you come forward.

Mr. MARTIN. I have some staff personnel with me I will call on when necessary. I have a prepared statement.

Would you care to have me read it?

Mr. POAGE. We will be glad to hear you.

STATEMENT OF EDWIN M. MARTIN, ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS

Mr. MARTIN. This statement presents comments and recommendations of the Department of State with respect to title II of H.R. 6400. This title provides for the extension of the Agricultural Trade Development and Assistance Act of 1954, usually referred to by its number, Public Law 480, and proposes certain amendments considered to be advisable for the effective functioning of the act.

In the almost 7 years since the passage of Public Law 480 it has become an important factor in the foreign relations of the United States. Through its provisions we have been able to bring additional food and fiber to countries that could not afford to buy with hard currency.

The act has made available our agricultural abundance to feed needy people and bring relief to victims of disaster. We have expanded existing school lunch programs and started new ones in many countries around the world.

The food and fiber sold under title I as well as the use of the local currencies generated by their sale have greatly enhanced the economic development programs of recipient countries. All this has brought credit to the United States in the eyes of the world, even from those countries which have not benefited from the program.

The United States has realized some direct monetary returns in the form of local currency for payment of expenses of the U.S. Government in the recipient countries, and through the elimination of storage charges on agricultural products. The best asset this country can derive from the Public Law 480 program, however, is a better fed, more industrious, free world.

We have made progress in this direction and the food-for-peace program promises to do more. Since the inception of Public Law 480, a total of about \$7.5 billion worth of agricultural products have been sold or donated under titles I, II, and III. This figure is computed at market value; the Commodity Credit Corporation cost is much greater—about \$11.2 billion for title I alone, as explained by Secretary Freeman in his statement.

These are impressive figures indeed and this committee can take great satisfaction in the role it has played in this program to improve nutrition, stimulate development, and expand trade.

The administration plans to do even more in the coming years. For this purpose it asks that the various titles of the act be extended through the period ending December 31, 1966. Authority to operate over a medium term period of at least 5 years is important for proper planning and development. Other friendly governments have made it clear to us that they hesitate to approve substantial programs of imports of U.S. food and fiber under Public Law 480 if there is no future assurance that the programs will be continued for a reasonable time.

They say their people become accustomed to the volume and quality of American products. Then, if the program is suspended, the recipient government cannot afford to take up the burden from its own resources so the people suffer. The lesser developed countries need to count on continued supply while they develop their own capacity to produce or to buy.

For the foregoing and other reasons, multiyear programs offer advantages. The recipient country is better able to plan its own development and we are in a better position to guide our agricultural program if a substantial bloc of the probable demand is known in advance. This is not to say that all Public Law 480 agreements will be of the multiyear variety. Even long-term agreements contain provisions for review and adjustment to meet unforeseen developments.

The provision for 5-year extension of the law and authorization for \$7.5 billion to be utilized (with a limit of \$2.5 billion reimbursement to CCC in any 1 year) will provide the needed flexibility and continuity.

PROVISION FOR PUBLIC LAW 480 LOAN REPAYMENTS

Public Law 480 has heretofore made only partial provision for the disposition of proceeds of repayments of loans made under the law. These proceeds are the property of the United States but the problem is to be able to use them effectively.

In countries where the United States needs local currency to carry on its operations, this is the obvious way to use repayments. However, in those countries where the U.S.-owned local currency accumulation is clearly in excess of U.S. requirements, some other use of repayments must be employed.

There is little possibility that the U.S. Government can recover these moneys in any real sense and transfer them into dollars. To attempt to collect such surplus local currency in dollars, or other convertible currency, on a large scale would cause serious problems both in the country of origin and in the United States. The disturbances in trade and monetary relationships would undo much of the good accomplished by the program under the law.

The administration proposes, therefore, that the President have the authority to use loan repayments in the same way as newly generated proceeds from sales agreements. It is intended that the Treasury should have first priority on such repayment funds for meeting U.S. Government expenses in the recipient country.

However, there are already a number of countries (seven at present) in which U.S.-owned foreign currency already exceeds foreseeable U.S. Government needs. In these cases we believe the best use would be to rededicate them to useful development projects in the home country.

It is proposed, also, to amend title I to permit so-called "food reserves" located in foreign countries. There has been some misunderstanding of this proposal by the public in the past. What is suggested is that products could be stored in the foreign country for use under any of the titles of the law. The recipient country would assume the cost of storage and transport.

If the materials were withdrawn, under agreement with us, for title I, they would be paid for at that time. If they should be used for title II purposes no payment would be due. The main benefit to the recipient country would be the presence of the supplies which would tend to hold down speculative inflation if shortages should arise. The benefit to the United States would be savings of storage charges.

HEALTH AND EDUCATION

The United States has been handicapped in its effort to promote progress in education, health, nutrition, and sanitation by two amendments to Public Law 480 adopted in 1959.

By subjecting all local currency which is to be used for such purposes to the appropriation process, these amendments have limited the use which can be made by the purchasing country of those funds which are loaned or granted to it for development. If it desired to utilize these funds for projects which involve education, health, nutrition, or sanitation, it would have to await approval of an appropriation request. This requirement would delay the negotiation of agreements to the point of impracticability; as a result, countries tend to find other projects for the money. We lose the opportunity to help them in these important fields. The United States appears to them in the false and unflattering position of not being interested in building human resources in less developed countries.

The purpose of the amendment is to make clear that development projects which involve education, health, nutrition, or sanitation to be carried out with "country use" funds allocated to the purchasing country need not be specifically appropriated by the Congress. All currencies to be applied to projects which are not developmental in nature or are primarily concerned with programs of the United States in that country would continue under the appropriation procedure.

TITLES II AND III

Responsibility for those sections of titles II and III delegated to the Department of State by the President has been redelegated to the International Cooperation Administration. That agency will make a presentation in detail on these subjects.

The Department of State regards the proposed amendments to sections 201 and 202 to be important and advisable. They would expand the usefulness of the disaster relief, economic development, and voluntary agency programs by making eligible for donation under these sections products not in CCC inventory but declared to be surplus by the Secretary of Agriculture.

The proposed authorization of not more than \$300 million per year reimbursement to CCC will permit the broad-scale effort that is necessary to reach needy people. The biggest potential for supplying food and fiber to masses of people who have not heretofore benefited from Public Law 480 lies in the vigorous use of titles II and III.

There are other amendments that are chiefly administrative in nature. One of these would change section 106 to delete specific delegation to the Secretary of Agriculture of the determination of the countries with which title I agreements are to be undertaken. This would bring Public Law 480 into line with administration proposals with respect to foreign aid.

The Secretary would still be in a position adequately to protect the interests of U.S. agriculture since we would still determine the commodities and quantities to be included in any agreement. The change would simplify administrative procedure.

I appreciate this opportunity to appear before you and am ready to answer any questions you may have to the best of my ability.

Mr. POAGE. Mr. Martin, we are very much obliged to you for this statement.

You make some suggestions here that I have long thought were basically sound; that is, the idea of giving longtime commitments to foreign nations. But, frankly, I thought that that could be done even if we had only a 1-year bill.

If I understand it, your argument in favor of extending the bill for 5 years is that we must make longtime commitments to foreign nations. And with that I am in full agreement, to make longtime commitments to foreign nations—at least where they agree to buy for dollars, as required in title IV—but do we have to extend this bill 5 years to make 10-year commitments to a foreign nation?

Mr. MARTIN. This gets into some of the technical details of the commitment of funds under the bill.

It is my understanding that it would greatly facilitate our ability to do this if we had long-term legislation.

Mr. POAGE. Why? I cannot for the life of me understand why. We have the soil bank as a good illustration. The soil bank has long since demised. And yet the U.S. Government carries out all of its contracts under the soil bank and will continue to carry them out for many years, as long as any contracts are outstanding, they will be carried out.

We have authority at the present time, at least, under title IV of Public Law 480 to make commitments for a period of 10 years; do we not?

Mr. MARTIN. In terms of repayment or in terms of giving?

Mr. POAGE. No. In terms of commitments of what we will supply——

Mr. MARTIN. That is correct.

Mr. POAGE. And repayments for 20 years?

Mr. MARTIN. That is correct.

Mr. POAGE. Even though you had only under this bill 6 months, you could make just as many commitments during these last 6 months as during the first 6 months with the authority granted under this law.

Mr. MARTIN. Yes. If I may suggest, sir, I think the problem would arise that came up in connection with the 4-year agreement we negotiated with India. You are quite right, we can do it under existing authority, but the Indian agreement used up the authorization which we had to such an extent that we had to request additional authorization.

Mr. POAGE. I can understand that you have to up the authorization. I can understand that.

Mr. MARTIN. That is right.

Mr. POAGE. What you get here is you ask for a \$7.5 billion authorization, that is what you ask for.

Mr. MARTIN. That is right.

Mr. POAGE. And \$1.5 billion a year on the average, with a limit of \$2.5 billion for any one year. I realize that you would not have sufficient authorization if you had only a 1-year bill.

Mr. MARTIN. I think that is the heart of the problem.

Mr. POAGE. Then let us put it on that basis, instead of putting it on the other basis. Let us lay it out here what it is.

Mr. MARTIN. I would suggest that this would help quite a lot, but I think there might be cases in which this would still leave a difficult problem in the sense that there are some countries with which, for one reason or another, either theirs or ours, we prefer not to make multiyear agreements, but they are ready to take larger amounts if we have a continuing authority, and they know we can negotiate another agreement the following year.

Mr. POAGE. You mean to say they feel they cannot rely upon Congress to extend the act but they will rely upon the State Department to negotiate the agreement?

Mr. MARTIN. That is about it.

Mr. POAGE. That is it, of course. That is a correct assumption on their part. But I do not know that we want to function on that basis.

Mr. MARTIN. This is, of course, entirely up to you to decide, sir. We believe this is a good program that is worth carrying out.

Mr. POAGE. I do not mean to offer any condemnation or criticism, but your statement in support of the longer period of time was frankly based, so far as the written statement was concerned, upon a rather foreign premise.

Mr. MARTIN. Basically, the amount is the major issue; I think that is right.

Mr. POAGE. The fact is that is why you want the change. The statement is based upon your desire to be able to give assurance to these foreign countries they can make long-term agreements. They can make long-term agreements if you have but 1 more day of authority under this bill.

Mr. MARTIN. That would be possible.

Mr. POAGE. You can commit yourself for 10 additional years. find, for political reasons, it is undesirable to make long-term commitments but we can make agreements with them, but I think larger under this than they would otherwise be because they know we will have authority to go on year by year. I think it would help.

Mr. POAGE. You can make additional agreements.

Mr. MARTIN. We hope so.

Mr. POAGE. Let us pass on here just a moment to the question on page 2 where you discuss the question of those countries where there are large amounts of counterpart funds already accumulated and where the withdrawal of those counterpart funds or even the expenditure for operating purposes of the United States might be a serious drain on the country.

You point out there are countries where we cannot afford to remove so large an amount of money. I am sure that is right. I find no criticism with that. It seems to me, however, that what you are suggesting comes to a question not of aiding the United States but of aiding the foreign country. You propose to make a situation which will give the host country the advantage.

Mr. MARTIN. On the other hand, of course, we do have, and I think the Congress has agreed with this, an interest in economic development of these countries, and to use the funds for further economic projects which we have agreed upon is a desirable thing from the standpoint of U.S. policy.

Mr. POAGE. We started out with the philosophy—and I want to get to that, to what I think is really an important change in the philosophy—we started out with the philosophy that the U.S. Government would sell these commodities for foreign currencies.

Mr. MARTIN. Yes.

Mr. POAGE. Frankly, I think the committee was under the impression we would get something we could use—something with which to pay our debts, to support our troops, to finance our foreign operations.

It soon developed that we could not because we always had agreements which did not allow us to do those sort of things on any very large scale. We specified 10 percent, sometimes as high as 30 percent, of the funds to be used that way. We loaned the balance back to the host country to be repaid at some date. We started out with the assumption that the repayment should be made in local currency.

I believe it was Japan who first suggested that they might repay in dollars, and we gave them a favorable interest rate when they

agreed to repay in dollars. And then we made several agreements to repay in dollars, or to guarantee to maintain the exchange rate. I understand we are now back on the basis that repayment shall be in foreign currency no matter what its value may be at the time of payment. We unilaterally proceeded about a year and a half ago to provide there would not be any more repayment in dollars for these loans. That is, we removed the maintenance-of-value clause; and the maintenance-of-value clause amounts to repayment in dollars.

Mr. MARTIN. Not necessarily, sir.

Mr. POAGE. If I am going to repay in pesos, and I agreed that I will make payment of enough pesos to buy a certain number of dollars, it does not make any difference to the United States. We still get the number of pesos that will buy a given number of dollars.

Mr. MARTIN. They are still pesos and we are not permitted to use them to buy dollars under our agreements in those countries.

Mr. POAGE. So we get the same value—if we have that agreement we do get the same buying power as if we had dollars. Of course, we can always agree we won't use our money. But the United States, if I understand it correctly, decided that we would drop that maintenance-of-value clause.

Mr. MARTIN. We were under considerable pressure from the foreign countries, and we felt we could negotiate more and larger Public Law 480 agreements by dropping it.

Mr. POAGE. I am quite sure we could. But you could make more and larger agreements by providing that the United States would include a \$10 bill in each sack of wheat.

Mr. MARTIN. That seems to be going too far.

Mr. POAGE. It is going too far. But some people think it is going far enough to give these people the right to buy without dollars. But, if you throw in \$10 with each bushel of wheat, it would, certainly, add to our ability to negotiate the agreements, would it not?

Mr. MARTIN. It certainly would. But there are not many cases, I think, in which we are in fact losing the equivalent of U.S. dollars by dropping the maintenance-of-value clause.

Mr. POAGE. Are we going to buy the right to make these agreements?

It seems to me that is what we are doing, and surely we could make more agreements if we just make terms like I have suggested. That is obvious; we know we can. The closer to giving the commodity away, the more we can sell. Is our objective simply to sell everything that way we can, regardless of what we get in return?

Mr. MARTIN. I think that is not true. I think we do hope to sell a very large amount that saves us storage charges and it does good in the country.

Mr. POAGE. You can send it to anybody if you will pay the freight and then pay them enough to take it.

Mr. MARTIN. I think that in terms of the U.S. position before the world, with a great deal of hunger and starvation, this would be a most unfortunate procedure to follow.

Mr. POAGE. I will agree that it would be. In 1933 we killed little pigs; that is the last time it happened.

Mr. MARTIN. I certainly can remember that.

Mr. POAGE. I can remember it. There are people in my district today who believe we are still doing that; there are some that believe that we are still killing little pigs. And it happened more than 30 years ago.

I am sure it would be a bad thing to go out and dump this wheat. I am not advocating that. What we do say is that our primary purpose then is to use this food as an instrumentality of developing the world for the good of all mankind. I have not any objection to so using it.

Mr. MARTIN. That is right.

Mr. POAGE. Then if that is our primary purpose, this program is primarily an aid program and not primarily an agricultural program, is it not?

Mr. MARTIN. I think it has different purposes in the United States and abroad. Abroad it is primarily for economic development; in the United States it does help us—

Mr. POAGE. Wait a minute.

Mr. MARTIN. To get rid of surpluses.

Mr. POAGE. From the agricultural standpoint we can get all of that help just by dumping it. We could bore holes in the ships in which it is stored. We have got wheat loaded in them right now. That is a whole lot cheaper than it is to take it to anybody, from the strictly agricultural standpoint on dumping or burning is just as effective as shipping to a foreign country—and lots cheaper.

Mr. MARTIN. Yes, I think there is one aspect of this that deserves mention, namely, there are already a number of illustrations under which by making our products available under Public Law 480 and by using the proceeds for specific market development programs we have created markets for the sale of U.S. agricultural products that I think would not otherwise have existed.

Mr. POAGE. I know of one instance that I can think of. It probably involved \$2 or \$3 million. Where are the instances that you have in mind?

Mr. MARTIN. I know there are a number of cases in Europe. I served recently in England where we have market development programs which have created markets for U.S. feedstuffs by building up the broiler industry there as a result of our market development programs. I think there are a number of instances of this sort.

I would be glad to spell it out in specific details if this would be helpful to you and submit it for the record.

Mr. POAGE. I think we ought to have some showing just what we have gained by this. I think it is a rather important question—not a question of whether we should abandon our aid to people. I am not advocating that we dump these supplies. But I am trying to make it quite clear that so far as aid to agriculture in the United States is concerned, all of the benefits that it gives could be obtained by dumping it.

Beyond that point there are not agricultural advantages but, shall I say, worldwide social advantages, and we hope they can improve our standing in the world. Those costs should not be borne by agriculture.

What do you think about that?

Mr. MARTIN. I think that is somewhat of an oversimplification, sir, because I think this is helpful to the U.S. agriculture in the ways I have mentioned. I think, also—

Mr. POAGE. I realize the force of what you say. Let us charge all provable benefits to agriculture—all of the benefits that you can point out.

Mr. MARTIN. I would suggest, also, sir, if I may, this is not a field in which the State Department as such is, nor am I, an expert in. I would suggest if we were conducting a program of dumping agricultural products in the ocean there would be some different views in this country about our agricultural programs.

Mr. POAGE. I think there would be. I think that is true. And I do not think that anybody wants to dump our agricultural products in the ocean.

Mr. MARTIN. That is right.

Mr. POAGE. I have suggested that to point out, though, that when you get it out of the elevator, beyond that point this program has become pretty largely a matter of national prestige, national foreign policy, and it is not a benefit, a direct benefit, to agriculture except to a small degree. I will say some benefits can be shown in the way of development. I am perfectly willing to give credit for all of that. Then what I am saying is, How about charging to the State Department all of the rest of the program?

Mr. MARTIN. I would like to suggest, also, that in every country some of this is used for U.S. Government expenses. Local currency does cover those. And it is savings to the U.S. taxpayer.

Mr. POAGE. Yes; a very small percentage of it, is it not?

Mr. MARTIN. Yes.

Mr. POAGE. You just completed, a year or two ago, a new Embassy in India. I think we need it. I am proud of it.

Mr. MARTIN. Yes.

Mr. POAGE. Did we pay for that building with counterpart funds?

Mr. MARTIN. I do not know the facts on that, sir.

Mr. POAGE. I believe not. I ran that down; I was told we did not. We paid for that with dollars. Although we had hundreds of millions of counterpart. Why do we carry on a policy of that kind? Why do we not pay for those things that could be paid for in counterpart funds? Why do we not use local currency for such activities as that?

(The following statement was later submitted on the use of counterpart funds for the American Embassy Building in New Delhi:)

USE OF INDIAN RUPEES FOR AMERICAN EMBASSY BUILDING AT NEW DELHI

An amount of 5,593,200 Indian rupees equivalent to \$1,180,000 were used for the payment of construction costs of the American Embassy Building at New Delhi. The dollar value of the rupee is equivalent to approximately 75 percent of the total construction cost of \$1,572,000. The remaining 25 percent of construction costs could not be defrayed with rupees because of the nonavailability of certain construction materials in India.

Mr. MARTIN. I am sorry; I cannot answer on that particular item. I would mention that about 9 months ago a very thorough review was made of U.S. Government expenditures in all countries in which we had surplus counterparts—expenditures by the State Department, by the Defense Department, by other agencies operating abroad—in order to try to transfer additional programs from dollar expenditures to counterpart expenditures. This was part of the general balance-of-payment exercise. They were reviewed by the interdepartmental committee in some detail with this in mind.

Mr. POAGE. I think that should be done. I think you did a very good job. I think we ought to ask the Department of State to give us some summary of expenditures in the operations of the Department in relation to this subject.

I do not want to make it a burden. Would you give us that for the last 5 years, the amount spent in dollars and how much in counterpart?

Mr. MARTIN. I will be glad to try to get it for you.

Mr. POAGE. I think that would give us a pretty fair idea of that.

Mr. MARTIN. Yes.

Mr. POAGE. Because to me it just seems that we have been spending too many dollars or too large an expenditure of dollars in countries where we have large counterparts.

Mr. MARTIN. We will try to get the facts.

Mr. POAGE. I may be wrong but if you will do so and insert that in the record, it will help.

Mr. MARTIN. Yes.

(The information follows:)

DEPARTMENT OF STATE

Foreign currency procured in local markets with U.S. dollars by Foreign Service disbursing officers

[In thousands of U.S. dollars]

	<i>Amount</i>
Fiscal year ending June 30, 1960_____	\$127,518

Records of the Treasury Department initiated in fiscal year 1960 indicate that the above amount was expended for the procurement of foreign currencies by Foreign Service disbursing officers during that fiscal year. The information is not available for prior fiscal years. The amount relates solely to procurement in local markets, and must be added to the amount obtained from Treasury sources to yield the total amount expended in foreign currency on a worldwide basis.

Treasury records do not disclose the procurement or utilization of foreign currency procured in local markets by agency or appropriation, because these are served by the disbursing officers from a common account—the Foreign Service advance account—in which currencies acquired from any source and for any purpose are recorded. These currencies are also deposited in a common bank account and immediately lose their identity. Many agencies are serviced through this account, including the Department of State, the International Cooperation Administration, and the U.S. Information Agency.

When any serviced agency presents to the disbursing officer a voucher payable in local currency, he in most instances issues a check in local currency against his bank account where the source of the currency is not identified. If payment is made in cash, he would use currencies on hand which had been withdrawn from the common bank account. Currencies are thus so commingled as to source as to suffer a complete loss of identity.

Treasury regulations forbid any disbursing or finance officer of the United States to purchase currency from local markets if the Treasury has any currency that can be used for the requisite purpose. Therefore, the amounts shown as procured from Treasury sources represent the maximum amount in Treasury accounts that could be used. In addition, since the disbursing officers are the custodian of Treasury source funds, it is much simpler for them to procure from this source than to purchase through local markets. Even without mandatory regulation, the disbursing officers normally procure from Treasury sources when possible to avoid the additional time and effort involved in local market purchase.

Foreign currency utilized from U.S. Treasury sources by Foreign Service disbursing officers during the fiscal years 1956 through 1960 by appropriation account

[In thousands of U.S. dollars]

Fiscal year ending—	Total utilized from Treasury sources ¹	Acquisition, operation, and maintenance of buildings abroad, State	International educational exchange activities, State ¹	Salaries and expenses, State	All other accounts
June 30, 1960.....	89,678	16,737	12,591	17,027	43,323
June 30, 1959.....	77,749	20,992	6,082	16,366	34,309
June 30, 1958.....	85,307	12,045	9,155	39,077	25,030
June 30, 1957.....	70,468	7,576	7,268	36,896	18,729
June 30, 1956.....	66,920	4,031	7,996	27,678	27,216
Total.....	390,122	61,381	43,092	137,044	148,607

¹ Includes dollar equivalent of foreign currencies made available without purchase from or reimbursement to Treasury accounts for international educational exchange and assistance to American-sponsored schools.

NOTE.—Amounts are rounded to the nearest thousand, and will not necessarily add to totals similarly rounded.

Mr. POAGE. Further down in your statement you suggested the advisability of shipping considerable quantities to foreign countries and storing them there. I think that is a program which has merit. I have long urged such a program.

There is one point that intrigues me or interests me. You suggest that the commodity be shipped on consignment and stored in the other fellow's warehouse, but to remain the property of the United States until such time as it is disposed of under one of the titles of Public Law 480.

Mr. MARTIN. Yes.

Mr. POAGE. Does not that open the door for waste and is not physical waste already rampant in many of these countries?

Mr. MARTIN. I am sure there would be some places where this could be a problem. I have assumed we would be able to administer the program to prevent it from being a serious problem about which we should be concerned.

Mr. POAGE. I am not going to embarrass any country. Mr. Jones and I visited one of the countries a little more than a year ago—a country which received substantial amounts of American wheat. We were told that they expected to lose 20 percent of that wheat from the time that the ships landed to the time they got it into their warehouse. They expected to lose 20 percent of it by stealing and plain waste. It seemed to me that the operation was conducted in the most slipshod manner I ever saw. But that country was losing that 20 percent; that is, they would have gotten 20 percent more than they did, had they cared for it from the ship to the dock. We were giving it to them for local currency but 20 percent did not show up in their warehouses.

When they take such losses when it was their wheat, what do you think would have been the loss to the United States had we had title to it?

Mr. MARTIN. I doubt whether the people that are pilfering it will know whose loss it is that is being created.

Mr. POAGE. I doubt that, too.

Mr. MARTIN. I would suggest that if we have title to the grain we might be in the position to take a more active role in protecting it than would otherwise be the case.

On the other hand, I would point out that dock pilferage is not a problem that is confined to countries outside of the United States. We have serious problems with it in this country.

It is also true that in many of these countries there are very inadequate storage and handling facilities, dockside, for the quantities that we are making available. And we are pressing in a number of these countries to use the counterpart funds to improve the dock-handling facilities and the storage facilities, because otherwise pilferage and rats and other causes take undue losses between arrivals and consumption. It is a problem.

Mr. POAGE. I find no criticism of the idea of sending this food abroad. But if an emergency occurs, where we want to give the commodity, could not we just as well give it to them then by replacing what was already in their warehouses, saying, "We will wait and see, whether you will get it given to you or whether you will buy it."

It seems to me that you have to put some responsibility on local people and you have got to make them suffer some loss if they do not accept that responsibility.

Mr. MARTIN. I would like to suggest, Mr. Chairman, that we, certainly, could do that, but I doubt if we would have any national food storage plans. Most of these countries are very short of government money, and would find it difficult to put up the local currency in advance of a real need and use for it.

I would, also, suggest that they do have an interest in preserving it when we asked them to pay storage and transportation costs. They will have made an investment in the wheat or whatever the product is.

Mr. POAGE. You say to pay transportation costs?

Mr. MARTIN. I believe that is the statement.

Mr. POAGE. Are you going to require them to pay the transportation costs? That is something I would like to see happen but I have not known that we even proposed it anywhere.

Mr. MARTIN. In my statement at the bottom of page 2 it says that the recipient countries would assume the cost of storage and transport. I am sorry. I have been corrected. I was misinformed on that.

It is the internal transport that they would pay, not the transport to the country.

Mr. POAGE. Yes. We would pay the transportation from Kansas City to New Orleans, from New Orleans to Calcutta; and India would pay the freight from the shipside to the warehouse. That is really what you mean.

Mr. MARTIN. That would be true until they actually use it. When they actually use it, say, under title I, then the payment arrangements that normally apply to title I shipments would apply in which they would pay the total price.

Mr. POAGE. The same arrangements, that the United States pays the freight.

Mr. MARTIN. Not normally, no sir; there we do not, not normally.

Mr. POAGE. Who is paying all of the Indian freight? We are shipping every day to India.

Mr. MARTIN. That is right.

Mr. POAGE. Who is paying it?

Mr. MARTIN. They pay us back in local currency for the cost of the shipments that are made in U.S. vessels.

Mr. POAGE. They pay us back in local currency and we then give them 42½ percent of the local currency that they pay us. Then we lend them 42½ percent of it the day they pay us, and the United States is not in a position to use even the remaining 15 percent to pay the cost of the transportation.

Mr. MARTIN. In dollars, yes, sir.

Mr. POAGE. The United States is still paying the bill, is all I am saying.

Mr. MARTIN. In considerable part.

Mr. POAGE. Yes. I am for this foreign currency program, Mr. Martin. I was one of the authors of the bill, but I think we owe it to the American people to give them a frank explanation of what this program is not and not to cover it up with a lot of niceties about what other people are doing. I do not think we do the foreign people any favor by making them think they are paying a large share of it. I think most of these countries honestly believe they are paying a large part of the cost. I think they believe that sincerely.

Are we doing ourselves or them any favor in covering up? Why do we not tell them what we are doing? Why do we not make it plain that the United States is paying these costs?

Mr. MARTIN. I would like to make two points, if I might.

In the first place, so far as the shipping costs are concerned, we do provide very substantial employment for U.S. vessels by requiring that 50 percent move in U.S. vessels. And this is a cost in dollars which they would find it difficult to bear and which would again militate against a program as large as we have.

Secondly, I would point out so far as the average person in these countries is concerned, payment in local currency is just as burdensome and more understandable than payment in dollars would be.

Mr. POAGE. And I realize why the local individual who buys the end product must pay.

Mr. MARTIN. Yes, sir. And his government must pay in local currency.

Mr. POAGE. He pays in local currency. Ultimately, pays off his government's obligations.

Mr. MARTIN. Yes, that is right.

Mr. POAGE. I mean the local government is relieved of the obligations, having taken the money from the ultimate consumer. And that ultimate consumer does not get any food as a gift. I recognize that. He does not get it as a gift. Very few of them realize that there is any cost to the United States involved. In all of this transaction, very few of them realize that. I think most of the foreign government officials with whom we deal have no conception that the United States Government is spending anything. They think we are giving them worthless commodities, something we consider utterly worthless at home.

Mr. MARTIN. Unfortunately, that is true.

Mr. POAGE. I believe we have built it up by covering up our costs, by keeping our own public as well as theirs from understanding the costs that are involved. I think we ought to make it plain as to all of these costs that are involved. I think it would be well to put them into local currency. We are going to give back a lot of this local currency, as you said.

But that brings me to the next question. Why do we give this currency back rather than lend it, as the law originally contemplated? I know that you found a loophole in the law. I do not think anybody has been violating the law—I think the law contemplated that we should make grants when there were emergencies.

When they had an earthquake in Chile, we all wanted to give them something. We did not think that we would just give these countries a large part of what we are supposed to sell them for local currency when there was no disaster. In the Indian agreement we set the policy of giving a reduction of one-half price of the world market.

Mr. MARTIN. There was a reduction.

Mr. POAGE. That is about what it amounts to. Yet we say we would deal with our good neighbors in the rest of the world and that we would take no one's markets.

Australia had a market of 30 million bushels of wheat a year in India, and that is one-fourth of the Australian wheat crop. It is one-fourth of the crop there. What is Australia's part of the Indian market now?

Mr. MARTIN. With the normal marketing requirement of our latest agreement, it was 400,000 metric tons which was checked out with the Australians as well as the Government as being satisfactory to them. They are not complaining.

Mr. POAGE. I asked a question what are they selling?

Mr. MARTIN. I do not have that figure.

Mr. POAGE. I am told that it is less than a million bushels.

I will agree that the Australians said, "Yes, we will go along with it"—in order that we would not raise the tariff on their wool. Of course, they would go along with it. They need to export wool into the United States. They want dollars in Australia. So they go along with it.

But, is that actually doing what we pledged? We are taking somebody else's market; there is not any escape from it.

Mr. MARTIN. I cannot check on the figures you have used with respect to Australia, Mr. Chairman, but we have made a very conscientious effort not to disrupt the normal markets, either of the United States or of other friendly countries in making this food available under Public Law 480. And at the present time I feel there is a general understanding of what we are trying to do, of the importance of it, and other exporting countries on the whole accept that we are trying to protect their legitimate interests in those markets at the present time.

Relationships are a little better in some commodities than in others, but on the whole we feel we have done as good a job as we could in protecting the normal commercial sales which we think is important from a number of standpoints.

Mr. POAGE. I am afraid we have not done as good a job as maybe we should have. Maybe we have done all we could. Only one more matter I want to inquire into.

You mentioned a handicap for the program because of Appropriations Committee action. The right to make appropriations for these health and nutrition and sanitation programs. That actually was put in the law at the demand of the Appropriations Committee, and I do see why you criticize it. But the chairman of one of the sub-

committees of the Appropriations Committee said it should go in there or the bill would not pass. And we wanted to get the bill passed.

If we now take that out, have you had any conversation with the Appropriations Committee? Has there been any change in their attitude?

Mr. MARTIN. I did appear a week ago before the Senate Committee on Agriculture and Forestry.

Mr. POAGE. I am not talking about that committee. I am talking about the House Appropriations Committee.

Mr. MARTIN. I have not had any conversation with them, but this is something we feel is very important to be done and we will, certainly, pursue it.

Mr. POAGE. You cannot hope it will be done unless you can satisfy the Appropriations Committee because this committee did not do it in the first place.

Mr. MARTIN. I will be glad to make an effort in this direction.

Mr. POAGE. I just wanted to call your attention to it, to the fact that this is the wrong forum in which to seek that relief.

Thank you very much.

Mr. Hoeven.

Mr. HOEVEN. Mr. Martin, I shall not be repetitious, but I concur heartily with what Mr. Poage has said. There is a lot of concern on the part of members of the committee that we are departing from the original concept of Public Law 480.

Reference has been made to the sale of wheat to India. As I understand it, about 42½ percent of it was a direct grant.

Mr. MARTIN. I believe that is right.

Mr. HOEVEN. Why was such a grant given?

Mr. MARTIN. It was our feeling in the executive branch that with the very large accumulation of local currencies under previous agreements, which was far beyond anything we could use for U.S. uses, with the very important development program which India was undertaking, that to perpetuate a loan program which would be constantly coming back to the United States, and we would have to be making new decisions within the year about how to use it on the whole, the net advantage in our relations with India in promoting their development program lay in enlarging the proportion of the grants and this could be done without any adverse effect on the availability of local currency for U.S. expenditures.

Mr. HOEVEN. Do you not realize that you are establishing a rather dangerous precedent, in that you will likely have to give Pakistan the same kind of treatment?

Mr. MARTIN. There are precedent aspects in any agreement, but on the whole these agreements have widely varied from country to country to country. And it has not been too difficult a problem. It does create some difficulty.

Mr. HOEVEN. Would you not expect to afford the same treatment to Pakistan that you gave to India?

Mr. MARTIN. We are negotiating with Pakistan. And there will be a problem of a similar sort in that case where we, also, have substantial amounts of local currency and with the multiyear agreement we will be accumulating more. There are special circumstances in the

Pakistan case—that is our desire to help them take care of the cost of the Indus River development, which is a rather heavy load.

Mr. HOEVEN. Do you contemplate giving Pakistan more than a 42½-percent grant?

Mr. MARTIN. I think it is still under negotiation and I cannot answer that question. There is as yet no final decision.

Mr. HOEVEN. I hope you negotiate long and loud on that kind of a proposal.

Another matter: The committee has been concerned for a long time about food which is given through the generosity of the American taxpayer to the hungry people of the world. How much of that food actually gets into hungry mouths? I read somewhere a week or so ago, as I recall in the hearings on the confirmation of the American Ambassador to Peru, there was some disclosure to the effect that only about 5 percent of the food, distributed by us in Peru actually got to the people of Peru.

And the Ambassador, as I recall, said that his understudies and employees had let him down. Have I substantially given you the picture?

Mr. MARTIN. I think I would prefer not to comment on the record with respect to the Peruvian case. I am not familiar with the details. I know there have been hearings before another committee of the House. There have been statements made on various sides of the issue, with respect to various figures. I do not have firsthand knowledge which enables me to pass judgment on what in fact happened in Peru.

Mr. HOEVEN. Assume that the facts as I have related them are true, what are you going to do about a situation like that? Our American people expect that such food actually get to hungry mouths. Mr. Poage referred to a case in Saigon where 20 percent of wheat shipments were stolen at the docks upon delivery.

Mr. MARTIN. I think there is one essential difference between the Peruvian program and the Public Law 480 program. In the Public Law 480 program we are selling to the local government and distribution is in the hands of the local government. And they in turn sell. And by having these additional quantities of foodstuffs, they are able to keep the prices down in their countries. This has been a main objective of the Indians in wanting to enter into the program. And when prices are at lower levels for things like wheat, this does help hungry people. They can buy more than otherwise they would be able to buy. This is not, as far as title I is concerned, a relief program in which there is an effort to make distribution to particular persons who are particularly hungry and cannot get it otherwise. It is a program to make larger supplies available and thereby keep costs down.

I think in the Peruvian case, as would be the case in title III programs, you are addressing your self to a particular group of people who have suffered a particular hardship and are trying to get the foods into their hands. This would not be true of most of the Public Law 480 programs.

Mr. HOEVEN. Regardless, the hungry people are not getting the food.

Mr. MARTIN. I do not think one can say that.

Mr. HOEVEN. Why not?

Mr. MARTIN. I do not think that one can say that. Hungry people are getting food who would not otherwise be getting it, if you keep the price down.

Mr. HOEVEN. When 100 percent of hungry people are supposed to get food and only 5 percent actually get it, that is not a very good record.

Mr. MARTIN. I do not know about such facts.

Mr. HOEVEN. Does not the difficulty really arise because we are dealing with governments rather than with the people themselves.

Mr. MARTIN. There may be some cases in which this causes difficulty. In title III we do deal directly on a people-to-people basis, but this is a fine program that we would like to see go as aggressively as possible. I do not see any really good alternative with respect to programs of the magnitude of title I except to deal with governments. There may be ways we have not thought of.

Mr. HOEVEN. Perhaps if there were closer supervision of food distribution, there would be less chance of graft and corruption.

Mr. POAGE. Thank you. Any other questions of Mr. Martin?

Mr. JENNINGS. You say that there are some countries here that have quite an accumulation of counterpart funds. What countries are those?

Mr. MARTIN. Burma, India, Israel, Pakistan, Poland, United Arab Republic, and Yugoslavia.

Mr. JENNINGS. In those particular countries are these funds being utilized to advertise with promotional work our agricultural products?

Mr. MARTIN. We have market development programs which are worked out by the Department of Agriculture in these countries. And I know of no programs that are not able to be undertaken because of lack of funds.

Mr. JENNINGS. What about the transfer of some of these funds to other countries, by unilateral agreements?

Mr. MARTIN. On the whole, most of these countries are in sufficient difficulty with respect to their general balance of payments that they find it very difficult to make other currencies available. In other words, to use their currencies to purchase other currencies becomes quite difficult. And we have not in most of these agreements—in fact, I am not sure that we have in any of them, the right to demand this. Do we have that? I am corrected on that.

Up to 2 percent we have in the last year required the right to convert for other uses and this is being utilized where we have a reason for doing so. This is a recent development.

Mr. JENNINGS. In answer to Mr. Poage's question there as to whether the agricultural people of America were receiving the benefit of this program, is that not one case where we could make a substantial improvement in this program by advertising in the market development, using additional agricultural products and getting these people accustomed to our products, some of the newer products in particular?

Mr. MARTIN. We are doing what we can there, but I would point out that these countries, as well as a good many Public Law 480 countries, are not at the moment cash markets of any great consequence. They are too short of foreign exchange.

We hope as development proceeds they will become so. But the countries where we have excess currencies, we are doing what we can, but it is difficult to go too far beyond that and hope that they will have foreign exchange with which to buy agricultural products from us, which is our ultimate objective, but these countries are pretty far away from that possibility.

Mr. JENNINGS. You are advocating a long-term program extending for 5 years. Do you anticipate this is going to become a permanent program for agriculture or for foreign relations?

Mr. MARTIN. I think that is a crystal ball gazing kind of question. If I may say so. I would think that we would hope, certainly looking to the long-term future, that our economic development program would be of such a character that countries one by one would become able to import their agricultural commodity requirements, above what they can produce themselves, in the normal trade channels and pay for it out of their own earnings. This would be the normal trading relationships which we would like to see established. But I cannot predict when this is apt to come about throughout the world.

Mr. JENNINGS. Do you find any evidence of our own people depending upon this program and taking it as a permanent program rather than as a temporary program? You know this was started out as a temporary program. I guess there is nothing more permanent than a temporary program. I find out people are depending upon this and looking forward to it and taking it for granted.

Mr. MARTIN. I have not really had much contact with the people directly involved, which is the farm group. I would think it only reasonable that the future in which one can do reasonable planning—the next few years—it will continue to exist. Whether anybody is looking much further beyond the 5-year period that we talk about to the more distant future or not, or counting on it, I do not know. Within the period in which one can plan our own agricultural output, it will still be with us.

Mr. JENNINGS. You do not think these funds should go through the appropriations channel?

Mr. MARTIN. The local currencies expenditures, for country uses, no; for U.S. uses, yes. But for country uses, no. I think this is the only case where this is required in any of the local currency accumulations that the U.S. Government has from various programs.

Mr. JENNINGS. You say this is the only case?

Mr. MARTIN. The only case in which there is an appropriation requirement for country use of local currencies accumulated.

Mr. JENNINGS. Do you think that this is the only case?

Mr. MARTIN. The only case; I think this is the wrong requirement.

Mr. JENNINGS. Do you say that it is correct?

Mr. MARTIN. No; a wrong requirement.

Mr. JENNINGS. That is all.

Mr. POAGE. Mr. Findley.

Mr. FINDLEY. You mentioned the fact that one of these countries had balance of payment problems. And, of course, the United States has, too. In considering revisions to Public Law 480, did you give any consideration to the possibility of adding spending by U.S. tourists to the list of approved uses for these foreign currencies?

Mr. MARTIN. We did not give serious consideration to that. This question came up, I might say, in the Senate committee as well. I think the answer, essentially, is that in the seven countries which I have just named which are the countries in which there are surplus currencies in the U.S. category, there is relatively little tourism except in the case of Israel; that all of these countries, as you say, are in balance of payment difficulties. In most of them we are desirous of doing what little we can to help them in this regard. And to use local currencies to cover tourist expenditures would deprive them of a source of dollar income, small though it might be, and thereby reduce the volume of imports from the dollar area or from other hard currency areas. And whenever we are giving aid to a country like India in very substantial amounts, to deprive them of the source of regular income from tourist expenditures, the kind of income we hope will increase and make them eventually viable and able to stand on their feet, would not be a very good thing.

Mr. FINDLEY. Our ability to continue with programs like this depends upon our ability to meet our own balance of payment problems, does it not?

Mr. MARTIN. This program, I think, is less dependent, certainly, on and less of a charge against our balance of payments than some others, and the President has considered very carefully the balance of payments problem and the measures that should be undertaken to correct it. A number of steps which have been decided upon and announced first in a directive by President Eisenhower and more recently in a message to the Congress by President Kennedy, which they have felt were adequate steps to deal with the problem now existing.

And this was not included among the steps they thought should be taken into account.

Mr. FINDLEY. Even though granting that tourist travel to India is on a rather small scale today, every little bit would help in our balance of payment problem, would it not? Why do you object to adding spending by U.S. tourists?

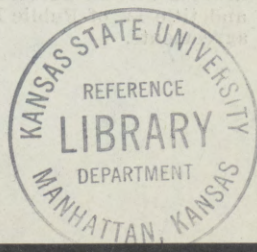
Mr. MARTIN. It does seem to me that it is running counter to what we are trying to do in India; namely, to help them earn their own way. And I just say if we start offering U.S. tourists this kind of compensation, I am not sure where we draw the line with respect to other kinds of expenditures by U.S. individuals who would seek this kind of compensation.

But I think the main point would be that in India we are trying to help them earn their own way.

Mr. FINDLEY. As U.S. tourists visiting a country like India, would not this provision attract them and would it not be to India's advantage to give a little bit in this regard with the thought that India stands to gain as tourist travel becomes established over a period of years?

Mr. MARTIN. I am afraid the Indians might look upon this as a distant gain for a present real loss that is tangible and hard to justify to their own people.

Mr. FINDLEY. Would the Department of State object to an amendment to Public Law 480 which would add that?



Mr. MARTIN. I am not sure that I am in a position to give an official executive branch position, but my personal views are, certainly, as stated, and I would doubt very much whether we would agree to such a proposal.

Mr. FINDLEY. Thank you. That is all.

Mr. POAGE. Mrs. May.

Mrs. MAY. Mr. Martin, for clarification, this is with reference to Mr. Poage's question before as to the subject of long-term commitments. If we negotiated the sale of surplus commodities with foreign countries for a long-term commitment if so permitted under new legislation, for 5, 10, 20 years, and then in a few years the political complex of the government of that country might change, something happens, in other words, that results in the United States breaking economic and diplomatic relations with that country; is there an escape clause in the contracts that we negotiate covering such situations?

Mr. MARTIN. As things now stand, there is no escape clause for political factors. There is provision to review the quantities each year in the light of the supply-and-demand situation for the commodity. This is one reason why we have been very careful about the countries with whom we have negotiated long-term commitments. We have been under considerable pressure from one or two countries where we have been unwilling to do so.

And I may say, also, that I think I would never envision our going to 10 or 20 years. I think we think of 4 and 5 years as much the longest we would ever want to commit ourselves to anybody.

Mrs. MAY. But even if international events suddenly take a change, within that 5-year period something could happen. Do you feel we have the proper language and safeguards in the present law or the terms of it to protect ourselves here in the United States from having to fulfill the commitments with a country with whom we no longer wished to fulfill commitments or we feel we should not?

Mr. MARTIN. I think you have raised a very good question on which I am not in a position to give you a definitive answer. I would like to counsel with the legal staff of the Department as to how much flexibility we have under international law to renounce the contracts we have made. I would have to check that.

Mrs. MAY. Mr. Chairman, if we have that information I think it might become a part of the record.

Mr. MARTIN. I will be very glad to do that.

Mrs. MAY. Thank you.

(The information follows:)

The great majority of title I, Public Law 480 agreements have been entered into on a 1-year basis. The United States has presently outstanding multiyear commitments to only four countries pursuant to international agreements entered into under the authority of title I of Public Law 480. These are: (1) a 3-year agreement with Brazil, entered into December 31, 1956, which has been extended to June 30, 1961; (2) a 3-year agreement with Colombia, entered into on October 6, 1959; (3) a 3-year agreement with Peru entered into on February 12, 1960; and (4) a 4-year agreement with India entered into on May 4, 1960.

The United States also has currently under discussion with several countries draft multiyear agreements to be entered into under the authority of both title I and title IV of Public Law 480, but has not as yet concluded any such title IV agreements.

In each of the four agreements cited above, the obligation of the United States to finance the sale of commodities is made expressly subject to the availability of such commodities for surplus disposal under Public Law 480 and to the issuance of purchase authorizations by the Department of Agriculture. As a technical matter, this language permits of a certain amount of flexibility. In addition, specific language present in the Brazilian, Peruvian, and Indian agreements, though not in the Colombian agreement, is designed to cover situations where the continued financing of such sales may be undesirable for other reasons. Article I of the Peruvian agreement provides in part that "The two Governments also agree that the financing of further sales of wheat beyond June 30, 1960, may be terminated or continued at a reduced level if it is determined by either Government that continuance of wheat sales at the agreed level is not justified on economic grounds or for foreign policy reasons." Article I, paragraph 4, of the Indian agreement provides in part that: "The U.S. Government shall have the right to terminate the financing of further sales under this agreement of any commodity if it determines at any time after June 30, 1961, that such action is necessitated by the existence of an international emergency." Article I, paragraph 2, of the Brazilian agreement is almost identical with the corresponding language of the Indian agreement.

The responsible offices of the Department of State are studying this matter with a view to insuring that all future multiyear commitments entered into under the authority of Public Law 480 shall contain appropriate standard provisions to insure the requisite flexibility.

Mr. POAGE. Mr. Short.

Mr. SHORT. Mr. Martin, could our stepped-up disposal of wheat under general provisions of the different titles of Public Law 480 in recent months have had anything to do with the recent Canadian agreement that they negotiated for, what was it, 30 million bushels of wheat, to be sold to Communist China?

Mr. MARTIN. Essentially that.

Mr. SHORT. What I am trying to say is, following along the lines of some of the questions Mr. Poage brought up, have these almost if not actual gifts that we have made to some countries—do they not to some degree displace sales that other countries might have made? I am wondering if this is something that Canada ultimately resorted to somewhat in desperation? They have a problem up there just as we do.

Mr. MARTIN. I think it is difficult to go into people's motivations, but my surmise would be that unless in the absence of our program Canada has sold all of their wheat and had no surplus, she would have gone ahead with the Communist request to buy. And I do not think this is likely. In other words, so long as Canada had a substantial surplus of wheat and the Communist Chinese offered to buy a substantial quantity of it, at what the Canadians thought were reasonable terms, I think they would have sold whether we had a program or not. The only thing would have prevented them from selling was not having a surplus. That is my personal judgment.

Mr. SHORT. Thank you.

Mr. POAGE. Any further questions? If not, Mr. Martin, I want to ask you about this. I would like to have some information about the question of barter. There has been a great deal of concern here in the committee as to who is or is not responsible for a barter program or lack of a program. I think a good deal of confusion exists as to whether there should be a barter program or whether there should not be. I think there are very sound reasons why we should not get into some barter transactions. I would like the record to show that I think barter transactions broke the cotton market several times. I think it has been very harmful in many instances, where

barter has come out and has taken the place of selling. But there seems to be a good deal of argument about the agreements that were made last October. I do not know whether you know about it or not—The agreement in which we purchased Chile's ferrous manganese for agricultural commodities? The amount of manganese is reported to be 42,000 long tons.

It seems from the information I have that when that offer was submitted that the State Department objected, objected to the price at which the manganese was to be sold and objected to the purchase because it would maintain certain marginal operators in the manganese business. They felt that should not be done.

There was considerable negotiation about the price. The price ranged from \$230, I believe, to \$210 a ton. And the CCC felt that \$210 a ton was reasonable as a figure. The Department of State refused to permit this transaction. Why they did so, I do not know. Do you know?

Mr. MARTIN. I am familiar with this deal, Mr. Chairman.

Mr. POAGE. I wish you would give us the facts about it.

Mr. MARTIN. I believe that it is still under negotiation, and, therefore, I cannot give you the full facts of the situation. Partly, I say this because we are not involved in all aspects of such arrangement. The question of negotiating barter deals and negotiating price is one which is handled primarily between the CCC and the GSA. When there are purchases being made for one of the stockpiles, which is the case in this instance, that is the situation.

The Department of State is interested in such barter deals, primarily, from the standpoint of foreign policy considerations. And in this particular instance we made it clear that so far as we were concerned, we felt that the barter negotiations should be conducted in normal fashion that was done in other instances, that there were no special political factors either pro or con, and that the normal procedures should be followed.

I think the problem that has developed here is primarily as you have suggested, one with respect to price. In many barter deals, most barter deals, we make a barter deal on the basis of the world market price. In some cases, it is not easy to determine what is a world market price, or if there is not a readily determinable one, what is a fair price in the particular market situation.

But this question of determining price is not something that the Department of State gets involved in. It is a matter between GSA and CCC.

Mr. POAGE. Is it the feeling of the State Department that CCC is offering too much for that ferrous manganese?

Mr. MARTIN. I do not know what the CCC is offering.

Mr. POAGE. \$210 is what I have understood.

Mr. MARTIN. I just do not know.

Mr. POAGE. I do not know whether \$210 is a fair price for ferrous manganese or not or \$6 or \$6,000.

Mr. MARTIN. Outside of the United States, the world going market price is something in the order of \$160 to \$170 a ton, I am told, for comparable grades. But as I say, I am not in it. In the United States we have a protected market, the price is considerably higher. This is not something that the Department of State is informed on or has expertise on. This is in the hands of the GSA, primarily.

Mr. POAGE. Do I understand then the Department of State exercises a degree of control over the price at which these barter transactions are negotiated?

Mr. MARTIN. I would say we do not exercise a control over specific prices but we are interested in the general principles upon which pricing is based because this affects the degree to which we are disrupting normal markets or altering the normal patterns of trade but not in the specifics. We get into the general principles to be followed. The application of those principles has to be done by technicians, which we are not.

Mr. POAGE. You do not get into specifics? You must get specific if you are going to have any effect, must you not? How can you influence a deal of this kind unless you are specific? I am not criticizing; I do not know about it. Frankly, I think we made more mistakes allowing too much for some of these foreign commodities than too little, I think if we allow too much for ferrous manganese, that enables somebody to buy cotton and sell it in Europe at less than the world price. I think that is the basic danger of this program. I am not trying to tell you that you are wrong. I just want to find out what is happening and who is fixing this price. Do you figure the Department of Agriculture fixes it, or do you have a joint arrangement?

Mr. MARTIN. We do not fix it. The Department—

Mr. POAGE. You can hold the deal up. If they fix it at \$210, you have the right to say, "No dice," then you do fix it, even though you do not say what the price is.

Mr. MARTIN. We have not said "no dice" to any particular figure.

Mr. POAGE. You have not?

Mr. MARTIN. No. There has been discussion with the Department of State at some length as to the extent to which there might be special political factors which should affect the price-fixing formula that would normally be applied. I think it has taken some time to get clear what the issues were here and to get this worked out. We have consulted our Embassy in Chile. We have talked to a good many of the participants in the deal. I think we have made our position clear on this. And that this is not a question of what the price shall be, it is a question of whether there are special political factors which should be taken into account. And we have said in this instance we do not feel there are.

Mr. POAGE. In other words, you and Agriculture feel that the \$210 is too high but Agriculture contends that the Chileans are entitled to have more than somebody else; is that about it?

Mr. MARTIN. I would be reluctant to say we have said \$210 is too high. We have pointed out that \$210 is well above the world market price.

Mr. POAGE. I will say that it is too high if the world market price is \$170—I will say that it enables somebody to go out and buy wheat and sell wheat under the world market and break everybody's market in doing that. They can convert it into cotton and sell it at 3 cents a pound, under the world market and absolutely destroy business that way.

Mr. MARTIN. They can.

Mr. POAGE. I will say any price is too high that enables the seller of that commodity to convert it into a surplus agricultural commodity and then sell that commodity on the world market at something less than the world price. It is bound to destroy markets when you do that.

Mr. MARTIN. It causes trouble.

Mr. POAGE. You are not in a position to tell us then what is the reason for holding up this particular deal?

Mr. MARTIN. Not at the present time, no, sir.

Mr. POAGE. You are able to tell us, though, that the Department of State does not veto these transactions as a result of price?

Mr. MARTIN. Not as a result of the specific price. I am trying to make myself clear, if I may. If a price is proposed which seems clearly out, unrelatable to the principles which have been generally agreed to, then we will raise questions as to what modifications of the principles have led to this price, but we are interested in the principles, not in the price.

Mr. POAGE. What do you do about it when you discover that? Suppose Agriculture came in and fixed the price at \$400 on this manganese, which is completely out of line—would you stop the transaction because Agriculture fixed the price at \$400, completely out of line?

Mr. MARTIN. I am sure we would protest vigorously.

Mr. POAGE. Could you stop it?

Mr. MARTIN. I do not think we have legal power to do so, no, sir.

Mr. POAGE. To whom would you protest?

Mr. MARTIN. To the Secretary of Agriculture or his representative in the matter.

Mr. POAGE. If he fixed the price at \$400, then I assume, if he fixed the price at that figure, he would not be—

Mr. MARTIN. So far we have not had this trouble, so we would have to push things to the ultimate conclusion.

Mr. POAGE. Thank you.

Are there any further questions?

If not, we are very much obliged to you.

Mr. MARTIN. Thank you, sir.

Mr. POAGE. The next witness is Mr. Robert Beers of the U.S. Information Agency.

STATEMENT OF ROBERT M. BEERS, ACTING DIRECTOR, INFORMATION CENTER SERVICE, U.S. INFORMATION AGENCY, ACCOMPANIED BY PARKER MAY AND EUGENE SKORA

Mr. BEERS. Mr. Chairman, the U.S. Information Agency has been invited to have a representative appear before this committee to report briefly on the programs which it carries out with foreign currencies generated under Public Law 480. I am here to make that report.

SECTION 104 (I)

From May 1957, through fiscal year 1961 the Agency has used 104(i) foreign currencies to translate, publish, and distribute American textbooks for use in educational systems abroad, and to expand its general publications program in India and Nepal. In 1962, section

104(i) foreign currencies will be used in seven excess currency countries (Burma, India, Israel, Pakistan, U.A.R., Poland, and Yugoslavia) for not only textbooks but in a general program for translation, publication, and distribution of other types of books, periodicals, pamphlets, and library operations. Textbook publication will continue in 1962 in eight restricted currency countries (Indonesia, Korea, Thailand, Vietnam, Turkey, Brazil, Colombia, and Peru).

Through December 31, 1960, the agency had used the equivalent of \$3,482,004 for its publications activities. We estimate that during the remainder of this fiscal year and in 1962 foreign currencies will be used under 104(i) to the extent of \$9.2 million.

With the thought that the committee might be interested to see some of the books being produced, we have here in the committee room some samples of textbooks already published under this program in Greek, French, Spanish, Burmese, and English. These are few of the 25 titles which have been published so far in eight languages and seven countries. There are 277 more editions of textbooks in process.

In addition to the textbooks, there are some English language copies of several other books translated into foreign languages and distributed to libraries.

While books comprise a large part of the publication program, there will be in addition pamphlets, posters, periodicals, and other materials printed and distributed as a part of the U.S. oversea information program.

For example, in India section 104(i) funds are being used to publish and distribute five periodicals in English and eight local languages. We have here samples of two of these publications. First, here is the American Reporter which is a biweekly tabloid published in 392,000 copies per issue. This publication carries articles and stories on the Indo-U.S. economic development program, the foreign policy of the United States, and other topics of general interest. The other sample available is SPAN a monthly English language magazine in color now published in 52,000 copies with plans for 75,000 copies per issue in 1962.

SECTION 104(J)

The Agency has used 104(j) foreign currencies to assist binational centers abroad. These binational centers are autonomous institutions jointly sponsored by American residents and nationals of the host countries. The purpose of these centers is to promote understanding between the United States and the host country through the cultural, educational, and informational activities which they carry out. The teaching of English to nationals of the country is usually the most important activity of these centers.

Through fiscal year 1961 grants have been made to assist these centers in acquiring improved quarters for their operations. Starting in fiscal year 1962, foreign currency grants will be made to assist binational centers in meeting their operating expenses. As of December 31, 1960, grants had been made to 52 centers in amount equal to \$3,159,919 for the purpose of improving the operational quarters to permit expanded and more effective programs.

During the last half of fiscal year 1961 and in fiscal year 1962 we propose to make additional grants of foreign currency having a value of \$2,738,718.

Mr. Chairman, I have for the committee copies of a statement which describes in more detail the nature and purpose of these binational centers. Also, if the committee is interested I have a brief report on a completed project for the binational center in Lima, Peru.

SECTION 104(R)

For the first time in fiscal year 1962 the Agency proposes to use the equivalent of \$2,200,180 under section 104(r) for radio, television, motion pictures, exhibit production and distribution, and other audio-visual activities authorized by this subsection.

I have for the committee's consideration and for insertion in the record, if it deems appropriate, the general statement and summary tables from the budget presentation of the U.S. Information Agency covering activities to be financed with Public Law 480 foreign currencies in fiscal year 1962.

This completes my statement.

Mr. POAGE. Without objection, the statement will be included in the record.

Mr. BEERS. Thank you.

(The statement referred to is as follows:)

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)

GENERAL STATEMENT

The Agency has been delegated authority to expend foreign currencies generated under title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) for the following purposes pertinent to the operations of the Agency:

Section 104(i), to finance the translation, publication, and distribution of books and periodicals, including Government publications, abroad.

Section 104(j), to provide assistance to binational organizations serving U.S. interests abroad.

Section 104(r), to finance the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad.

Under Agency policy, the use of Public Law 480 currencies has been limited to special, usually nonrecurring projects, of a nature not conducted under the regular dollar appropriation. Public Law 480 funds have been used under section 104(i) to support the translation, publication and distribution of textbooks for educationay systems in foreign countries, and under section 104(j), to provide capital assistance to binational organizations for construction, purchase, and long-term rental of quarters to house the organization.

This policy was modified for India and Nepal in 1960 to provide Public Law 480 financing for an expansion of existing programs and for the initiation of new programs of the type normally conducted under the Agency's regular appropriation and authorized in the language of sections 104(i) and 104(j). These special projects did not affect the basic country program which continued to be financed under the regular dollar appropriation.

The 1962 budget proposes to expand the use of Public Law 480 authority to cover all regular Agency programs authorized by sections 104(i), (j), and (r) in countries which have been determined to be excess currency countries by the Department of the Treasury. For 1962, these countries are: Burma, India, Israel, Pakistan, Poland, U.A.R. (Egypt), and Yugoslavia. The Nepal program will also be affected by this new policy since the Agency has the permission of the Government of India to use Public Law 480 Indian rupees in Nepal. In Poland, where the Agency does not operate a regular information program, this policy will not apply, although textbook translation projects will be conducted with excess Polish currencies.

As a result of the policy change the Agency plans to fund the following activities with foreign currencies in those excess-currency countries where the Public Law 480 agreement includes section 104 (i), (j) or (r) :

Under section 104(i) : Translation, publication, and distribution of books, periodicals and pamphlets; library operations and presentations.

Under section 104(j) : Grants to finance operating costs of binational centers, and local currency costs of binational center grantees.

Under section 104(r) : Radio, television, motion picture, and exhibit production and distribution; and posters and information placement.

Expenses directly related to these activities, including local employee salaries, travel, research, administrative costs and shipping, will also be funded with foreign currencies.

To provide a direct comparison of 1962 program estimates under the new policy with actual and estimated obligations incurred in prior years under the "Salaries and expenses" appropriation, a "Comparative transfer from S. & E." column has been inserted in the 1960 and 1961 presentations of this budget. These comparative transfer figures represent the costs of the activities that were funded from the regular dollar appropriation in 1960 and 1961 and that are now shown in the Public Law 480 budget for 1962. A more detailed account of the relationship of this estimate to the regular "Salaries and expenses" appropriation appears at tab 6, "Explanation of special budget items."

Since all the excess-currency countries, with one exception, are areas of high priority, the Agency, in addition to transferring existing activities, has also included estimates to expand and initiate new operations in these countries, as was done in India, to seek maximum utilization of available currencies to further promote the objectives of the information program.

Textbook translation programs and binational center capital assistance projects previously funded under Public Law 480 will continue to be conducted in the excess currency countries as well as other countries where restricted Public Law 480 funds are available. These restricted funds are available currencies in limited supply that cannot be used to defray ordinary obligations of the United States under section 104(f) of Public Law 480 but are available for other sections, including 104 (i) and (j). For the Agency's purposes in 1962, such currencies are available only in Turkey and Korea. Other funds to be used in 1962 for these special projects are those unobligated currencies available from previous appropriations to the Agency.

SALARIES AND EXPENSES, SPECIAL FOREIGN CURRENCY PROGRAMS

Summary of revised availability and obligation requirements

[Dollar equivalents, exchange rate as of June 30, 1960]

Fiscal year and authority ¹	Available from prior years	Actual or estimated new obligating authority	Comparative transfer from S. & E. appropriations	Total obligating authority	Less actual or estimated obligations	Carry-over to subsequent years
Fiscal year 1960:						
Sec. 104(i)	\$1, 598, 730	\$3, 026, 969	\$1, 109, 050	\$5, 734, 749	\$2, 615, 791	\$3, 118, 958
Sec. 104(j)	265, 591	1, 846, 853	38, 475	2, 150, 919	482, 129	1, 668, 790
Sec. 104(r)			844, 828	844, 828	844, 828	
Total, 1960	1, 864, 321	4, 873, 822	1, 992, 353	8, 730, 496	3, 942, 748	4, 787, 748
Fiscal year 1961:						
Sec. 104(i)	3, 118, 958	1, 736, 600	1, 049, 257	5, 904, 815	4, 514, 510	1, 390, 305
Sec. 104(j)	1, 668, 790	1, 263, 400	55, 000	2, 987, 190	2, 791, 889	195, 301
Sec. 104(r)			831, 743	831, 743	831, 743	
Total, 1961	4, 787, 748	3, 000, 000	1, 936, 000	9, 723, 748	8, 138, 142	1, 585, 606
Fiscal year 1962:						
Sec. 104(i)	1, 390, 305	4, 897, 110		6, 287, 415	6, 119, 492	167, 923
Sec. 104(j)	195, 301	875, 000		1, 070, 301	981, 319	88, 982
Sec. 104(r)		2, 200, 180		2, 200, 180	2, 200, 180	
Total, 1962	1, 585, 606	7, 972, 290		9, 557, 896	9, 300, 991	256, 905

¹ Authorities are sec. 104(i), for the translation, publication, and distribution of books and periodicals abroad; sec. 104(j), for assistance to binational centers abroad; and sec. 104(r), for the preparation, distribution, and exhibiting of audiovisual informational and educational materials abroad.

Recapitulation of revised availability and obligation requirements by area

[Dollar equivalents, exchange rate as of June 30, 1960]

Fiscal year and area	Available from prior years	Actual or estimated new obligating authority	Comparative transfer from S. & E. appropriations	Total obligating authority	Less actual or estimated obligations	Carry-over to subsequent years
Fiscal year 1960:						
Far East	\$580,280	\$1,286,040	\$142,259	\$2,008,579	\$477,171	\$1,531,408
Near East and south Asia	3,441,741	146,041	1,780,151	5,221,892	2,568,598	2,635,294
Latin America	381,845	-----	-----	527,886	287,840	240,046
West Europe	712,196	-----	-----	712,196	364,242	347,954
East Europe	190,000	-----	69,943	259,943	226,897	33,046
Total, 1960	1,864,321	4,873,822	1,992,353	8,730,496	3,942,748	4,787,748
Fiscal year 1961:						
Far East	1,531,408	600,000	177,833	2,309,241	1,915,779	393,462
Near East and south Asia	2,635,294	1,561,600	1,684,950	5,881,844	4,931,405	950,439
Latin America	240,046	388,400	-----	628,446	460,418	168,028
West Europe	347,954	-----	-----	347,954	274,277	73,677
East Europe	33,046	450,000	73,217	556,263	556,263	-----
Total, 1961	4,787,748	3,000,000	1,936,000	9,723,748	8,138,142	1,585,606
Fiscal year 1962:						
Far East	393,462	324,780	-----	718,242	582,627	135,615
Near East and south Asia	950,439	6,308,170	-----	7,258,609	7,137,319	121,290
Latin America	168,028	-----	-----	168,028	168,028	-----
West Europe	73,677	-----	-----	73,677	73,677	-----
East Europe	-----	1,339,340	-----	1,339,340	1,339,340	-----
Total, 1962	1,585,606	7,972,290	-----	9,557,896	9,300,991	256,905

Summary of revised obligation requirements

[Dollar equivalents, exchange rate as of June 30, 1960]

Authority and area	1960 actual	1961 estimate	1962 estimate			Increase (+) or decrease (-)
			From prior appropriation	From new appropriation	Total	
Sec. 104(i):						
Far East	\$345,792	\$505,399	\$257,847	\$291,780	\$549,627	\$44,223
Near East and south Asia	1,669,213	3,112,468	796,507	3,339,990	4,136,497	1,024,029
Latin America	111,228	75,000	168,028	-----	168,028	93,028
West Europe	262,661	265,380	-----	-----	-----	-265,380
East Europe	226,897	556,263	-----	1,265,340	1,265,340	709,077
Total, 104(i)	2,615,791	4,514,510	1,222,382	4,897,110	6,119,492	1,604,982
Sec. 104(j):						
Far East	131,379	1,410,380	-----	33,000	33,000	-1,377,380
Near East and south Asia	72,557	987,194	32,642	842,000	874,642	-112,552
Latin America	176,612	385,418	-----	-----	-----	-385,418
West Europe	101,581	8,897	73,677	-----	73,677	64,780
Total, 104(j)	482,129	2,791,889	106,319	875,000	981,319	-1,810,570
Sec. 104(r):						
Near East and south Asia	844,828	831,743	-----	2,126,180	2,126,180	1,294,437
East Europe	-----	-----	-----	74,000	74,000	74,000
Total, 104(r)	844,828	831,743	-----	2,200,180	2,200,180	1,368,437
Total, all authorities:						
Far East	477,171	1,915,779	257,847	324,780	582,627	-1,333,152
Near East and south Asia	2,586,598	4,931,405	829,149	6,308,170	7,137,319	2,205,914
Latin America	287,840	460,418	168,028	-----	168,028	-292,390
West Europe	364,242	274,277	73,677	-----	73,677	-200,600
East Europe	226,897	556,263	-----	1,339,340	1,339,340	783,077
Total, obligations	3,942,748	8,138,142	1,328,701	7,972,290	9,300,991	-1,162,849
Deduct transfers from regular appropriation	-1,992,353	-1,936,000	-----	-----	-----	-----
Total, obligations against 1960 and 1961 appropriations	1,950,395	6,202,142	-----	-----	-----	-----

Mr. POAGE. I really do not know just how you do this. I want to get that. What action does the host country take to develop one of these programs?

Mr. BEERS. In the Public Law 480 agreement with the country, Mr. Chairman, there is a provision for this type of activity. The initiative comes from our public affairs officers in the country. I am speaking now of the publication of the books, and the improvements in binational centers which are worked out locally between the local USIS officers and the binational center in the host country.

Mr. POAGE. The initiative rests with the USIS? Is that correct?

Mr. BEERS. Yes, sir.

Mr. POAGE. I notice that most of it has gone to India. Are they going to be in foreign languages?

Mr. BEERS. These would be in the language of the country. There will be some books in English, for India. But for the most part these books will be in foreign languages, other than English.

Mr. POAGE. I notice that most of this is in English. Why do you print books in English abroad?

Mr. BEERS. Because, Mr. Chairman, in the textbook field, particularly, the American cost of the textbooks for Indian students is well out of reach and the idea of using these currencies in a country such as India is to make possible the production of the book at lower cost so that it is within the reach of the Indian students.

Mr. POAGE. I do not necessarily find any fault with that. But it seems to me that if you are to let contracts to buy books abroad because they are cheaper than the same factor would require you to buy shoes and automobiles in those countries.

Mr. BEERS. Well, sir, the availability of these currencies has enabled us to strengthen our efforts to get our message across in these countries. I think some people in India, those who are trying to get through universities, and so forth, may consider textbooks just as essential as shoes.

Mr. POAGE. Yes, I find no fault with that. I think it is good to do that, so that people can get that information. I am just asking how far you go.

Mr. BEERS. These books are priced—

Mr. POAGE. I am not talking about the books; I am talking about the United States using this money to establish a shoemaking industry, various industries, clothing industry, furniture, or almost any other industry, and I am just asking what about the policy of the United States doing that in these countries. Would it be desirable?

I am not trying to say whether it would or not.

Mr. BEERS. I would say that was a matter of congressional policy. We have the authority here to operate only in the three areas which I have specified. I would say that India is the only country where we are producing any books in English with the idea of bringing the English language books in at a cost lower than what they could be sold for from here.

Mr. POAGE. I am finding no fault with that. I think India ought to speak English. They have not any universal language of their own. English is the most widespread—spread over a larger geographical area, I should say, not over more people, than any other language in the country. It seems to me that is the only language on which they can ever hope to center as a national language.

Certainly, I have no objection to your printing books in English for India. I think it is better in English than in Hindu.

Any other questions?

Mr. HOEVEN. Mr. Beers, what type of books, periodicals, and pamphlets do you distribute in Iron Curtain countries, such as Poland and Czechoslovakia?

Mr. BEERS. In Poland it is primarily a textbook translation and publication program. We also have had some conversations with the Polish authorities concerning the possibility of our perhaps buying paper in Poland with some of these Polish, Public Law 480, currencies which we could then send to other countries. These conversations are still in progress. We do not know whether we will be successful there or not.

But in both Yugoslavia and Poland, these are strictly textbook programs where the translation and production of these books in the local languages is subsidized with these currencies.

Mr. HOEVEN. Are you speaking of American publications?

Mr. BEERS. Yes.

Mr. HOEVEN. Are you telling the American story in all of these publications? I have not seen any of the books distributed in Poland and Yugoslavia.

Mr. BEERS. In Yugoslavia, sir, we are supporting the publication of eight locally developed English teaching textbooks and a bilingual dictionary, Serbian and English dictionary.

In Poland, as I say, the program is restricted to textbooks, college level, university level textbooks. And we also still have some hopes of getting the paper which I mentioned.

Mr. HOEVEN. Give me an illustration of a textbook. Is it American textbooks that you are translating?

Mr. BEERS. Yes, sir; we can give you titles. If you would like, sir, the list of the books which are being developed for Poland, we can supply those for the record. We can give you a sample list of the types of textbooks produced under this program in all countries. If you would like, specifically, the titles for Poland, we can supply them for the record.

Mr. HOEVEN. Mr. Chairman, I think that we should have this information for the record.

Mr. POAGE. I think so, too.

(The information follows:)

TEXTBOOK TITLES UNDER CONSIDERATION FOR PUBLICATION IN POLAND

The following American medical textbooks are under consideration for translation and publication in Poland using Public Law 480 section 104(i) funds: Grant, John Charles Boileau, "An Atlas of Anatomy for Surgeons." Wilkins. 1956. 15.00.

Wilkins, Lawson, "The Diagnosis and Treatment of Endocrine Disorders in Childhood and Adolescence." Thomas. 1957. 17.50.

Blount, Walter, "The Treatment of Fractures in Children." Wilkins. 1955. 9.50.

Cole, Warren Henry, Ed. "Operative Technic"; with 67 contributing authors. Appleton. 1955-56, 2d ed. 2 vols. \$20 each (vol. 1, "General Surgery," vol. 2, "Specialty Surgery").

Partipilo, Anthony Victor, "Surgical Technique and Principles of Operative Surgery." Lea and Febiger. 1957. 6th ed. rev. 20. 966 pp.

Boyd, William C., "Fundamentals of Immunology." Interscience. 1956. 3d ed. rev. 10. 776 pp. Hawkins.

Palmer, Eddy Davis, "Clinical gastroenterology." Haeber-Harper. 1957. 18.50. 630 pp.

Bacon, Harry Elliott and Ross, Stuart Tennent, "Atlas of Operative Technic—Anus, Rectum, and Colon." Mosby. 1954. 13.50. 301 pp.

Gordon, Gilbert S., ed., "Yearbook of Endocrinology, 1958-59." Yearbook. 1959. 7.50. 384 pp.

Mr. HOEVEN. Do the books and periodicals truly and accurately tell the American story? Are you satisfied with what is being done or are the publications slanted somewhat to sort of pacify the reading public in the particular country?

Mr. BEERS. No, sir; we control the selection of these books. Admittedly, some of the textbooks may be in scientific and technical areas which do not really tell any story. They are instructive.

Mr. HOEVEN. What about American history?

Mr. BEERS. I do not believe, sir, any of the books in Poland or Yugoslavia are on that subject.

Mr. HOEVEN. I would be interested in seeing your list.

Mr. BEERS. We will submit the list for the record, sir.

Mr. HOEVEN. Thank you.

Mr. McMILLAN. Mr. Chairman, I would like to ask the witness what kind of information do you give out on the radio and television to the people in foreign countries?

Mr. BEERS. In making use of these currencies, sir?

Mr. McMILLAN. What kind of information do you give out concerning happenings in America, something that is constructive or propaganda calculated to give foreign nations the wrong impression on certain sections of the United States?

Mr. BEERS. Our Voice of America has a very extensive operation, sir. There are news programs, special feature programs, teaching of English—it covers quite a wide spectrum.

Mr. McMILLAN. The reason I asked that question is that I was in London when they were having some trouble in Little Rock, Ark., and every morning I received a news item and two-thirds of that news release was on what is happening in Little Rock, Ark. I do not see why incidents of this nature should be broadcast over the world when it involved only affairs in the United States. I think it is doing a great amount of damage. We do not have to spread our family quarrels all over Europe.

Mr. MATTHEWS. Will you yield?

Mr. McMILLAN. Yes.

Mr. MATTHEWS. Mr. Chairman, I would like to make this observation. I do not know whether it is appropos to the discussion, but in connection with what Mr. McMillan has said, I am not listening to these programs, I have not had a chance. But I have often wondered about the validity of the statements that these problems in America have such a terrible adverse effect upon our relations with the remainder of the free world. The thought occurred to me that propaganda concerning minorities could mean much to America abroad. In the Little Rock case, it could be pointed out that the strong arm of the Federal Government intruded itself to protect a minority group while in Russia, Stalin killed about 18 million of the minority. In China today there are so many millions of a minority that are being starved to death that we do not know about them.

The thing that has concerned me is the fact that this so-called bad propaganda instead of being bad could be directed so it ought to be the best propaganda in the world to our friends abroad. Our enemies will take good propaganda and make bad propaganda out of it.

But as one who comes from the South, I wonder if the people of America really appreciate this fact; that here in the case of the "freedom riders," the great majority of the people in a State are having their feelings entirely overlooked and their desires overlooked, but to protect supposedly—I emphasize that word "supposedly"—to protect the rights of the minority, the strong arm of the Federal Government intrudes itself.

I think it is vitally important to get that point across.

Mr. BEERS. I am not personally, directly concerned with the operations of the Voice of America, but I can say that we view it as our job to present everything that happens that becomes general knowledge in our own society in a light which is most favorable to this country. I would therefore assume that in the Voice of America output on the matters which you mentioned, adequate attention is certainly given to that aspect of the problem.

Mr. MATTHEWS. Will you yield for one more observation?

Mr. McMILLAN. Yes.

Mr. MATTHEWS. For example, if I were giving the responsibility of making a propaganda statement about the "freedom-rider" problem like to point out that this is not a problem of poor, starving people. In the Nation's Capital, I am told, there is a family on relief getting \$400 a month, which is about 10 times as much as an M.D. would get in India.

These "freedom riders" are not people who do not have a good place to sleep—a good place to eat. But these are people who feel that they want to impose their philosophy on a certain area and they feel that it is within their right as American citizens to do it, and the Federal Government is so insistent on their right to do it that they will enforce that right, no matter what the mores and conditions of the locality.

I do not want to belabor the point. But to me it is very important.

So often on the floor of the House I hear colleagues who have much better powers of persuasion than I, talk about the propaganda effect of different things that happen in America. Sometimes I am very much concerned about the factual evidence that they present, because in India, for example, how do they communicate the propaganda? What language do they use?

In the Congo, of 12 million people there are 12 college graduates. They communicate in many ways. I suppose, in a hundred different dialects.

And this whole idea of the propaganda value of certain things in other parts of the world concerns me very much. I just wanted to mention those ideas with the hope that some good might come out of it.

Mr. BEERS. That is a very effective definition of the complexity of the U.S. Information Agency's job.

Mr. MATTHEWS. Thank you.

Mr. McMILLAN. If we were giving the rest of the countries the best side and not the bad side of our Government and country, I am

certain that no one would find any criticism if we did not promote the propaganda—I am sure they are not concerned with the internal affairs of Arkansas. I noticed the New York Herald Tribune had headlines on such matters. Certainly, propaganda of that nature is not good advertisement for the taxpayers of this country who are paying the bill.

Thank you.

Mr. BEERS. Well, sir, we have to keep in mind that in our open society most of these countries that have newspapers have their own correspondents here and there is no censorship on news. Whatever happens here becomes general knowledge in the countries of the world that have newspapers and their own indigenous media of communication.

Mr. McMILLAN. The thing that troubles me is that the New York Herald Tribune and Voice of America were feeding the people of Europe reports on our family squabbles.

Mrs. MAY. Mr. Beers, along the same line but down to specifics, the use of the Public Law 480 funds for educational purposes, in your statement on page 4, you say:

For the first time in fiscal year 1962 the agency proposes to use the equivalent of \$2,200,180—for radio, television, and motion pictures.

I would like to go more specifically into that. What are your plans, how do you plan to implement this program, what type of media are you planning to use?

Mr. BEERS. This aspect of the program will be principally in the Near Eastern, southeast Asia area. You must bear in mind we have access to those currencies only in those countries where they are declared to be excess to the needs of the United States. This limits the geographical latitude we have to make use of the currencies. In these countries, for radio activities, we will arrange for the placement of agency-produced programs materials on local radio stations. We will produce, locally, program materials for placement on local stations. We will promote Voice of America broadcasts, and in one case, in the U.A.R., we will cover the local costs of the Voice of America program center in Cairo.

In addition, in television we will be financing local language adaptations of agency material, local production of television programs.

In exhibits, we plan to construct exhibits locally with these funds.

Mrs. MAY. By locally you mean within the country?

Mr. BEERS. Yes, within the country. The exhibits will then be displayed in those countries.

I must also say in some cases there are problems in that there are many things which are needed, for example, in book production, you cannot always buy paper with some of these currencies. So you are again limited in terms of what you can do to make complete use of the currencies because of limitations on what you can procure with these currencies.

Mrs. MAY. On these exhibits you mentioned, what kind of exhibits would they be and what would be their use in that country?

Mr. BEERS. They would be on various aspects of American life. These exhibits, of course, would all be tailored to support our country plan in that country. The exhibits would be arranged and designed by the local USIS people with advice and assistance from our exhibit

people here in Washington. In each case the exhibits would be directed at some aspect of our program in the country. Some aspect of American life, some aspect of American foreign policies, some aspect of American scientific achievements.

Mrs. MAY. How are they displaced—distributed?

Mr. BEERS. In a variety of ways. Sometimes in information centers. They may be displayed sometimes in local communities, through some kind of exhibits facility they have there.

These things are all worked out locally, in terms of local conditions.

Mrs. MAY. Thank you.

Mr. POAGE. Thank you very much.

Mr. GATHINGS. To follow up the questioning that Mr. McMillan made of Mr. Beers, also, the gentlelady from Washington, I wonder if you would furnish for the record typical examples—could you give us some notion as to how long these broadcasts are? We would like to have in the record the script, the actual script of some of the programs that have been aired under this section.

Mr. BEERS. Radio scripts would be produced under section 104(r), and this section does not become operative until the start of the new fiscal year, July 1, 1961.

Mr. GATHINGS. You could give us a typical example of what you broadcast in these countries under one section or another section, to the foreign peoples. And I am anxious to see just what you tell those people.

Mr. BEERS. We will be glad to supply for the record some typical Voice of America scripts, but they would not be produced under these Public Law 480 currencies because we have not yet begun to finance the production of radio scripts with these currencies.

Mr. GATHINGS. You can give us an idea of what will be generated in the future.

Mr. BEERS. We can, indeed.

Mr. GATHINGS. That will be created when this bill is passed.

Mr. BEERS. We will be glad to supply it for the record.

(The information follows:)

[Raymond Swing (No. 1699) May 17, 1961]

MORE FIRING SQUADS IN THE SOVIET LEGAL SYSTEM

When the death penalty is reintroduced in a country that has abolished it something admittedly is wrong. So it is instructive to examine why the Soviet Union has announced that hereafter large-scale embezzlers of state funds, forgers, and prisoners who attack their guards are to be liable to execution before a firing squad.

Stalin decreed the abolition of the death sentence in 1947. It was reintroduced in 1950, but to apply only to traitors, spies, and saboteurs. In 1954 it was further extended to cover cases of deliberate murder in aggravated circumstances, and 2 years later to include acts of terrorism and banditry.

The three new categories—embezzlers, forgers, and unruly prisoners, are now added to meet difficulties more or less peculiar to Soviet conditions, though embezzlers, of course, are to be found in all modern countries. But the embezzlement the Soviet law is aiming at is not only the greedy theft of state money, nor are the forgeries limited to the counterfeiting of the new ruble notes, though that too is going on.

Soviet production managers and party officials supervising them are under constant pressure. They have their quotas to fill and they face many difficulties, such as obtaining needed materials and getting repairs made. Its officials sometimes juggle these figures and forge their certificates. The Soviet state by its nature is not a smooth mechanism, and by its nature it is seriously overregulated. That is one of the prices of the state control of production.

Thus, overregulation produces violations of the law. Now overpunishment, which the Russians themselves only recently thought capital punishment to be, is to be used to deal with the violations due to overregulation. The London Economist thinks that shock treatment is the Government's aim. "Heads must not only roll," it writes, "but must be seen to roll." It recognizes that there is only a thin line between covering-up swindles to which most party officials and managers have been driven at times, simply in order to survive, and the equally common forms of theft of state funds.

The new powers of execution, explains Roman Rudenko, prosecutor-general of the Soviet Union, are to perform the task—to be finished, he says "in our time"—of achieving a crimeless society, "which," he says, "is to be accomplished by killing off the criminals, or at least threatening to do so." This is the kind of childlike sociology the Soviet officials use in their public explanations. But the factory managers and the party officials know they are being given the strongest kind of warnings, not lectured on sociology.

Those who may have imagined that recent Soviet penal reforms have cleared away all old evils will be disappointed by the decree that sets the death penalty for prisoners who attack their guards. For what this refers to is the terrorism that still exists in still existent labor camps. Old and hardened resisters still are able to organize these camps and dominate them, and the state is simply making extreme powers to deal with extreme situations. Recent visitors to the Soviet Union report improvement in many of their prisons. But the notorious labor camps have not vanished, as the Government now confirms.

Problems of crime beset all countries, particularly those becoming increasingly urbanized. But it is the Communists who are trying to solve them by creating more and more firing squads.

[News analysis No. 1700 (Stanley Ghosh), May 17, 1961]

THE STRATEGY OF COMMUNIST PENETRATION INTO SOUTH VIET NAM

ANNOUNCER. Now for a discussion of an important topic in the news, here is—

VOICE. During his visit to Saigon last week, Vice President Lyndon Johnson held extensive discussions with the leaders of the Republic of Viet Nam on the ways and means of combating the Communist threat to the stability and independence of the country. His visit afforded him the opportunity to get firsthand reports on the broad Communist strategy of penetration into South Viet Nam since the partitioning of the country in 1954.

The 6-year record of the Communist drive to take over the Republic of Viet Nam—by a combination of military action from the outside and subversion and terrorism from the inside—reads like a handbook on the Communist strategy of expansion.

Communist guerrilla warfare and terrorism in South Viet Nam began shortly after the Geneva agreement in 1954. For the next 5 years the Communist North Viet Nam regime engineered sporadic forays by political agents and guerrilla units into South Viet Nam in order to confuse and terrify the population and make it easy for the Communists to eventually take over the country. But the clandestine Communist apparatus in the south was built primarily around a group of hard-core political agents. These agents—often called the "sleepers"—were intentionally left behind in South Viet Nam during the exchange of persons in mid-1954—an occasion which gave the people an opportunity to choose residence in either the Communist or non-Communist sector of their homeland.

Just how many Communist agents—or "sleepers"—were left behind has never been determined, but officials in Saigon believe their number to be considerable. It was these "sleepers" who made up the trained cadres charged with the conduct of terrorist activities, dissemination of undercover propaganda, and intimidation of villagers in strategic areas.

The Communist strategy was evidently based on the belief that the government of President Ngo Dinh Diem would soon collapse under the attacks of these agents and guerrillas, allowing the Communists to take over the country easily. Instead, the stability and improvement of social, economic, and political conditions in South Viet Nam upset the Communist calculations.

In October 1959, elections were held throughout South Viet Nam for deputies to the National Assembly in spite of dire Communist threats. Failing to sabotage the elections, the Viet Cong—as Communist guerrillas are called in Viet

Nam—intensified its program of terrorism and assassinations. The Communists' major target of attacks became the police officers, village guards, other government officials and their families. The objective was evidently to isolate government officials from the people and shake their confidence in the stability of the administration.

To counter this recurrent threat, the government of President Ngo Dinh Diem has undertaken an extensive program of resettlement in rural areas commanding the known corridors of Communist infiltration. It may be recalled that in the past a similar resettlement program proved effective against Communist guerrilla depredations in Malaya.

The ultimate aim of the Communist strategy is the reunification of Viet Nam under Communist controls. Thus, at a meeting of the Lao Dong (or the North Viet Nam Communist Party) in September 1960, Politburo member Le Duan asserted: "The second national congress of our party was the congress of resistance for national salvation. The present national congress is the congress of construction of communism in the North and of struggle for the achievement of national reunification."

Interestingly enough, the Lao Dong spokesman refrained from stating that the reunification should be achieved by declared war. Instead they resolved that the policy of guerrilla warfare and internal subversion against the Republic of Viet Nam would be stepped up, and that a "national front" movement be organized to seek popular support for a Communist takeover.

Recent reports of an upsurge of guerrilla activities in the Republic of Viet Nam indicate that there has been no shift in strategy for the achievement of Communist goals in southeast Asia.

[Correspondent's report No. 56 (John MacVane), May 18, 1961]

THE U.S.S.R. AND DISARMAMENT

(Stevenson address)

ANNOUNCER. In an address on Wednesday evening Adlai Stevenson voiced some thoughtful reflections on the disarmament question. For details, here is a report from Voice of America correspondent John MacVane.

NARRATOR. This week, Mr. Adlai Stevenson, U.S. Representative to the United Nations spoke to a group of his fellow alumni of Princeton University about the development of the World Organization since he attended the early meetings some 15 years ago. One of Mr. Stevenson's main conclusions was that if reason prevails, there is a chance of the Russians cooperating with the Western Powers on a real disarmament program.

The American delegate came to this conclusion—that Russia in its right mind must perceive it has an infinite stake in effective arms control—by first drawing a picture of what could happen if we fail to control weapons within the next few years.

As Mr. Stevenson saw it, 10 years ago, the United States and the Soviet Union were the only atomic powers, but soon a dozen others could possess nuclear weapons. He compared the hydrogen bomb with the pistol which in the days of the old American West was called the great equalizer, abolishing the power of the big man over the small man.

Ambassador Stevenson explained that no doubt the United States and Soviet Union could strike the heaviest nuclear blows but, with hydrogen bombs, even a small power could wreak unbearable damage on any enemy.

How does Russia stand, when and if smaller countries begin equipping themselves with nuclear weapons? Well, Mr. Stevenson pointed out that most of the countries which may possess such weapons are in the same hemisphere as Russia. And the Soviet Union, bounded on one side by uncertain and hostile satellites, on the other by the aggressive new mammoth of the East, Communist China, may find particular reason for worry when Red China becomes a nuclear power.

The U.S. representative to the United Nations pointed out that, like the United States, Russia is a great power, with or without atomic weapons. But he emphasized that the Soviet Union must soon decide whether it wants to see this advantage reduced by other countries acquiring a nuclear arsenal of weapons. And he left no doubt that the only reasonable alternative is for Moscow to cooperate with the other major powers in working out a real disarmament program.

In speaking of the development of the United Nations, with the General Assem-

bly and the Secretariat gradually taking on more important functions, Mr. Stevenson noted that in the United Nations, in the forum for disarmament negotiations and in the administration of the controls of a possible nuclear test ban, the Russians are insisting on a kind of three-power directorate—the Soviets, the West, and the so-called neutrals.

The U.S. delegate interpreted the purpose of all these as an attempt to block any action which might be inimical to Russian interests. And he quoted a historian friend as saying the Russian action made about as much sense as though, in the early 16th century, an international organization had been administered by a triumvirate composed of the Pope, the Sultan, and Martin Luther.

Mr. Stevenson stressed the fact that the Soviet attempt to control administration of the United Nations is not new. Sixteen years ago, when the charter was being drafted at San Francisco, the Soviet Union proposed the office of Secretary General should rotate among the five major powers. But the conference rejected this as an attempt to insure major-power domination of the Secretariat.

Thus far, the Soviet campaign to replace the Secretary General has made little progress. At the recent Assembly, 83 member countries voted confidence in Mr. Hammarskjöld. But Mr. Stevenson pointed out that if Soviet strategy is to sabotage the United Nations there is cause for alarm.

[Report on Youth No. 37, Fred Buch/Khushigian, May 19, 1961]

VOICE OF AMERICA CENTRAL PROGRAM SERVICES DIVISION TALKS AND FEATURES
BRANCH

TO VISIT A NATIONAL CAPITAL

ANNOUNCER. And now, the Voice of America presents "Report on Youth." Young people throughout the world face much the same problems—have the same aspirations. But how the problems are met, the aspirations realized, may vary from nation to nation. To give our listeners some idea of young people in the United States—their problems, their aspirations—here is the Voice of America youth editor.

EDITOR. To see their leaders at work, to visit historic memorials, to enjoy the cultivated or natural splendors—the people of a nation visit their national capital.

In the spring of each year, Washington, D.C., capital of the United States, is filled with the fresh, bright, eager faces of its youth—solemn in the presence of judicial or legislative processes, awed before impressive statues of once articulate and inspired leaders, enchanted under pink petal mists of blossoming cherry trees. Who are these young visitors? Why are they here? What are they like? To find out, let's join Voice of America reporter Russell Black with one of the groups now on the steps of the Nation's Capitol Building, its white dome sun washed, rising high into the afternoon blue sky.

(Tape: Cut 1.)

BLACK. Around me are some 40 students, young men and women from the Bacone Indian College in our southwestern State of Oklahoma, here to see the sights of this Nation's Capital. Thousands of students come to Washington every year. But this group is unusual because every one of them sings. They're all members of the Bacone College Choir. And they're sightseeing here in Washington between concerts they are giving in major cities along the way. Now I'm going to move among some of these young people and see if they're enjoying the sights.

Here's a young lady. How are you enjoying our city?

VOICE. I really like it. I think it's a pretty big city. And I've always wanted to see Washington, D.C., I've seen Abraham Lincoln's Memorial in pictures and in magazines. And I've always dreamed of seeing it. And I'm glad we made this tour because this is probably my first and last chance to see it.

BLACK. Incidentally, what is your tribe?

VOICE. My tribe is the Crow Indian from Montana.

BLACK. Crow from Montana, but you're now in Oklahoma. I'm curious to know what do you sing?

VOICE I. Soprano. I am a soprano, and I am a soprano section leader.

BLACK. Now here's a young man. What do you sing in the choir?

VOICE II. I sing bass.

BLACK. What are you enjoying most in our town?

VOICE II. Oh, I am enjoying just about everything. Still hard to believe I am here in Washington. I've always wanted to come down here. And I have seen the Washington Monument and the Lincoln Memorial. And, of course, the Capitol Building here. And we've been down to the White House this morning. And I'm really enjoying all of this.

BLACK. Did you see the cherry trees?

VOICE II. Yes, I did.

BLACK. Now, the director of your choir, Miss Jeannine Rainwater.

How are you enjoying our town?

RAINWATER. I'm loving (enjoying) every minute of it.

BLACK. What have you enjoyed most here so far?

RAINWATER. I think the Lincoln Memorial.

BLACK. I notice that you are called the Bacone Indian College. Why is it called that?

RAINWATER. It is predominantly (American) Indian, and we want to keep it predominantly Indian. But any race is welcome at Bacone.

BLACK. It became an Indian college back in Indian Territory days? Before Oklahoma became a State?

RAINWATER. Yes. It was the only school there.

BLACK. I take it that in your curriculum—and perhaps even in your music here—you do what you can to preserve Indian culture and Indian traditions?

RAINWATER. Yes, we want to preserve all the Indian culture we can. Especially the culture that is dying out—that people are losing. We have the Indian Club that keeps the dancing cultures. And then we teach beading. We teach weaving in our school.

BLACK. Now, I know your choir sings traditional concert numbers. But does your group here do some Indian chants in their concerts or Indian songs?

RAINWATER. Some of them do. Some of the boys from the Indian Club perform after our concerts. And we do have a boy here who can give some Indian chants.

BLACK. Could we hear him?

RAINWATER. Yes.

BLACK. Here he comes, David Williams. Would you describe what you have in your hand?

WILLIAMS. This is an Indian drum. And this stick is what I beat the drum with to make the sounds, the music.

BLACK. Is this typical of what might have been found back in old tribal days?

WILLIAMS. Yes. It's made out of buffalo hide and about 32 inches (or 81.28 centimeters) around.

BLACK. We're going to have a little demonstration.

(Williams, Chant, 0:32.)

BLACK. What do you call that?

WILLIAMS. That was an Indian war dance.

BLACK. Thank you very much. We certainly enjoyed hearing you, and we are going to enjoy hearing you as part of the choir.

The Bacone College Choir from Oklahoma now sings one of their traditional concert numbers here on the steps of the Capitol Building.

(Choir: Music, 1:40.)

BLACK. Miss Rainwater, I can understand why your concerts have been so popular. This is some of the most beautiful singing I've ever heard.

RAINWATER. Thank you, Mr. Black.

YOUTH EDITOR. As we took leave of Voice of America reporter, Russell Black, and the Bacone College Choir, we saw clusters of many other young people—some on the Capitol Grounds, other standing alongside buses waiting to take them to other points of historical interest.

We wondered just how much planning was involved in a tour of the Nation's Capital. Who would know better than the Washington Visitors' Bureau? When we visited Mr. Clarence Arato, the bureau's executive director, he began by saying:

(Tape: Cut 2.)

ARATO. Washington is a hospitable city. It looks for and welcomes visitors—particularly its young visitors.

EDITOR. And is there an organized system available to them, as well as others?

Mr. Arato assured us:

(Tape: Cut 3.)

ARATO. Yes; there is. We try to provide them with as much information as we can. We like to do it in advance of their visit here, so they can more properly plan their trip. As you know, there are many things to be seen. And unless a trip is planned in advance and planned wisely, it's possible to waste a lot of time and then not see all the things that are of the greatest importance.

EDITOR: What did most of the young visitors want to see?

(Tape: Cut 4.)

ARATO. I believe they come here primarily because this is the seat of our National Government. They like to see and feel the Government in action—in motion. That means they feel that they become a part of it. They feel a greater sense of responsibility to their Government by seeing such things as the Capitol and watching the legislative process. And going to the Supreme Court Building. And when the Supreme Court is sitting (in session), watching its deliberations. These are impressive things to these youngsters.

EDITOR: What would a real tour of Washington include?

(Tape: Cut 5.)

ARATO. Well, the Capitol—the building itself—the actual legislative processes in action. A trip to the White House; the Washington Monument; the Lincoln Memorial. The Smithsonian Institution is particularly appealing because there are so many things that appeal to a youngster's imagination there—arts, sciences, industry, medicine; everything back through history and current history, as well, is displayed and exhibited.

EDITOR. Included in the visitors' bureau program of trips to major Government departments, are the Voice of America studios, where the number of visitors young and old might be as many as a thousand in 1 day.

In conclusion, Mr. Arato expressed great pride in the city's parks, the variety and quality of available entertainment, amusements, and the cooperation of the hotel managers in accommodating the special needs of its young visitors. And so each year Washington, D.C., experiences a double renewal from two vital visitors—springtime and the Nation's youth.

ANNOUNCER. Thank you ——. This concludes our "Report on Youth" for today. Until next time, this is —— inviting you to tune in again next —— for our series of programs devoted to a "Report on Youth."

[Swing News Analysis No. 1703 (Raymond Swing), May 19, 1961]

VOICE OF AMERICA, CENTRAL PROGRAM SERVICES DIVISION,
TALKS AND FEATURES BRANCH

THE SOVIET INSISTENCE ON THE VETO

ANNOUNCER. And now, for a discussion of an important topic in the news, here is Raymond Swing, chief political commentator of the Voice of America.

VOICE. The Soviet obsession with the veto may well turn out to be the most formidable political development of modern times. It now dominates three international fields, including the biggest of all, the United Nations. It threatens the breakdown of the nuclear test ban negotiations which may be even more crucial for the survival of civilization. And it now has risen to become the imperiling issue at the 14-nation conference over Laos.

Here is what the Soviet Union asks: In the United Nations it wants tripartite control of the United Nations Secretariat, which means three Secretary Generals, one representing the Western Powers, one the Communist countries, one the neutral countries, all of whom would have to agree on administrative policy. In the test ban negotiations it is insisting similarly on there being three administrators of the control procedures, each with veto power, instead of a single neutral administrator. In the Laos negotiations it is demanding the veto as cochairman with Britain over the issuance of instructions to the control commission to investigate violations of Lao neutrality. It also insists that all decisions of the control commission be unanimous, which would give Poland, the Communist member, a veto.

Peaceful coexistence is a phrase accepted by the Communist countries to describe their international relations. By itself the phrase is as irreproachable as an aphorism. But with the veto in effect, peaceful coexistence becomes an instrument of domination. Secretary Rusk said at Geneva on Thursday: "The

real issue is whether peaceful coexistence means an all-out and continuous struggle against all those not under Communist control." There is only one problem, he said—whether those who have wrapped themselves up in the doctrine of the historical inevitability of world domination by their own political system merely believe it, or will try to impose it on others by all the means at their disposal.

The veto on the United Nations Security Council was supported at San Francisco by the United States. At that time the world was not divided sharply into two cold war factions. There remained some hope that it could be harmoniously controlled by the great powers who had won the war. Still, a veto seemed desirable, to protect any of the great powers from unforeseeable interference in their affairs.

But so far as the Soviet Union was concerned, the veto was not limited to be only a protection against unforeseeable interference. The Kremlin made of it a weapon of power, and has used the veto 94 times in the United Nations while the United States has not used it once, though it has several times joined a majority voting against some proposal before the Council.

In the case of Laos, no immediate Soviet interests are involved, so the demand for a veto is asking for forthright domination. A veto right in inspection and control operations such as the test ban and disarmament would in most cases be simply an instrument of power. So that what really is at stake is how the world is to be managed, fairly and by general consent, or to be run as the Soviet Union alone wills it. This may well be something that President Kennedy will find words to suggest to Premier Khrushchev when he meets him in Vienna.

Mr. POAGE. Any further questions of Mr. Beers?

If not, we are very much obliged to you, Mr. Beers.

Without objection a paper from the National Cotton Council of America will be made a part of the record.

(The statement follows:)

NATIONAL COTTON COUNCIL OF AMERICA,
Washington, D.C., May 19, 1961.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. COOLEY: Inasmuch as I will be out of the country during the time the Committee on Agriculture holds its hearings on the extension of Public Law 480, I am writing this letter to express the views of the National Cotton Council of America on this subject.

The National Cotton Council, as you know, is particularly interested in the market development provisions of the act. Cotton Council International, the oversea counterpart of the National Cotton Council, works closely with the U.S. Department of Agriculture under the authority of section 104(a). Pursuant to market development agreements with the U.S. Department of Agriculture, Cotton Council International has oversea programs to sell more cotton products in operation in 16 countries accounting for 80 percent of the free foreign cotton textile capacity and three-fourths of U.S. raw cotton exports.

The programs include more than 200 campaigns for every major cotton product from sheets to work clothes to ball gowns conducted in the areas of fashion, advertising, merchandising, sales training, public relations, press services, and educational programs for schools and women's clubs. The campaigns are modeled on those which the cotton industry has operated so successfully in the United States since 1939.

All programs are guided by thorough economic and market research giving cotton its first clear look at its markets on a worldwide basis, where they are trending, and why—and how to improve them.

Half the costs of the cooperative cotton programs is financed by the United States and foreign industries on a private, voluntary basis—this amounts to about \$1.5 million yearly from their own pockets.

The programs, by their example, have stimulated new market research and sales promotion for cotton by private manufacturers and distributors 10 to 20 times the size of the CCI programs.

Entire new markets for cotton, such as winter cottons, special clothing for leisure and for work, new constructions, new designs, and new finishes have

resulted. Foreign industry leaders credit much of the increase of 1.5 million bales in cotton consumption and the improvement of cotton's relative position in the program countries to this work.

We strongly urge the special provisions of section 104(a) be retained in the act when it is extended. We believe that it would be helpful if the provision for "including principal and interest from loan repayments" was added to the introductory clause of section 104(a) as proposed in the bill under consideration.

It is becoming more difficult to secure foreign currencies to finance these programs. Competition of other users is part of the problem. It will be helpful in our opinion if the committee in its report would reaffirm the legislative intent that priority should be given in the expenditure of funds accruing under the act to market development activities in line with the original purpose of the act.

It is necessary that currencies be available in the amounts and in the countries when and as needed to make the market development programs as effective as they should be. It is suggested that the committee also restate the legislative intent in line with the amendments to this section which were approved by the House Committee on Agriculture last year. Also, it is suggested that the committee specify that funds should be set aside for market development purposes each year and the set-aside should be in the amounts and kinds of foreign currencies specified by the Secretary of Agriculture.

In view of the fact that Public Law 480 agreements are now limited to relatively few countries, use of the currencies accruing therefrom is rather limited. The most immediate opportunities for expanding exports of agricultural commodities are often in markets in the developed countries with which the United States does not have Public Law 480 agreements. Many of these countries now are or offer reasonable potential for becoming dollar markets for U.S. agricultural commodities. In order to utilize foreign currencies for market development activities in such countries, it is necessary that the currencies generated in the Public Law 480 countries be converted. In the recent past, all Public Law 480 agreements have contained a provision authorizing the convertibility of up to 2 percent of the amount of the agreement into currencies of third countries for market development purposes. However, this conversion authority is limited to \$1 million for each country per year. Furthermore, we understand the Bureau of the Budget has proposed that this provision be discontinued. It is very important, in our opinion, that the committee restate the legislative intent that funds for market development activities in the third countries be provided through conversion of Public Law 480 foreign currencies and urge that this arrangement be continued.

We consider that the foreign market development programs carried out under section 104(a) of Public Law 480 have proven their effectiveness as a means of promoting the exports of U.S. agricultural commodities. Consequently, we feel that authority for such programs should be continued, and strengthened. It is clear that most market development activities are essentially long range in character and require continued efforts over a period of time to be fully effective. Also, it is absolutely essential that these programs be planned for a period of years and that continuity of management and programs be maintained. For this purpose, programs which have proved their effectiveness should be extended for 5 years in cases where this can be justified. This is particularly desirable in the case of cotton in view of the fact that the cotton industry at home and abroad is financing half the cost of the cotton market development programs. We hope the committee in its legislative report will indicate the desirability of long-term programing and financing, and where justified, for periods up to 5 years.

With regard to the provisions of the act authorizing sales of commodities for local currencies, we point out that the Council has supported Public Law 480 as a temporary measure to permit countries having balance-of-payments difficulties to import U.S. agricultural products. It should be recognized that we feel that such programs are not truly self-liquidating and should be limited to countries where alternate programs are impractical and where adequate provision is made for prompt use by American and local interests of the foreign currencies so acquired in a manner which will contribute to expansion of markets for American goods.

We believe that Public Law 480 and similar programs can and should be administered in a manner that will broaden foreign markets and benefit U.S. agriculture and also will be effective in contributing more fully to U.S. good will and prestige in the countries where such programs are operated.

We consider that it is in the best interests of American agriculture for Public Law 480 to be administered by the Department of Agriculture. Consequently, we question the wisdom of amending section 106 of the act as proposed in the bill under consideration.

We appreciate the opportunity to express the council's views and request that you make this letter a part of the record of the hearing in the appropriate place.

Sincerely,

READ P. DUNN, JR.,
Director, Foreign Trade.

Mr. POAGE. We will recess now to reconvene at 2 o'clock.

(Whereupon, at 11:45 a.m., the hearing was recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

Mr. POAGE (presiding). The committee will please come to order.

We will proceed with the next witness, who will be Mr. Herbert J. Waters, Special Assistant to the Director, International Cooperation Administration, who will be accompanied by Roger Stewart, Chief, the Public Law 480 Division and Mrs. Kathleen Bittermann, Chief of Sales and Grants Branch, Public Law 480 Division, ICA.

You may proceed Mr. Waters. We will be delighted to hear from you now.

STATEMENT OF HERBERT J. WATERS, SPECIAL ASSISTANT TO THE DIRECTOR, INTERNATIONAL COOPERATION ADMINISTRATION, ACCOMPANIED BY ROGER STEWART, CHIEF, PUBLIC LAW 480 DIVISION, AND MRS. KATHLEEN BITTERMANN, CHIEF, SALES AND GRANTS BRANCH, PUBLIC LAW 480 DIVISION, ICA

Mr. WATERS. Mr. Chairman, I appreciate this opportunity of appearing before your committee to discuss proposed amendments to Public Law 480 included in the Agricultural Act of 1961 now before you.

At the outset, I should like to pay tribute to the great contribution made by American agriculture in furthering the foreign policy of the United States.

The abundant supplies of food, feed, fiber and other products of American agriculture are being used effectively to raise living standards, support defense efforts, and accelerate economic development overseas.

Our willingness to provide the products of our own agriculture, as well as to share our agricultural experience, has done much to enhance the image and prestige of the United States in the less-developed areas of the world.

We appreciate the continuing interest of your committee toward making the food-for-peace program more effective. We fully share that desire. For not only has the program been of tremendous benefit to our own farmers, it also has been, and will continue to be, a very important adjunct of the whole foreign aid program. Food is a major and necessary component of the resources which underdeveloped coun-

tries need from abroad, both for consumption and development purposes. We believe that by using imagination and initiative and by building on past experience, we can use our agricultural resources even more effectively for more purposes and in larger amounts in the future, in the interest of both domestic agriculture and foreign policy. We expect to work closely with Secretary Freeman and the Department of Agriculture in this effort.

The new aid agency intends to utilize all of the resources available, including the abundant products of American agriculture, to facilitate orderly national and regional economic development overseas and to foster maximum self-help within the aid countries. Our problems abroad no longer will permit a segmented or piecemeal approach.

Of the resources available for this program, food is a major segment. Every underdeveloped country must give high priority to meeting the food requirements of its people. The solution of the food problem in such countries is basic to orderly development planning. The extent to which the limited resources of underdeveloped countries can be used for needed development activities is dependent upon the amount which must be spent to meet food requirements. The amount which must be allocated for consumables is dependent in many instances on the amount of food assistance which may be available from external sources. Thus U.S. food export programs, if used in conjunction with other available resources, are a vital asset in promoting economic development.

We believe also that by giving increased attention to coordinating food for peace programs within the framework of country development planning, we will find numerous opportunities to expand the use of surplus food in a manner which will not disrupt commercial markets and which will ultimately contribute to their expansion by, for example, raising the standard of living of the common man in these countries, thereby increasing his purchasing power. We are, in fact, moving in this direction.

Already we have taken several steps to assure more effective use of food for peace programs.

We are placing food programing officers in several of our oversea missions. They will work with foreign governments and U.S. voluntary agencies in developing new programs or expanding existing programs to use American foods to combat hunger and contribute to development.

Labor intensive works programs, which are supported either directly by the use of food for part payment of wages or by the use of local currencies derived from sales programs, will not only provide employment but can result in upgrading workers' skills. Labor and manpower specialists in our missions have been asked to pay particular attention to this aspect of the programs and to work with free trade unions in planning and sponsoring such programs.

We are emphasizing the use of local currencies from food agreements in self-help housing programs and in savings and loan institutions to help working-class families achieve homeownership on a self-liquidating basis. Where necessary, we provide U.S. consultants on a temporary basis to plan and organize these programs.

We are encouraging development and expansion of school lunch and child feeding programs, which may be undertaken in cooperation with other governments or in cooperation with U.S. voluntary agencies. We are actively exploring new ways in which to use food grants to stimulate economic development.

We are already using the grant authority under title II of Public Law 480 to support programs which provide employment to the needy and contribute to economic and social development. We hope to use food and feed to assist in agricultural reform and resettlement programs. Food and feed can be provided to a farmer while he is in the process either of bringing new land into production or of changing his existing land use and livestock operations to more productive and desirable enterprises. We may be able to utilize U.S. feed grains to help underdeveloped countries get started on developing livestock, poultry, and egg industries to help meet the protein deficiencies so prevalent in many countries. Here again, our ability to provide technical help, as well as feed supplies, in planning and operating such programs will be invaluable.

Another program being considered under section 202 of title II involves supplying food to needy persons in the same way as under the present title III foreign donations program except that a nominal charge may be made for the food to those recipients who can afford it. Such a program would require that persons not able to pay would receive the food free of charge. The local currency accumulated from these nominal charges would be used to buy local materials to construct inexpensive but reasonably permanent community schools, health centers, et cetera. Also, U.S. food could be used for partial payment of wages to laborers engaged in the construction of the schools.

Now that we have gained experience with government-to-government programs under the economic development authority of title II, we are in a better position to invite U.S. voluntary agencies to participate in this program. In addition to distributing food free to the needy, the voluntary agencies may be able to use additional supplies of food to encourage useful works programs.

We are convinced that the amendments proposed will enable us to do a more effective job with the food for peace program.

The quantities of agricultural commodities that can be effectively used in the food-for-peace programs which use commercial channels (title I foreign currency sales and title IV long-term credits) depends on the amount by which the increasing demand for food and fiber in developing countries outpaces their own ability to produce or earn foreign exchange to meet the need. A country that is industrializing or is on the road to industrialization usually expands its demands for food in excess of domestic production.

How much food any given country can absorb, however, cannot be estimated except in connection with the total development program of which it is a part. We are now concentrating on a longer-range approach to all such country development programs.

For food to be fully used to support development, therefore, it is desirable that the United States should make commitments for several years in advance.

No country is likely to take the risk of adopting a development program which involves food requirements about which it is uncertain. Thus, increased integration of food for peace programming with long-term foreign assistance planning should make possible substantially increased exports of surplus agricultural commodities in support of development. For these reasons we strongly support a 5-year extension of title I through December 31, 1966, and an additional total authorization of \$7.5 billion for that period with an upper limit of \$2.5 billion on the amount of sales agreements to be concluded in any calendar year.

Two amendments have been proposed with regard to the use of foreign currency accruing under title I of the act. One amendment is designed to make clear that local currency repayments of loans accruing under title I, primarily repayments of loans for economic development made under section 104(g) and Cooley amendment loans under section 104(e), may be reused for purposes of section 104 of the act. It is intended that local currency repayments will generally be made available first for Treasury sale to U.S. Government agencies in payment of their obligations abroad, and that those currencies which are excess to the requirements of the U.S. Government for its regular expenditures abroad will be used for other purposes authorized by section 104.

The other proposed amendment to section 104 of the act would eliminate the special restriction on using foreign currency sales proceeds under sections 104 (e) and (g) of the act in the fields of health and education.

Due to the interaction of two amendments inserted in Public Law 480 in 1959, such economic development or "country use" currencies can now be used in those two fields only in amounts specified in appropriation acts, while they continue available for use in other fields (such as transportation, communication, materials) on the same basis as in the past. The proposed amendment will eliminate this special restriction and permit foreign currencies available for economic development under sections 104 (e) and (g) to be used once again in the fields of health and education on the same basis as in other fields.

From the enactment of Public Law 480 in 1954 until June 30, 1960, foreign currency derived from sales of surplus agricultural commodities under title I of Public Law 480 could be used under sections 104 (e) and (g) for economic development activities in the fields of health and education on the same basis as in other fields. No reason has been given by Congress or the committees concerned why, in using Public Law 480 foreign currencies to promote economic development, the fields of health and education should now be singled out for special restriction. Indeed, in other contexts Congress has stressed the need for liberalized aid in these two fields.

If the proposed amendment is not adopted, foreign countries will probably simply apply Public Law 480 currency to development uses in fields other than health and education. This means, in short, decreased use of Public Law 480 currency for health and education, and perhaps decreased development in these fields altogether.

The proposed amendment will not affect the existing requirement that U.S. agencies which undertake medical and nutritional research programs in cooperation with foreign countries under the authority of section 104(k) must seek appropriations of "U.S. use" currencies for this purpose.

We are proposing that title II of Public Law 480 be extended for a 5-year period ending December 31, 1966, and that the present authorization of \$300 million per calendar year plus carryover be continued. This will permit continuation of emergency relief, child feeding and similar programs, as well as programs to promote economic development in underdeveloped countries in addition to that which can be accomplished under title I of the act.

This latter authority was approved in the last session of Congress for a trial year ending June 30, 1961. In setting this expiration date, the Congress indicated its belief that a trial period would provide an opportunity to evaluate the desirability of a long-range authorization. I believe that our experience this year amply demonstrates that this authority provides opportunities to use American farm products to promote development which could not be feasibly undertaken otherwise.

I strongly urge approval of a 5-year extension of the title II authority as well as title I. The assurance of supplies over a reasonable period of time will be helpful to governments in long-range planning of works programs or other development projects to which U.S. food can make a vital contribution.

In the 6 years ending June 30, 1960, title II transfers totaling \$617 million have been authorized. This includes \$492 million of commodities and \$125 million for payment of ocean transportation costs for these commodities, as well as those donated to voluntary agencies under title III of the act.

During the first 10 months of fiscal year 1961, title II programs totaling \$260 million were approved, including commodities valued by CCC at \$204 million and ocean freight costs of \$56 million. Included in this amount are four programs undertaken under the newly added economic development authority of title II. U.S. wheat, barley, and cotton, valued by CCC at over \$100 million, are being supplied to support development programs in Afghanistan, Korea, Morocco, and Tunisia. We are hopeful that similar programs can be worked out soon for Iran, Dahomey, Eritrea, Greece, and Indonesia. Several other countries have also expressed interest in developing programs later.

There are various ways in which U.S. farm products can be used for these purposes.

Commodities can be used directly for part payment of wages in kind to supplement cash wages financed by cooperating governments, as is being done in Korea, Morocco, and Tunisia. If necessary, we can agree to supply limited additional amounts of commodities for sale in the commercial market. The sales proceeds may be used, with the approval of the United States, for purchases of needed tools and equipment and to defray the costs of transporting commodities within the country. If there is assurance that the sale of U.S.-contributed food will not interfere with commercial marketings, the commodities may be sold to generate local currency for development purposes. This is being done in Afghanistan. And, as I mentioned before, we are actively exploring other ways in which our surplus commodities can be used to stimulate needed development.

In addition to the economic development programs undertaken so far this year, transfer of about \$160 million of commodities (includ-

ing the cost of freight) have been authorized for other types of programs. These include emergency programs for the Congo, Kenya, Tanganyika, some of the drought-stricken countries of north Africa and the Near East and other countries. Grants of food are also being provided for relief of the Algerian and Palestinian refugees and for child feeding programs in Tunisia and Italy. These humanitarian programs are typical of those which can be carried out under this authority.

Another proposed amendment to title II of Public Law 480 would remove the requirement that commodities used for emergency assistance or development purposes be taken from the stocks of the Commodity Credit Corporation. The proposed amendment would permit the acquisition of surplus commodities from private stocks to supplement those available from Government-owned stocks. It would provide the same flexibility in programing as in title I and could result in increasing the size, as well as the usefulness, of title II programs. It is expected, however, that the major share of the commodities will continue to be drawn from stocks which have already accumulated as a result of operations under the U.S. price-support programs.

We are also proposing a technical amendment to section 203 of the Act. The present language simply limits expenditures during any calendar year to \$300 million plus carryover without placing any limitation on obligations which the United States may undertake under title II. The proposed will make it clear that the annual limitation of \$300 million plus carryover applies to the undertaking of title II programs and not to expenditures.

While no legislative issue is involved, I should like to mention in passing that we also are encouraging the U.S. voluntary agencies to undertake new and expanded food donation programs in the underdeveloped and newly emerging nations. Through the cooperation of the Department of Agriculture we have added oil and shortening to the list of available commodities for oversea distribution through these agencies. "Bulgar" a product of wheat and a satisfactory substitute for rice—will soon be available to them in limited quantities. Supplies of this product will be increased as production facilities are expanded.

Food donation programs administered by U.S. voluntary agencies currently are operating in about 100 foreign countries and dependent oversea territories. These programs reach about 60 million people with supplementary food from surplus U.S. Government stocks. A total of 2.5 billion pounds of wheat, wheat flour, corn, cornmeal, rice, dried milk and fats have been approved for distribution during fiscal year 1961 under these programs. A similar total (2.5 billion pounds) has been authorized thus far for programs to be operated in fiscal year 1962 but this will be increased as new and expanded programs are approved throughout the year. For comparison purposes, program approvals for fiscal year 1961 at this time last year stood at 1.6 billion pounds.

The future success of the entire food-for-peace concept, in my opinion, will rest largely in the image we as a nation create with it.

We are humanitarian people, as well as practical people. We really care about hunger and deprivation anywhere in the world, and we want to improve the living standards of other people. But we don't

want to humiliate underprivileged people by keeping them permanently dependent upon us for handouts. We want to help them help themselves to put their economies on a self-sustaining basis of steady growth—and we can do it while helping meet immediate food needs, through food for peace.

We are practical enough to know it is not good for American agriculture, or American prestige in the world, to have surplus food piling up in costly storage at home while hunger and subhuman living conditions exist in other countries.

Our challenge is to administer these food programs in such a manner that they make clear our concern for other people, and really assist them in their own development.

What criticism there has been of the food for peace (Public Law 480) program, mostly unfounded, has largely come from other surplus food-producing nations which contend it is merely a concessional sales-inducement device to give us a trade advantage in getting rid of our surplus. Communist-controlled nations have gone even further in attacking it as a dumping device to help meet our own domestic problems, not in reality a bona fide assistance offer to help other nations.

In my opinion, the fact of such Communist-inspired attacks reflects the effectiveness of the program—and pinpoints the reality that abundance of food is one area in which the Communists are unable to compete with us.

All of us need to regard these programs as a method of mobilizing our abundance for constructive use in the world, rather than just a bargain-counter sales device for our own benefit.

Many examples could be cited of the significant impact made on people in other lands by our food donations. Perhaps one will suffice to tell that story.

On April 9, the steamship *African Lightning* unloaded a cargo of U.S. corn at the port of Mombasa in Kenya, a famine relief gift made available to the Government of Kenya under title II of Public Law 480.

In a ceremony aboard the ship in recognition of the gift, American Consul General Richard B. Freund said, in part:

We Americans are gratified and grateful that out of our superabundance of some agricultural products, we are able to help our fellow human beings. For quite some years we have engaged in a program of sharing this abundance with people in need in many parts of the world. And more recently, as one of his first acts as President of the U.S.A., Mr. Kennedy reemphasized his and the American people's determination that no situation calling for our help in this form should go unheeded. The arrival of this load of maize—or corn, as we call it—aboard the *African Lightning* and under the auspices of ICA, is an example of precisely what President Kennedy intends.

In response, Ongsimus Musyoki, chairman of the African District Council for the Machakos area, said in part:

On behalf of the Akamba Tribe and all Africans, I heartily thank the American Government for their generous gift which they sent to us at the exact time of need, when some people were at the point of death. I, as a member of the tribe, kindly request the American consul general to convey my sincere gratitude for the gift and to assure the American Government that we have wholeheartedly accepted the gift and that we shall not forget their kind offer.

An announcer for the Kenya Broadcasting System, describing the ship's arrival and unloading over radio, commented:

As I stood in the harbor launch I thought, "It's a curious world with its cold wars and hot wars, spaceships and threats; just pass on the word that people are hungry and the rains have failed, that crops have withered, and through the welter of headlines, peace marches, and window smashings, there are people 8,000 or 9,000 miles away who understand that hungry folk can't eat words, and someone acts * * *."

After describing how the bulk maize was shoveled by volunteers into gunny sacks labeled in local dialect, "Donated by the People of the United States of America," the radio commentator continued:

And as the men worked, they laughed and sang. One man sewing sacks, seeing us watching, lifted a bag high and shouted, "Chadula kwa watu njaa" (our translation: "Food for the hungry people") then he dumped the bag on an outstretched sling. That was it. The Neapara at No. 3 hold who was watching the work smiled and said to me: "Bwana, raha ya dumiani mambo matatu—afya, chakula, na bahati kupenwa ni watu" ("The happiness of the world comprises three things—health, food, and the luck to be loved by your friends"). And that expresses this maize lift—the luck to be loved by your friends.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you very much, Mr. Waters. Do any of those who are with you wish to make a statement at this time?

Mr. WATERS. They are just available for questioning.

Mr. POAGE. During the hearing this morning I discussed with Mr. Hoeven the method of proceeding with the hearing this afternoon, and suggested that this afternoon we would not ask any questions, probably, until everybody had completed their presentation, and then if the witnesses are still available, and any of the members of the committee want to ask questions, we could do it then. I thought that we would get ahead much faster if we did it that way.

Mr. WATERS. That will be perfectly satisfactory to me.

Mr. POAGE. If that is all right, we will then call Mr. Reuben Johnson of the National Farmers Union as the next witness.

STATEMENT OF REUBEN JOHNSON, NATIONAL FARMERS UNION

Mr. JOHNSON. Mr. Chairman and members, Mr. Harvey Solberg, president of the Rocky Mountain Farmers Union, and chairman of the Executive Committee of the National Farmers Union, was to appear before the committee with a statement upon the subject of Public Law 480. His son was killed in an automobile accident a few days ago, and it is impossible for him to be present today. Therefore, Mr. Chairman, I would like respectfully to request your permission to read Mr. Solberg's statement at this time.

Mr. POAGE. We will be glad to hear you now.

Mr. JOHNSON (reading):

We urge your support of title II of the Cooley-Ellender bill.

The accomplishments under Public Law 480 during the past 6½ years are well known to the committee.

The chairman of this committee, along with all the members, are due a vote of thanks by farmers and city people alike for the contribution made to the utilization of our abundant food and fiber.

Farmers Union supports the extension of Public Law 480 and the expansion of the program as provided in this title.

The principal provisions of title II would provide for the following:

1. Extend the foreign currency sales program under title I and emergency relief programs under title II through December 31, 1966.

2. Authorize \$7.5 billion over the 5-year period, at cost to the Department of Agriculture for title I sales and \$1.5 billion for the title II program.
3. Authorize establishment of national food reserves under title I.
4. Extend the title II economic development authority through December 31, 1966.

WORLD FOOD NEEDS

The average daily calorie consumption, while adequate in most European countries, is substantially below adequate levels throughout the Far East and substantially below acceptable standards in western Asia, Africa, and Latin America.

Moreover, serious dietary deficiencies exist even in some countries where the daily average calories intake is substantial. Hundreds of millions of people subsist on diets short of energy value, lacking in proteins and fats and oils.

Per capita food production in the underdeveloped countries has fallen since the years before World War II. Agricultural output in these countries is in a grim race with rising population. Over the next 10 years, it is estimated by the Department of Agriculture that food production per capita in the underdeveloped countries will increase by only one-third of 1 percent a year. This means that these countries cannot possibly feed their people adequately by their own efforts alone.

We must put our abundance to work to help these people who do not have adequate diets.

We have operated Public Law 480 on a substantial basis during the past several years but the short-term extension of the law has severely limited our ability to plan ahead. We have not been able therefore to use food and fiber to the extent that we believe possible as a tool for promoting economic growth and development in these areas.

The President and the Secretary of Agriculture have made it clear that they view agricultural abundance as a national blessing and they intend to use this abundance under Public Law 480 in a positive manner. The amendments being proposed will strengthen Public Law 480 so that the program can be administered so as to feed hungry people and at the same time encourage economic development.

The 5-year extension is desirable, we believe, because programs can be planned further in advance and commodities moved in a more orderly manner. It will help the underdeveloped countries because they can plan ahead and make much more judicious use of the commodities to feed their populations and the foreign currencies generated for economic development projects.

Obviously, it is more practicable for the United States and foreign countries to make plans over a longer period of time so that more effective use can also be made of transportation, storage, and distribution facilities. We believe that the 5-year extension, because of the program planning and commodity availability it allows, is one of the most important recommendations ever made under Public Law 480.

SALES FOR LOCAL CURRENCIES

The title I program has two main purposes: First, to make commodities available to developing countries to fill food supply gaps which are occurring and to raise consumption levels; second, to make the fullest possible use of the foreign currency received by the United States in payment for the commodities.

Sales proceeds are used to pay U.S. expenses abroad and to finance various U.S. agency programs such as agricultural market development and educational exchange programs. Substantial amounts also are loaned to U.S. business firms and affiliates.

A large and important use of the sales proceeds is to make available to underdeveloped countries loans and grants which these countries can utilize, after consultation with U.S. overseas missions, to finance projects which serve to accelerate economic development.

At the present time, title I exports accounts for about 20 percent of total U.S. farm exports and are running at an annual rate of about \$1 billion. So far this year, title I exports of wheat and flour have reached nearly 300 million bushels and are expected to total between 325 and 350 million bushels for the year ending June 30. This is the main reason why total U.S. wheat exports for the year will run about 600 million bushels, by far a new record. Cotton exports so far this year total more than 1 million bales. The act has been an important adjunct

to the cotton export program by moving this commodity into such supplemental markets as Spain, India, and Burma. Vegetable oil exports are well over one-half billion pounds and rice exports already total 10 million bags for the first 10 months of 1960-61.

To translate these figures into more common terms, title I exports are averaging about 1 million tons per month, or more than three full shiploads of commodities every day.

FOOD RESERVES

This title also authorizes the establishment of reserve stocks of food in underdeveloped countries. With our tremendous production of commodities, such as wheat, it makes sense that we should facilitate setting up reasonable supplies of food abroad to be used for emergency situations. The harvests of many countries are highly uncertain, and reserve of this type would mean that food can be made available quickly in case of emergency conditions, such as drought and flood.

The commodities would be moved under title I, stored in the country and paid for when moved into commercial distribution. If it is necessary to use some of these commodities for emergency relief purposes which are applicable to title II programs, the amendment appropriately provides that the commodities would be made available under the terms of that title.

LONG-RANGE LOANS

Title V of Public Law 480 would be amended by title II of the Ellender-Cooley bill to strengthen authority for making long-term sales of agricultural commodities on a dollar credit basis. We urge the Department of Agriculture to make every effort to develop and negotiate such loans. Dollar sales of this type can be useful in moving additional commodities and in promoting economic development in those countries which are financially strong enough to repay in dollars up to periods of 20 years. Moreover, we believe that loans are to be preferred by many countries because of the preservation of dignity and self-reliance under such procedure.

DONATIONS

The Ellender-Cooley bill proposes extension of the title II authority to use commodities in connection with public works projects. This authority expires on June 30, 1961. We believe that such projects are needed in larger numbers, especially where unemployment is a chronic problem. These projects involve a relatively high amount of labor and a small amount of materials. Workers may receive wages partly in cash furnished by the participating country and partly in commodities furnished by the United States. We believe this to be prudent use of our food and fiber and we believe there are possibilities for wider use of such authority.

Extension of Public Law 480 with proposed revisions has implication far beyond that of farmers alone. For this reason, title II of the Ellender-Cooley bill deserves the widespread public support that has been repeatedly expressed through favorable congressional action.

In closing, Mr. Chairman, we thank the committee for the leadership that you have given to what has come to be fondly referred to by farmers as the Public Law 480 program.

Mr. POAGE. The next witnesses we have will appear en bloc, representing the voluntary agencies, consisting of Bishop Frederick B. Newell, G. E. Blackford, Bishop Edward E. Swanstrom, Edward Kinney, Fred W. Devine, James M. Lambie and Maurice D. Atkin. We will be glad to have all of them come forward to make presentations in such manner as desired.

STATEMENT OF BISHOP FREDERICK B. NEWELL, REPRESENTING CHURCH WORLD SERVICE, NATIONAL COUNCIL OF CHURCHES

Bishop NEWELL. Mr. Chairman and members of the committee: My name is Frederick B. Newell.

I am currently acting as executive director of Church World Service, the Protestant interdenominational agency of the National Council of Churches through which cooperative work of relief and reconstruction is carried on in the interest of our constituent communions in the many areas of acute human need throughout the world.

I am a bishop of the Methodist Church and was for an extended period chairman of the Methodist Committee on Overseas Relief, which is a cooperating unit in Church World Service.

With me here today are Gilbert E. Blackford of the Church World Service staff and representatives of other of the major voluntary agencies concerned in the free distribution to needy persons overseas of America's abundance of food commodities which God's providence, and a highly productive American agriculture have made possible and which in its wisdom our Government has made available to ministries of mercy among the destitute and impoverished, the homeless and disaster stricken.

Each of these will have comments to make to you concerning H.R. 6400 which you are considering, within the framework of which certain proposals are made affecting Public Law 480, the legislation under which the overseas food distribution programs are carried out. I, and I am sure they too, will be extremely happy to answer any questions concerning the programs of distribution which since 1950 have carried approximately 10 billion pounds of foods from our agricultural abundance to the needy and sufferin in more than 80 different countries and areas throughout the world.

Of this total program, Church World Service has been privileged to carry on distribution aggregating approximately a billion and a quarter pounds.

Through their support of these food distribution programs by their voluntary agencies working in partnership with their Federal representatives, the American people are making what is undoubtedly the greatest person-to-person demonstration of all time of their desire for the well-being of their brethren of all races, countries, and creeds.

The proposed amendments to Public Law 480, embodied in H.R. 6400 and in its companion bill S. 1643 will give greater scope and greater efficiency to this worldwide work of compassion.

Church World Service, in concert with her sister voluntary agencies, both religious and secular, has often expressed the need for longer range planning of programs of food distribution and of allied programs of technical assistance, community development, and so forth, in which America's agricultural abundance is utilized.

Obviously, the proposed 5-year extension of the legislative authority for this work is highly gratifying to all of us. It will make possible better programing, it will reduce inefficiencies and uncertainties unavoidably present on a year-to-year basis of operation and, what perhaps is even more important, will give new emphasis to our underprivileged neighbors of the sincerity of our effort to assist them.

The proposed authorization for the extension of availability for disaster relief and economic development of commodities from private stocks as well as from those of the Commodity Credit Corporation is also highly gratifying.

This would make available foods of types other than those in CCC stocks and would give to programs carried on under the legislation opportunity to supply diets of much greater balance and value, particularly in the supplying of so greatly needed high protein foods.

While the language of the amendment concerned applies only to title II programing, it is our hope that the types of foods so utilized would also become available to title III programs under which most of the voluntary agency distributions are carried out and which extension the language of title II would justify.

These liberalizations of the legislation involving oversea distribution of our abundance of foodstuffs are clearly in line with the sentiment throughout our Nation and definitely expressed in the response of our people to the activities of the food for peace and Peace Corps programs as well as the freedom from hunger campaign of the United Nations in which the United States will play a major role. The amendments to which I have referred specifically and others within the suggested legislation will greatly enhance the potential of all of these vital efforts.

In the struggle in which the world is engaged to bring up to a level of decent subsistence the millions upon millions of underprivileged and impoverished whose greatest lack is knowledge and opportunity, these efforts of the United States are well assumed. There could be no better application by us of the Biblical injunction "Of him to whom much is given will much be required."

America is endowed with the greatest abundance of all peoples; not only abundance of foods but abundance of technical skills, energies, tools, mechanical and scientific know-how—all of these things so tremendously needed by our fellow men. It is our definite duty to use our abundances of all types to the best advantage of a struggling world. There could be no better phrasing of this than that of Secretary Freeman's statement that abundance unused is abundance abused.

These skills, these foods, all of the freedoms we enjoyed are abundances given to us by a divine Lord and Master for use in His service.

It is incumbent upon all of us to assure that they are used to the greatest possible good, not selfishly but in the interest of all of His peoples in every way that is right and proper.

Mr. POAGE. Thank you very much. Who desires to present the next statement—how would you like to proceed?

Bishop NEWELL. I think that Bishop Swanstrom should read his paper next. Mr. Blackford is accompanying me. Bishop Swanstrom represents the Catholic charities.

Mr. POAGE. We will be glad to hear you now, Bishop Swanstrom.

STATEMENT OF BISHOP EDWARD E. SWANSTROM, EXECUTIVE DIRECTOR OF CATHOLIC RELIEF SERVICES, NCWC

Bishop SWANSTROM. Mr. Chairman and members of the committee, my name is Edward E. Swanstrom. I am executive director of Catholic Relief Services, NCWC, the official oversea relief agency of the Administrative Board of Bishops of the United States. And with me in the company of the other representatives of the voluntary agencies is Edward M. Kinney, director of our shipping and purchasing program.

I consider it a privilege to be invited to appear before this committee to discuss the pending "farm bill," as it relates to the sharing with our hungry neighbors overseas of the massive productivity of the American farmer, and to attempt to aid this committee in its search for ways and means by which this potent and important resource—

food—can help to protect the way of life to which Americans are dedicated, and help to preserve the peace of the world.

I need not elaborate on the size or scope of the efforts of the voluntary agencies engaged in oversea relief since the members of this committee, in particular, are well versed in the work of America's voluntary oversea relief agencies in assuaging the hunger and allaying the suffering of needy men, women and children in other lands.

We are especially appreciative of the understanding and cooperation and support we have received from the U.S. Department of Agriculture and the ICA.

Several aspects of the pending legislation are of particular import to the volagencies:

(1) I hope the request for a 5-year extension of the basic enabling legislation, whatever its final nature, will be granted. Far more intelligent planning can be accomplished with the advantage of the longer view. Similarly, more far-reaching results will be achieved based upon such long-range planning. I realize the volagency programs are only a minor part of the entire legislative picture, but it might be helpful for the committee to know that even this minor segment believes that there is a distinct advantage to be gained from the longer term approach. I am not suggesting that Congress, in granting this extension, take its hand off the throttle. I am simply suggesting that it clear the tracks far enough ahead.

(2) Our national food for peace program, to date, has been essentially a disposal program. Whatever this program is called, it has been one which, while humanitarian in aspect, nevertheless has been prompted and guided by our desire to lighten the heavy burden of farm surpluses upon the taxpayer. If the proposed amendments, by striking out from the law the present limitation that foods for the needy overseas must be derived from Commodity Credit Corporation stocks will serve to broaden the variety of such foods, to the end that we shall be able, in a greater way, to provide foodstuffs for the needy on the basis of actual nutritive needs, then we will have gone a long way toward establishing the basis for a genuine food for peace program. I trust that my interpretation of the effect of this change represents the intent behind the revision.

(3) Any substantial expansion of the national food for peace program—and not alone in terms of title III—will need the kind of assistance to meet warehousing and inland freight costs overseas which could be forthcoming through the use of counterpart funds, where they are available, and/or the foreign aid dollar.

It is an unfortunate fact, generally speaking, that where the need is greatest the local governments and the indigenous voluntary agencies are least able to assume the burden of inland transport and warehousing. Consequently, aid programs in such countries often are limited severely by the lack of adequate financing and fail to achieve their fundamental purpose—reaching the most needy. It is my hope that this committee, along with the other congressional committees concerned (we have been saying this for a number of years) will not only recognize this problem but assist in solving it by assuring the use of counterpart funds or such other financial assistance as may be needed. The sooner we begin to marry our food and our funds, the sooner we will be able to reach the great masses of the world's neediest, including those who are the particular targets of Communist propaganda and promises.

If we are to achieve this end, it is my opinion that it will be necessary for Congress to take a positive stand. Foreign governments can invariably devise more uses for counterpart funds than the funds, with few exceptions, are able to finance. The decision to utilize counterpart funds to bulwark our food programs overseas, therefore, must be made as a condition to their generation.

(4) As the members of this committee know, the volagencies for several years have been urging that part of our wheat surplus be processed into bulgur wheat for distribution to the needy abroad. In recent months the Food for Peace Administrator has agreed to make available, as soon as practicable, 5 million pounds of bulgur wheat monthly to the voluntary agencies for use primarily in rice-eating areas where those served by title III programs have suffered from the lack of availability of surplus rice. I am certain that this cooperative, forward step will not only aid us in helping to feed the world's hungry, but will also serve as an additional way to utilization of our considerable stocks of grain.

The voluntary agencies are most appreciative of the attitude of Congress which has not only made possible the large feeding programs they now administer, but has continued to encourage and support such programs. Committees such as this serve not only to devise and promulgate legislation but to insure the proper administration of existing laws. Unfortunately, it has happened, and I assume could happen again in the future, that instances have arisen in which the intent of Congress has all but been frustrated at the administrative level.

I want to bring out something here to bring out my point.

Although born of an Executive order and therefore not a "child of Congress" in the same sense as specific legislation, the present situation vis-a-vis voluntary agencies and the Peace Corps is an example of frustration through administration. Here in Washington we are assured by the Peace Corps administrators that volagency projects—and not alone those relating to the distribution of title III foods—will be considered for Peace Corps complements. It is quite disturbing, therefore, to read reports from our own oversea posts, particularly in the Far East, which lead to the conclusion that this policy is unknown to the survey teams of the Peace Corps itself!

Our mission director in Manila states in his narrative report for April:

April 13—Met with three U.S. Government Peace Corps representatives at the U.S. Embassy. Their attitude was cool and aloof since they were not interested in Volags programs but only in government-to-government projects;

April 18—Second meeting with Peace Corps representatives, this time with representatives of all Volags present. Again the Peace Corps men seemed reticent and almost hostile, thus provoking unfavorable reaction.

Our mission director in Malaya reports a similar attitude.

Frankly, the volagencies, particularly but not exclusively those sponsored under religious auspices have had, as my assistant Mr. Kinney testified to the Subcommittee on Africa of the House Foreign Affairs Committee last week, Peace Corps representatives overseas for many, many years. In far more ways than not our Government has chosen to ignore them. Perhaps the urgency of the moment, perhaps the realization of the increasing number of failures we are scoring, perhaps a new understanding of the vital necessity that America no longer can afford not to marshal all available resources in its strug-

gle for survival, will change this absurd situation. For the sake of the freedoms we cherish, I fervently hope so. But, again, it remains for Congress to end this frustration through administration.

I only bring that example here as something to show what will happen on the administrative level.

Side by side with their government, voluntary agencies can and will make a contribution far and beyond that which they have been able to thus far if permitted and assisted to do so. They have established an enviable record in the feeding of the world's hungry. They are serving—and are prepared to serve in a far greater way—in the task of helping to raise the standards of living of the needy overseas.

The time has come for our Government to accept volagencies into full partnership. The time is now, for, in more ways than one, time is getting shorter every day.

Mr. POAGE. Thank you very much, Bishop Swanstrom. Does Mr. Kinney want to make any statement at this time?

Bishop NEWELL. No; Mr. Devine of CARE will make his statement.

Mr. POAGE. We will be glad to hear you now.

STATEMENT OF FRED W. DEVINE, REPRESENTING CARE, INC.

Mr. DEVINE. Mr. Chairman and members of the committee, as deputy executive director of Cooperative for American Relief Everywhere, Inc., I would like to have placed in the record a report to this committee that the availability to voluntary agencies of our agricultural abundance has materially increased the ability of CARE to continue to fulfill its assigned purpose of assisting the needy in distressed and underdeveloped areas overseas.

I have with me today Mr. James Lambie, who is our assistant executive director, Washington office, who has just returned from a trip to Latin America.

The donors to CARE last year contributed \$9,279,555 enabling us to continue our food, tools, drugs, and equipment program in 28 countries. I have taken the liberty of leaving our executive directors annual report. Unfortunately, Mr. Richard W. Reuter, the executive director, is in the Middle East reviewing our programs and could not be here.

Significantly of the total donor support, \$3 million was allocated for our self-help village aid programs alone.

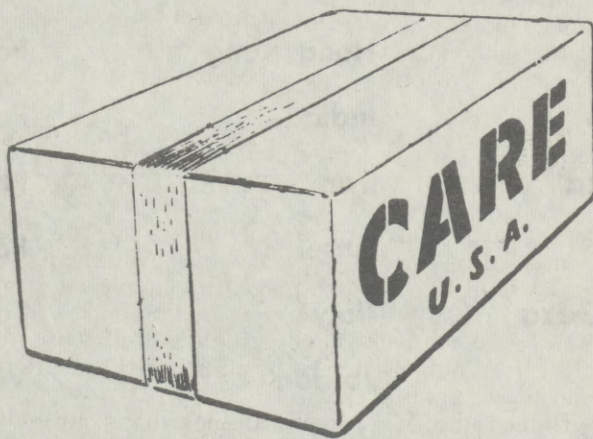
The largest single category of recipients in our feeding programs using farm abundance is in our school lunch programs negotiated and administrated in cooperation with the governments of 20 countries throughout the world. CARE reaches some 12,262,664 primary and secondary students daily. In all, we are able to provide food for 15,840,955 needy people with the farm abundance supplied under Public Law 480.

It is in this category of school lunch recipients that we most need the support of the provisions for long-range programing provided for in H.R. 6400.

Longer range program would enable recipient governments to more effectively plan for their eventual supply of these school lunch programs through normal commercial channels.

(The pamphlet referred to follows:)

**EXECUTIVE DIRECTOR'S ANNUAL REPORT TO
THE BOARD OF DIRECTORS OF CARE, INC.**



**August 17, 1960
Washington, D. C.**

Countries In Which CARE Operates**August 1960****Afghanistan****Berlin****Ceylon****Colombia****Costa Rica****Ecuador****Egypt - Gaza****Greece****Guatemala****Haiti****Honduras****Hong Kong****India****Iran****Israel****Italy****Jordan****Korea****Libya****Mexico****Pakistan****Panama****Philippines****Poland****Turkey****Vietnam****Yugoslavia**

Food, tools, drugs and equipment valued at 40 million dollars were distributed by CARE missions in 27 countries overseas in the fiscal year ending June 30, 1960. There was continued expansion in the less developed areas of the world of an integrated program using tools to complement food distribution welfare programs. There was the further evolution of projects with indigenous voluntary groups and governments that strengthened self-help efforts and community development.

The people of the United States and Canada, with material support and encouragement from their governments, implemented through CARE in 1960 a program based on people-to-people relationships that was significant in size and thoughtful in content. The following pages are a report to you of our stewardship during the past 12 months.

CARE Volume Steady at \$40,000,000

The total volume of the year's operations in the fiscal year ending June 30, 1960, subject to final auditing, was \$39,931,244. This compares with \$40,164,652 in fiscal 1959, and \$39,059,342 in fiscal 1958. The year 1960 was the third largest for CARE and it brings total CARE shipments overseas since its founding in November, 1945 to over \$366,000,000.

Four Major Areas of Support

As in previous years, the operation of CARE is made possible at this level by four types of support: (1) basic are the voluntary contributions of individuals and groups in the United States, \$7,556,132, and Canada \$550,590; (2) Ag-

gricultural commodity gifts of the governments of the United States, \$21,690,757, and Canada, \$2,221,387, and U.S. Government ocean freight funds and counterpart recoveries, \$5,044,167; (3) recipient government dollar payments for reimbursement of administrative and operating costs for contractual school lunch, institutional and welfare feeding programs, \$842,977; and (4) for contractual partnership programs with government agencies, such as USIA, USEP and ICA and private groups such as the Ford Foundation and the Polish Medical Aid Committee, \$1,806,840. All figures are final for the year but subject to audit adjustment.

Total Expenses 10.4%

To accomplish this total job, CARE expended \$2,640,292 for all direct program expenses including U.S. and overseas processing, operating and delivery costs (compared to \$2,252,579 in 1959), plus \$1,505,434 for overhead expenses including fund raising, public relations and administration (compared to \$1,483,948).

We are pleased to report that CARE operated within its budget. As planned, the increases over 1959 reflected above were to improve further program planning and control. We continued the policy of an expanded pattern of program visitation and development (every mission was visited at least once and each mission participated in 2 regional staff conferences overseas) and of increasing the overseas offices and staffs in countries of operation. Once again U.S. expenses remained almost constant, with increases in processing costs offset by a drop in management and public relations expenses.

Combined, then, the \$4,145,726 direct program and overhead costs in the U.S. and overseas of the four-part program

was 10.4% of the total value of goods and dollars received and administered, compared to the 1959 figure of 9.3%. These operating costs are not underwritten by any group - public or private. CARE, as a non-profit cooperative organization, provides a channel for individuals and groups to share in the job of relief and rehabilitation overseas. Each contribution accomplished a part of that job; each contribution also pays its share of the costs of maintaining the service. The development of contractual programs helps broaden the base of this support, specifically increasing staff overseas just as the agricultural commodity gifts increase program content. Both combine to make the contributed dollar go further in total impact.

Net Margin Climbs to \$611,783

Because the volume of our operation was above our projections, while expenses stayed within budget, there was a net margin from operations for the year of \$611,783. This is 1.53% of volume and compares favorably with final 1959 figures of \$296,859 or .74%. This is the fifth successive year in which operations have produced a net margin.

Total Net Margin Distributions Pass \$5,000,000.

During the year, the Board of Directors voted from the unallocated net margin account \$634,000 for additional relief and welfare programs overseas, in accordance with the provisions of the charter of CARE. These funds are of great value because of their availability for emergency needs, for longer range programs, or for special pilot welfare projects in cooperation with host governments and private groups. Since its founding, CARE has distributed a total of

\$5,094,680 in additional relief and rehabilitation from net margin accruals.

Donor Support Increases 17%

The voluntary donor support continues to grow. The contributions from individuals, groups and business firms totalled \$9,279,755 compared to \$7,909,230 last year, and \$6,602,610 in 1958. This increase of 17% was spread over the full year, with every month except September and December showing a gain over the same month of the previous year. Of interest also is the fact that for the first time in CARE's history the totals for the spring period surpassed the fall, with \$4,981,475 being recorded from January to June and \$4,298,280 in the July-December half year. This balanced giving has been most helpful in allowing for sustained year-round programming and more economical processing.

Number of Donors Increases

The Remittance Division handled a total of 1,348,869 individual donor transactions, an increase of approximately 50,000 contributions from 1959. Of these 1-1/3 million 1960 contributions, 223,100 were sent by people who had not previously given to CARE.

Many donors contribute two or more times during the year. A great many of the transactions listed as individual donors represent group collections from civic, service and labor organizations or from schools, churches, business firms and communities. Analysis of present figures indicates that from 5¼ to 5½ million people made a voluntary contribution to the work of CARE during 1960.

Stock Contributions and Bequests Grow

Two relatively new patterns of giving for CARE this year reached significant proportions. Some 43 individuals donated 1,131 shares of stock which yielded CARE on sale a net of \$40,507.94. Also, 26 bequests were made during the year. Eleven settlements totalling \$18,517.10 have been received to date. The remainder have an indicated value of \$50,000.

The Average Contribution Now \$6.88

Based on donor support of \$9,279,755, the 1,348,869 individual donor transactions average out to \$6.88 per gift. The average in 1959 was \$6.12 and in 1958 only \$5.48. While there is an even trend toward an increase in the size of the individual donation, it is clear that CARE's support still comes from a very great number of small contributions. It is our judgment that the personal relationships of donor and recipient under the CARE pattern provide a sense of participation to the small donor that is satisfying. In a very real sense the donor is CARE. This certainly is an important factor in the loyalty of CARE donors over the years, and the slow but steady increase year to year both in the number of contributors and in the size of the contributions.

Program Interpretation Important

Yet it should be pointed out that the servicing of donors and the telling of the story to potential donors is a very important part of CARE. While it is true that it takes more than money to do a good job overseas, it is also true that it can't be done without money. CARE interprets its program to donors and requests support through seven major activities:

1. Direct mail solicitation and program reporting (directly identifiable returns \$2,113,438).
2. Field offices in 16 cities of the U.S. and Canada for direct servicing of media, groups and the important volunteer committees (added to supporting all other efforts, directly transmitted funds totalled \$1,616,300).
3. Cooperative programs with 19 national organizations including General Federation of Women's Clubs, Business and Professional Women's Clubs, Lions, Eagles, National Grange, Legion Auxiliary, Girl Scouts, and AFL-CIO (estimated \$500,000).
4. The White House sponsored program for Fund Raising in the Federal Establishment (\$775,000 from military and civilian U.S. personnel here and overseas).
5. Business firms through corporate gifts, employee contributions, Christmas gift-giving, etc. (approximately \$2,280,000).
6. Special promotions such as "CARE Dollar Days" and newspaper campaigns (\$225,000).
7. And finally a publicity and donor service program in New York that attempts to supply to the hundreds of devoted volunteer committee people and the public media the kind of material (printed, filmed, taped and typed) that makes it possible for them to do the big job that underlies all of the above.

Fund-Raising Overhead 11.8%

The total cost of publicity and public relations including promotion and donor servicing expenses of our field offices was \$958,560 (\$16,000 less than the previous year). Adding to this figure all other administrative costs applicable to non-government funds or goods, we have a total of \$1,097,407 as the cost of raising and administering the \$9,279,755 donor contributions, or 11.8%.

A more detailed analysis is being prepared by our accountants, Ernst & Ernst, and will be included in their certified annual financial report. This will show: (1) the percentage cost of distributing goods, bought or privately contributed, based on their total value; (2) the percentage cost of distributing government-donated goods, based on their total value.

The Volunteer A Partner

As in the past, the low overhead of CARE is due to a very significant degree to the volunteer services and facilities provided by people, groups and companies. The volunteer gives the most valuable gift - his time and his talents - but because it does not show directly in a balance sheet we sometimes tend to overlook its importance to keeping the maximum percentage of each contributed dollar usable directly in program. In addition to several hundred individuals, the following groups are examples of the imagination and special nature of this support:

The Ben Sackheim Advertising Agency, pioneering a broad pattern of consultative and service support; The Advertising Council, with bulletin listing and special pro-

gram support; the department stores, contributing valuable office space and other logistic support to our field offices; banks, for their work on the Federal Service Campaign, and Railway Express Agency and other business firms who provide key free services; the public media - newspapers, magazines, radio, TV and especially the important weeklies throughout America - which, in addition to news coverage, provided advertising and promotion support as a public service; and the private media - house organs of business and unions, organization publications, and innumerable bulletins - whose editors and staffs have been thoughtful and generous.

In the programming area, Dr. Earl Hillstrom, our medical consultant; Dr. Richard Poston, our community development consultant, and a dedicated group of upstate New York scientists organized as "Volunteers for International Technical Assistance" are three examples of the growing use of volunteer specialists to assure maximum program validity.

I am sure that you, the Board members, who are also volunteers, join with staff in a public expression of appreciation to these and so many others who are so often a "silent partner" with the donor in carrying out the CARE job overseas.

CARE Staff Now 356

At the end of the fiscal year CARE had 229 employees in New York (225 in 1959), 51 in field offices in the U.S. and Canada (compared to 56), and 76 Americans in 27 missions overseas (72 in 1959). The total CARE staff, therefore, has increased by 3 and now numbers 356. Of this number, 56

employees have served with CARE for 13 years or longer; 59 were hired during 1960, including 13 for overseas service.

Local Employees Overseas Increase by 14

In addition to the Americans serving overseas, CARE's missions employ 286 local employees (an increase of 14 over the previous year). Of this number, 91 employees' salaries are reimbursed by host governments under contract programs. In addition, an even larger number of people work full time on CARE distributions as employees of cooperating agencies and governments. It is always rewarding to note how often the interest and devotion of the administrator, the warehouseman or the laborer is far greater than might be expected from their monetary reward. The CARE spirit seems to inspire extra effort and volunteer participation at both ends of the chain.

Program Trends of 1959 Continue

In last year's annual report we noted that the designated package program was assuming a less and less important role in CARE; that Self-Help projects were increasingly being recognized as an important part of CARE's work, having jumped to one-third of total donor support, and that the Food Crusade program utilizing agricultural commodities and purchased supplemental food accounted for almost half of donor contribution programming. The same trends continued through 1960.

U.S. Agricultural Commodities Total \$21,690,757

The basis of food relief programs is the agricultural commodities made available by the United States Government

from so-called farm surplus. We receive milk, flour, corn meal, some rice - after local U.S. needs have been met. CARE uses agricultural commodities in two ways: under our Food Crusade pattern, where all supplementary costs are paid by the American donor through his contribution of one dollar per package; and through partnership - or contract - programs, where all supplementary costs for a school lunch or country-wide institutional program are paid by the host government. Our total volume of U.S. agricultural commodities of about 20 million dollars a year is divided about half and half between the donor-supported relief package program and the host government contract welfare program which does not require American donor financing.

As a result of the milk shortage last fall and winter, it was necessary to change many programs to available grains and to supplement this with purchased fats and protein items. Although the dollar value of U.S. contributed agricultural commodities dropped in 1960 to \$21,690,757 from \$25,911,514, the tonnage shipped dropped only to 321,352,000 pounds from the 1959 total of 328,112,000 pounds.

U.S. Surplus Now Reaches 13,507,205 People

In the course of the year, CARE distributed to 13,507,205 needy people in 24 countries the foods allocated to it by the Department of Agriculture. An interesting sidelight of the food program is that in the last two years, CARE received 788,219,000 pounds of these surplus foods, the equivalent of 40 shiploads.

Canadian Government Also Contributes

It should be added here that the Canadian Government has provided CARE some 10 million pounds of milk powder

plus 6 million pounds of pork luncheon meat, and has sold additional quantities of pork at significantly concessional prices. Both items came at a particularly good time to cushion the effect of the changing U.S. surplus supply picture.

The Colombian Coffee Growers Association is working out with us details of a gift of from 2 to 3 million pounds of coffee. We think this is a major indication of the effectiveness of this type of voluntary agency program to distribute abundance to meet needs - without interference with normal market patterns.

Business Also Helps

To round out this food story, it should also be reported that various American food processors (Standard Brands, H.J. Heinz, General Foods and others) have also contributed their goods - this year the total will be almost a million dollars' worth - to supplement available U.S. commodities. Despite this, during the year CARE purchased almost a million-and-a-half dollars' worth of food - rice, margarine, oils and beans - to provide those items not available from surplus that are necessary for properly balanced rations.

CARE and BCIU

CARE is completing its second year of cooperation with BCIU—the Business Council for International Understanding. John Habberton, CARE Assistant Executive Director, is now on full time reimbursable loan as BCIU Managing Director. Major accomplishment this year is the Training Program for International Business Executives at Washington's American University. BCIU growth now permits it

to plan more overseas activities, many of which may well dovetail with the complex of CARE's current operation.

Food Still Basic CARE Program

Food is a basic need and because it is basic it reaches people in a direct personal way that few other programs can. At the same time, food programs create by-products of trained local personnel, social concern and good will.

The great development of CARE during the last two years has been the growing inter-relationship of the Self-Help programs and of the basic food programs. We used to say food or Self-Help. Now we say food and Self-Help. Both are needed.

Philippines Example of Food and Tools

One of the best examples of an effective coordinated CARE program has been developed in the Philippines. Some 1,512,500 school children in over 20,000 schools are receiving a supplementary ration of milk, or milk and corn meal, every day of the school year. Every inhabited island of the over 7,000 islands is covered. Every inhabited island is visited by one of CARE's four resident American representatives and the inspection staff of the Philippine Ministry of Education. In a little over a year, over half the schools have been visited by our teams who work with the authorities on proper use of the commodities, proper controls and proper handling. At the same time, through the CARE Self-Help program four mobile medical units are fighting the almost universal problem of intestinal parasites among Filipino children.

Parents groups are involved through a health education nutrition program. As in every one of CARE's 27 countries of operation, the food supplies are programmed in detail, every pound is receipted, and reimbursement is received for any supplies lost, strayed or stolen. Total losses in the Philippines are less than 1%. This work with the Ministry of Education combines with the Self-Help programs through PACD, the Community Development program, for a really significant impact at the barrio level.

Hong Kong Continued

Hong Kong is another example of coordinated programming. There the American voluntary agencies work closely together to try to meet some of the tragic need of this overcrowded colony of 3 million people. CARE alone uses U.S. commodities to provide a ration for some 10,000 people a day, primarily in institutions. In addition, we purchase locally over $\frac{1}{2}$ million food packages a year for relief feeding of fishing families and other refugees. The locally procured package contains standard items of Chinese diet - rice, dried cabbage leaves, soy sauce and tea - which are more satisfactory for family relief feeding than the unfamiliar American foods now available from U.S. Government stocks.

At the same time, CARE is cooperating with government authorities on a refugee resettlement project on Ap Chau Island; provides school kits for children and equipment for fishermen and workmen. Tomorrow, due to programs such as these by CARE and other agencies, may offer a better day for these hard-working Chinese who have fled the mainland.

Israel Largest Designated Package Volume

Israel receives Food Crusade and Self-Help, and in addition remains the one country with a major program of food packages designated for friends and relatives. During 1960, 84,976 packages with a dollar valuation of \$1,086,010 were delivered (compared with \$890,300 in 1959). Israel is also one of the best examples of orderly phase-out of a U.S. agricultural commodity program, as Israeli milk production is rising to the point where it is hoped that the Israeli Government can assume full responsibility for the CARE school milk distribution scheme. By year-end CARE had reduced to 60,000 recipients as the government had increased its program to cover 70,000 children, just reversing the relative participation from the beginning of the year.

Self-Help Now Over \$3,000,000

With a growing acceptance evident of CARE's food and tools programming pattern, donors in 1960 provided an increase of half a million dollars for Self-Help to bring the total for the year to \$3,027,803. This remains approximately $\frac{1}{3}$ of donor contributions. Business firms have also supported this phase of CARE's work, with significant contributions from Proctor & Gamble, the Parker Pen Company, Scripto, the Kendall Company and others.

Every CARE country received Self-Help support, with many countries receiving significant increases.

Iran Largest Self-Help Program

The largest amount of Self-Help aid went this year to Iran, the recipient of allocations totaling \$235,000. Adding

to this the value of allocations made in the spring of 1959 (\$30,000) there results the truly impressive figure of \$265,000 as the total allocation made by CARE in the little more than eighteen months since this new mission was opened. CARE has been fortunate in finding good programs being carried on by indigenous agencies, by ICA and by various foundations to which it could contribute needed and effective support. The main emphasis has been on programs designed to raise the level of living in rural villages through community development and fundamental education programs. Through its support of village workers, the Fundamental Education and the 4-H Club programs, CARE is helping this important Middle East country to make an impressive assault on the problem of rural poverty.

Next in size of Self-Help programs are the Gaza Strip, Korea, India, Colombia.

Latin America Continues Large Increase

The notable increase in the volume of Self-Help aid going to Latin American countries which was pointed out in the 1958-59 report became even more marked in 1959-60. During this year the value of goods shipped to this area increased from about one-third of a million dollars to almost one-half million.

Increased donor concern for the problems of this area is exemplified by the employees and agents of the Nationwide Insurance Company who have pledged themselves to raise \$275,000 in a pioneering effort of employees and company to underwrite a major, thoughtful, planned effort to contribute on a Self-Help basis to the welfare and economic advancement of the people of Panama, Costa Rica, Honduras and

Guatemala. We hope this far-reaching program may serve as a pilot for others.

Colombian Community Development Undertaken

One of the most effective and largest CARE programs is that in Colombia, where contract programs for school lunch and institution feeding, Food Crusade welfare distributions to violence victims and special categories of indigents and Self-Help projects utilizing tools, Cinva-Ram building block presses and books are particularly well integrated.

During the year arrangements were worked out to carry this effort an important further step. In a three-way cooperative effort the Government of Colombia, the Association of Coffee Growers and CARE will undertake to initiate a broad national community development program. It will be built on the already extensive experience in community work by the Cafeteros, Monsignor Salcedo and others in Colombia and on the experiences of the Philippines, India and others in the community field.

World Refugee Year Supported

Like most American voluntary agencies, CARE has since World War II directed an important part of its energies toward aiding refugees. During this past fiscal year, which was designated by the United Nations as World Refugee Year, we have given special emphasis to refugee projects. In the United States we participated in the work and support of the U.S. Committee for Refugees. In Europe, beyond its normal support for refugees, CARE provided a special grant of \$50,000 out of net margin for the U.N. High Commissioner's German camp clearance project.

Tibetan Relief Major Program

CARE's largest single refugee allocation has been in support of the Tibetan refugees in India. From April, 1959 through December, CARE supplied the basic ration at the Misamari Reception Camp for a daily average of 8,000 persons, distributing locally purchased food valued at \$166,000. At the beginning of 1960, responsibility for feeding was taken over by the Indian Committee, although CARE and the religious agencies continued to provide supplementary food items.

At that time, too, CARE with other groups cooperating, was asked to provide tools, equipment and materials for two vocational training schools being established to teach the refugees useful handicrafts. To speed the process of assimilation, CARE is providing special Tibetan-Hindi-English literacy kits designed with World Education, Inc. The total value of this type of Self-Help aid is more than \$80,000. Because the influx of these people has overtaxed the medical facilities of the northern border area, CARE has provided \$10,000 worth of equipment to two local hospitals that have been treating refugees. The Tibetan Emergency Aid Committee and the Junior Chamber International are sharing with the Indian and American voluntary agencies the responsibility to attempt the training and resettlement of this most recent major refugee migration.

Gaza Development Plan Nearing Completion

The ambitious project to "make Gaza green" described in last year's report has proceeded at steady pace. The first water was drawn by the CARE pump last November and the new electric system should be in operation by fall. New

lands are being brought under cultivation as the 25 irrigation pumps are brought into operation. This program of Egyptian Governor General Salem is one of the most far-reaching cooperative efforts ever undertaken by CARE and may well change materially the miserable living conditions of the some 300,000 residents of the Strip.

Chile Major Disaster Program

Relief programs in natural disaster areas is one of CARE's key services. Our pattern of operation and mobility makes CARE particularly useful when tragedy strikes. This was exemplified again during 1960 at the time of the serious earthquakes in Iran and Turkey. In both countries we normally work closely with the national Red Cross societies (the Red Lion & Sun in Iran and the Red Crescent in Turkey) and in both countries regular planning includes preparation for emergency earthquake relief.

Again in 1960 both Korea and India suffered storm damage that required emergency action. In oft-plagued Hong Kong, CARE distributed on behalf of America's concern 48,302 food parcels, 7,056 blankets and more than 2,500 eating utensil packages to 167,000 victims in 99 emergency distributions.

When the unprecedented earthquake and subsequent tidal wave devastated a large section of Southern Chile the end of May, many of our donors automatically turned to CARE to express their sympathy for the Chilean people. Although CARE had suspended its work in Chile in 1955, through a program in cooperation with the American National Red Cross, some \$75,000 worth of materials for relief and reconstruction were immediately dispatched.

Before the year's end, CARE had shipped three mobile medical units, 50 block-making machines, 3,000 hammers, and quantities of shovels, tools and drugs.

In June the Board authorized the reactivation of the CARE Mission in Santiago. A short term program to provide support for local groups in their reconstruction work is now planned.

Procurement Done in 26 Countries

During the fiscal year 1960 the Procurement Department purchased \$2,192,172 of supplies in the U.S. and \$1,409,653 from foreign countries. Hong Kong was the largest foreign supplier with \$378,489 of contracts, followed closely by Canada with \$310,000. India, due largely to the Tibetan relief program was third with \$228,663. Next in order of volume were Korea, Israel and Italy. A total of 26 countries were used for off-shore procurement to meet the special needs of diet or local projects.

Jordan, Ecuador and Afghanistan Missions Opened

New CARE missions were opened in three countries in accordance with board action.

The first of the year saw the formal opening of a CARE mission in Jordan. The problems of programming in this small but generally arid country are formidable, but based on task force survey reports small food and Self-Help projects have been undertaken. It is hoped that some of our successful work in Gaza may also be duplicated in Jordan as the CARE mission gains experience and local acceptance.

At about the same time, a mission was opened in Ecuador and there too a program is slowly evolving. Local restrictions have to date limited food programming but Self-Help, particularly in cooperation with the excellent I.L.O. community projects has been possible.

After a year of study and review, it was finally voted in late spring to undertake a regular CARE operation in Afghanistan, provided a task force survey indicated such programming possible. In June, with ICA logistic support, a three-man unit headed by Fred Devine, Deputy Director, visited Kabul to undertake a full survey of needs and present programs.

Total Overseas Missions Remains 27

During the year the CARE programs in Malta, Bolivia and Germany came to a close. As a result, the total number of missions remains at 27.

Feeling that its mission had largely been accomplished, CARE closed its doors in Malta at the end of November, 1959. The final net margin allocation of \$25,000 was divided between five different projects sponsored by various welfare organizations. As reported last year this was one of CARE's most satisfying programs and one of the most encouraging examples of orderly phase-out of operations.

Early May saw the suspension of the CARE program in Bolivia. This action was the result of many different factors which taken together seemed to make it impossible for CARE to operate effectively at this time in this unfortunate country.

Largest Program Ends

The year 1960 saw an era come to an end for CARE when, on June 30th, the program in West Germany was brought to a close. Since the dark days of August, 1946, when the first CARE packages landed at the blasted port of Bremen, \$82,372,897 worth of relief and reconstruction supplies poured into the former enemy state in a voluntary expression of humanity and reconciliation by the American people that has been unmatched in history. The occasion of the closing of the Bonn office was taken by the German Government, the now strong German voluntary agencies and the German press as an opportunity to thank America and to reemphasize to the German people the material and moral value of this people-to-people aid. It became obvious that in this, CARE was being used as a symbol of the very many private programs, both large and small, supported by American churches, groups, towns and business firms during the 15 years since the war's close. Chancellor Adenauer asked that a CARE picture be prepared that depicted this voluntary outpouring from the people of America. The Chancellor suggested that such a picture properly might hang in the Chancellery and a copy hung in every school in the Federal Republic, so that the people of Germany might never forget the suffering of those post-war days and the "unique spirit of generosity of the people of America toward the people of a vanquished nation reflected by programs such as that of CARE."

Post-War Relief Job Ends

With the closing of Germany, to a very real extent, we can say that the post-war relief job is done. Starting with Norway and the Low Countries ten years ago, and then

England and France, one by one the CARE Missions in Europe have closed as national economies recovered to the point that welfare agencies in each country could take over by themselves the remaining relief job. Although CARE still operates a very important program in Berlin for the escapees and the aged indigent and also missions in Italy and Greece that date back to the 1946 period, these programs now reflect more the new emphasis on development, training and social welfare projects.

To the donors who made possible this post-war relief it must offer a real sense of satisfaction to see the evidences in Western Europe of rebuilt cities, revitalized vigorous economies and stable governments. Their voluntary expression of concern for the welfare of the people of Europe was an important supplement to the Marshall Plan and the reconstruction efforts of governments in making this miracle of Europe possible. It is indeed good to be able to report to you that this part of CARE's original mandate is now finished.

CARE Package Changes

I believe that in this fiscal year, we have established a "Food and Tools" image of CARE. The familiar "CARE Package" may now contain a sewing machine or pumps for irrigation, literacy materials or shovels, or even a mobile unit or equipment for community building projects, or it may contain food for a family, or agricultural surplus milk and flour for a school lunch scheme. The CARE job today is in many ways more complicated, the "packages" more diverse. Relief in post-war devastation must be designed to keep people alive until normal facilities can be restored.

However, food relief cannot be the whole CARE job in the new democracies, in the so-called underdeveloped countries, in the vast areas where people are just starting to share in the benefits of this dynamic 20th Century. The provision of food must be coordinated with training, development and social welfare projects that strengthen basic indigenous resources.

CARE Strengthens People

CARE programs are based on this philosophy: They work with voluntary local groups whenever possible; they are meant to supplement the work of government and international organizations; they are undertaken in counsel with other voluntary agencies whenever possible; and they represent the concern of people to find a basis for a peaceful world.

The Deputy Directors, Frank Goffio and Fred Devine, who have contributed so much to this report, and each member of the staff, I am sure, joins me in an appreciation of the continuing thoughtful participation of the Board in the development of this program.

Thank you for the opportunity of serving in such a meaningful work.

For the CARE Staff,

Richard W. Reuter
Executive Director

Cooperative For American Relief Everywhere, Inc.
660 First Avenue, New York 16, N. Y.

MEMBER AGENCIES OF CARE

American Baptist Relief
 American Federation of Labor and
 Congress of Industrial Organizations
 American Friends of Yugoslavia, Inc.
 American Fund for Czechoslovak
 Refugees, Inc.
 American Relief for Poland
 Brethren Service Commission
 Congregational Christian Service
 Committee, Inc.
 Cooperative League of the U.S.A.
 Credit Union National Association, Inc.
 Fraternal Order of Eagles
 General Conference of Seventh Day
 Adventists

General Federation of Women's Clubs
 International Rescue Committee, Inc.
 Lions International
 National Council of Negro Women, Inc.
 National Farmers Union
 National Grange
 Save the Children Federation
 Tolstoy Foundation, Inc.
 United Hias Service
 United Lithuanian Relief Fund
 of America, Inc.
 United Ukrainian American Relief
 Committee
 World University Service
 World Veterans Fund, Inc.

PUBLIC MEMBERS

Murray D. Lincoln

Dr. William G. Carr

Mrs. Hiram Cole Houghton

Msgr. L. G. Ligutti

Dr. Ralph W. Sockman

General Counsel

Alexander B. Hawes
 Fowler, Leva, Hawes & Symington
 Washington, D.C.

Public Accountants

Ernst & Ernst
 New York

Mr. POAGE. Thank you very much.

Bishop NEWELL. Mr. Chairman, our next witness is Mr. Atkin.

Mr. POAGE. We will be glad to hear from you now.

STATEMENT OF MAURICE D. ATKIN, REPRESENTING THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE AND HADASSAH

Mr. ATKIN. Mr. Chairman and members of the committee, my name is Maurice D. Atkin. I am a member of the firm of Robert Nathan Associates, consulting economists.

For the past 10 years or so, I have been a technical adviser and consultant to Hadassah, the Women's Zionist Organization of America, Inc., as well as other organizations concerned with oversea voluntary aid.

I have been interested in those aspects of Public Law 480 and precedent legislation regarding the use of America's abundance to feed the needy and the hungry.

Today I voice the view of the American Jewish Joint Distribution Committee and of Hadassah.

We strongly support the positions taken by Bishop Newell, Bishop Swanstrom, and CARE.

In the past, the old section 416, later titled III, Public Law 480, has proven to be a very effective adjunct to voluntary agencies, school lunch programs, hospital feeding, and other types of programs the organizations with which I have been working have been carrying on.

The programs should, certainly, be continued and if arrangements for funds and personnel can be made, possibly through the use of foreign currencies in the United States counts abroad, approximately through the use of peace corps personnel, the program should be expanded. However, with expansion of the program, there must also be an expansion of the commodities available to the voluntary agencies in their work.

With almost the same personnel, with almost the same overhead, these same distribution methods, facilities and techniques, can often handle a much greater variety of commodities with more efficient food distribution programs which will benefit both the people we are trying to help, as well as effectively use America's abundance on a people-to-people basis.

Thank you.

Mr. POAGE. Thank you very much.

Mr. MATTHEWS. I know that we are not supposed to make statements, but I would like to make one brief statement.

Mr. POAGE. If nobody objects, you may.

Mr. MATTHEWS. I feel very strongly, as I know the members of the committee do, about the splendid work of these voluntary agencies. I just want to express some concern about the feelings of one of the witnesses that there has not been the cooperation on the part of representatives of the Peace Corps that there should be. I want the record to show that I, personally, believe these voluntary agencies can do more to help America than the strictly sponsored government to government work that has been done. As an example, I listened with a great deal of interest to Mr. Waters' fine statement. He closed with

a rather stirring comment by a recipient. I just wondered how many others of his nation heard that statement. I wonder how much they appreciated it.

I am not trying to be cynical, but I think that this person-to-person basis of the voluntary agencies is the most vital thing in this whole area. I, as one Congressman, would be very much interested in exploring further the desirability of better cooperation.

Thank you, Mr. Chairman.

Mr. POAGE. You are perfectly welcome.

It is my thought that we would get along a great deal faster and better if we simply adjourned the hearing and asked our guests if they would stay with us and discuss this matter. I think that we would get a better understanding that way than otherwise. However, there may be some members who want to ask questions of the witnesses, including Mr. Waters, and the voluntary agencies on the record.

Mr. GATHINGS. I would like to ask Mr. Waters a question. I have read your fine statement. It is all-embracing.

On page 11 of your statement you state that,

through the cooperation of the Department of Agriculture we have added oil and shortening to the list of available commodities for oversea distribution through these agencies.

And those are needed in the diets of the people.

I would like to ask you, Mr. Waters, where does the word, "bulgur" come from?

Mr. WATERS. Congressman Gathings, my understanding is that this is right out of the Bible. We are learning from the past. It is not really new. We are turning back to a Biblical food preparation. Basically, it is parboiled sun-dried wheat. This is the simpler form of preparation, back in Biblical times when it was in great use. In many areas of the world, particularly in the Middle East, and in the rice-eating areas of the world, this is more acceptable as a commodity than regular wheat. It can be eaten and prepared just like rice. It can be used in many ways. It can be used as a vegetable with other foods.

Mr. GATHINGS. With respect to bulgur wheat, that is to offer food that is tasty and delicious to people who have been accustomed to eating rice; is that right?

Mr. WATERS. Some of them rice; others, who actually now prepare their wheat in the bulgur form, in the Middle Eastern areas.

In some areas of the world there is a temporary shortage of rice. And this would be a form of wheat that would be acceptable to the rice-eating people.

Mr. GATHINGS. I come from a big rice-producing area. We feel that we have the rice that people like to eat. And we want them to have rice who eat rice. It makes my ears rear back when I read of the development of a substitute for rice.

Mr. WATERS. We feel the same way. There has been a scarcity of rice for some of the sales agreements in the volume that was wanted in some of these areas.

Mr. GATHINGS. We are hopeful that since the Poage amendment was approved in 1959 that the new contracts will offer these countries who want these foods, so that they can depend and rely upon them in the future. That is all, Mr. Chairman.

Mr. POAGE. I wonder right there if we could have Mr. Waters give us the price of rice and of wheat. I do not know what it is at present. That is, the competitive price. I would like to know what it is.

Mr. WATERS. I would have to provide that information for the record, Mr. Chairman. I am not up on that.

Mr. POAGE. Wheat is \$1.78—that is the average support price over the United States. What is the price of rice per bushel, do you know?

Mr. GATHINGS. It does not come in bushels.

Mr. POAGE. I know that. What is it per hundredweight? A bushel of wheat is 60 pounds.

Mr. WATERS. I understand that the market price for wheat is running about \$55 to \$70 a ton, and that the rice price would be pretty close to double that, around \$150 a ton. I can provide the exact figures for the record.

Mr. POAGE. Very well.

(The information referred to follows:)

The range of current U.S. export market prices per metric ton of wheat, wheat flour, bulgur, and rice f.o.b. vessel U.S. port is indicated below. These prices are generally competitive with world market prices:

Wheat, bulk.....	\$58-63
Wheat, bagged.....	65-70
Flour, bagged.....	70-77
Bulgur, bagged.....	90-100
Rice, bagged.....	115-130

Mr. GATHINGS. That would be about \$68 for wheat per ton on that basis?

Mr. WATERS. Yes.

Mr. POAGE. Mr. Short.

Mr. SHORT. I would like to clarify for my own edification, Mr. Waters, and, I believe for some of the other members of the committee and, perhaps, the general public, the relationship between the food-for-peace program and Public Law 480 which is identified by title as the Agricultural Development and Assistance Act.

I have here the announcement of the Department of Agriculture of May 22 of the food-for-peace agreement with Spain. Included in this is an agreement with regard to 150,000 bales of cotton.

What I am trying to find out is this. Will you identify for us the relationship of the food-for-peace program and Public Law 480 program—the difference between the two, or the relationship between the two?

Mr. WATERS. They are basically the same thing. Public Law 480 is the legislation. In other words, the food-for-peace program has been carried out under that legislation. The food-for-peace terminology has been accepted by both the previous administration and the new administration as a specific arm of the U.S. activities abroad, rather than using the name of the legislation itself, the title of the law.

Mr. SHORT. It seems to me, Mr. Waters, that the concept I have of the food-for-peace program, certainly, is that it is something we are all in agreement with, that it is somewhat separate from or perhaps in addition to the initial concept of the original of Public Law 480. Public Law 480 I do not think was initially designed as a welfare program.

I think in the food-for-peace program we have a program to extend our blessing to some of the people around the world who do not have as much as we do and who need this food.

Mr. WATERS. I think that some times we overlook the full preamble of the Agricultural Trade Development Act. We stop at certain phases of it. That preamble sets forth a combination of purposes. It is basically using our abundance of foods, not only for market development purposes, but, also, to further the foreign policy of the United States.

And, certainly, in our national interests our foreign policy has been determined to include assisting the underdeveloped countries in the world.

We regard this as a part of the purpose of the entire Public Law 480 program.

We like to think of the use of all of these titles in Public Law 480 as part of the total program.

In certain sets of circumstances it is, perhaps, preferable to use title I, title II, title III, or title IV. We should use all of these titles in the areas where they are best fitted to the country's circumstances, rather than just concentrating on one title.

Personally, I have always tried to define it in graduating steps between the titles.

Title III has been the basic title for use by the voluntary agencies in direct relief operations. Title II covers emergency and disaster needs, as well as economic development programs, relief work projects, either by governments, or voluntary agencies.

I think this latter use is one step up—not just feeding hungry people, but doing something constructive to get them started on their own.

Title I then comes one step further along where the country is able to buy for their own use with their own currencies.

I have regarded title IV as being the next graduation step, as the bridge between those programs and normal cash sales.

I think this becomes useful as we start phasing out the assistance programs to these countries; when long-range development planning indicates that it is possible for a country to see its way clear in 5 to 10 years, of getting back on its own feet and being able to meet its foreign exchange needs.

If a country can look to long-term credits for a transitional period in the future, they can accept larger title I programs now.

Mr. SHORT. You give a very good explanation of this whole thing. It seems to me there is need for clarification, perhaps, of the original intent of Public Law 480, as you point out.

And as you have stated, I believe, the objective of the food for peace program was definitely incorporated into the original Public Law 480 legislation as a part of the act. However, I do think that there was, also, a recognition on the part of a lot of American people that Public Law 480 was a vehicle whereby we could develop new markets and develop trade. Maybe I was, perhaps, a little restrictive in my terminology in identifying the bill, but what I feel there is a need for knowledge to clarify the trade development aspect of Public Law 480 and the food for peace aspect of the program at the present time. ?

You can get clear over here and say, "Well, even the trade development, in this initial stages, is somewhat of a food for peace approach,

in terms of the humanitarian aspect, with the hope that it will develop into a real market in years to come, as you raise the standards of living of these people."

Mr. WATERS. I appreciate this confusion to some degree in interpretation. I think it is true that in different people's minds at different periods there have been different interpretations of the act, merely because one group was more or less in such work as the voluntary agencies, interested in one segment, and others were more concerned with market development.

I feel very strongly that the greatest market development we can have for American agriculture is to raise the living standards and the purchasing power of the people in other countries.

Under the foreign currency program it is not just the advertising of our products that helps market development, but the fact that we are raising the living standards and improving the living conditions of these people, putting them in a potential purchasing position by increasing economic development.

The aim of market development is to change eating habits in certain areas, so that they will be more accustomed to our products. Certainly, institutional feeding and school lunch programs of the voluntary agencies, perhaps, do more than anything else to condition eating habits to use of U.S. food products. You can reach more people by that than you do through other market development channels.

I am a strong booster for the direct marketing development activity to be carried on, but I do think that in market development activity you have to recognize the broader goals of lifting the purchasing power of these countries. There is a direct relationship to future commercial sales of American agricultural products in improving the economic climate in these countries. And to improve the economic climate in these countries you are going to need social conditions that will result in their ability to do productive work. They have to have food.

Mr. GATHINGS. I think that the record should speak exactly the full story with respect to wheat and rice. There is need for wheat and there is need for rice, in this program.

Anyone in the world who can boil water can cook rice. All you have to do is pour out a cupful of rice and put it into $2\frac{1}{2}$ cups of water, let it come to a boil, put in a teaspoon of salt, and then turn the heat down low, and let it simmer for 21 minutes and you have a fine delicacy to eat.

However, when it comes to the question of wheat, the wheat has first to be processed. The rice is ready to go.

When you think of a ton of rice, you should bear in mind you can feed a lot of people with that ton of rice. The nutritional value of rice is very great. In many instances you do not need anything else when you eat rice.

Bishop SWANSTROM. I am sure that the Congressman will be gratified to know that we prefer to have rice rather than bulgur wheat. We have been accepting bulgur wheat as a substitute because rice is not available to us. We much prefer to have your rice.

Mr. GATHINGS. I am delighted to hear that.

Bishop NEWELL. We would like to go on record saying that bulgur wheat is not as good as rice. On the other hand, Congressman Gathings, if you look at title I, there are 1,800,000 people being fed by the agencies, that is, the voluntary agencies, and that is quite a number of people. They do not eat wheat, that is, baked into bread. And we are not provided with rice. We have to find some way to get something that is palatable for them. Now bulgur is not as good as rice, but it tastes more like rice than anything we have been able to come up with. That is our difficulty. The Government is unable to give it to us.

Mr. GATHINGS. We produce the rice. The reason there was not an increase in the rice acreage allotment in 1961 was because of the fact that some 45 percent of the rice has to go into export channels. A good part of it moves under one or two of these titles.

Mr. WATERS. You have been fortunate in the fact that the demands for rice have been heavy under title I. It has been available for title III only in limited quantities. But whenever it has been available, we have used the full quantities that were available because of popular demand. Any time it is available I know that the agencies do want it, and we want to use it.

Mr. GATHINGS. Our people would like very much to have the opportunity to grow larger acreages of rice.

Mr. SHORT. Just one question, Mr. Chairman. I would like to ask from someone in this crowd of witnesses before us. In distributing this food, I believe someone said it was done on a basis of need. Who establishes the basis of need for the individuals who are the recipients of this food that is donated?

Bishop SWANSTROM. People of an indigenous agency who, on a careful study of the needs of all the people, select those who are in the greatest need. It is done strictly on that need, and it is done on a ration basis. And only those who are unemployed or partially employed or widows or children of people in institutions are given the food. Anyone who is working and able to support himself is not supplied. It is strictly on the basis of need, on a careful study by representatives usually of local indigenous counterpart agencies of ours in all of these countries.

Mr. SHORT. Thank you.

Mr. POAGE. Mr. Doyle?

Mr. DOYLE. I just want to state, coming from the great wheat producing State of Kansas that I am happy you are running out of rice. We have a lot of wheat surplus and have a new instant product called ready wheat that can be cooked almost as fast as rice, but I think Mr. Gathings has indicated we are going to give people what they want, but it is like hamburger and steak—I like steak, but can't always afford it.

If you can't get enough rice we will be happy to have you use up the wheat.

Bishop SWANSTROM. You will be happy to know that we are turning thousands and thousands of tons of your wheat into noodles in the Far East which are very palatable to the people out there. We combine wheat, corn meal and milk and make a nice noodle.

Mr. POAGE. Is this bulgur wheat something akin to the "Redi wheat?"

Mr. DOYLE. I think it is something akin to Redi wheat.

Mr. POAGE. I ate Redi wheat last night.

Mr. DOYLE. They have chicken flavor and plain flavor.

Mr. POAGE. Mine was perfectly plain. It is exactly the same kind of wheat that my grandmother used to make up when I lived out in the country and she would wash that wheat and soak it a little bit, cook it, and serve it with milk and we ate it. Redi wheat is exactly the same thing. But it is in cans and all you have to do is open it and use it. I always wondered if the bulgur wheat wasn't quite similar.

Mr. REIFEL. Mr. Chairman. I think we are fortunate in America that we are and can be the breadbasket of the world. The efficiency of the American farmer makes it possible to produce a bushel of wheat here with the least amount of human effort of any farmer in the world. The American people realize their responsibility to the free world. To the extent that their financial capacity permits them to provide food for the needy in the free world, and they accept this responsibility, the American farmer will produce this food and fiber. Here is \$7.5 billion over the next 5 years that may be made available for this program. We hope the American people will realize that the farmers—and we are fortunate that our farmers can produce the food for this purpose—are an asset in this situation and not a subsidized liability. More can be done by the private agencies and everybody else to help the American people see that this is a national responsibility. He is not doing this to his advantage, but rather because of his efficiency he is able, to produce, not only for use at home but for this tremendous problem of helping to keep the world free and to extend our areas of influence in this regard.

Bishop SWANSTROM. All of us through these organizations that touch farmers have been trying to explain the benefits of Public Law 480 and the food-for-peace program.

Recently, a large group of representatives of these agencies got out a little document called "Food for Peace" which is being widely circulated. I know that you had some testimony. The national rural life conference continually makes an effort to interpret to the farmers the value of what he is doing as far as the free world is concerned.

Mr. JOHNSON. Representing the National Farmers Union I would like to say that we produced food in great quantities to help serve some of the needs that exist, but as a representative of the producers I think it should be pointed out in this kind of a session that while we have been increasing our exports of farm commodities rather substantially in recent years, the net farm income has declined. It doesn't necessarily follow therefore that maintaining a high level of export farm goods results in more net income to the farmer, and I think that is what you were saying, Congressman Reifel. I have been giving some thought at times to how much better farmers would be, how much better economically off they would be if in some way we, as a Government, might have decided to carry on a program like Public Law 480 before we actually had the food to do so. We would have had to then ask the farmers to grow the food and I think, Mr. Chairman, if you would allow me to say so, that the farmers would be a lot better off if this had been the way this program had gotten started.

Now I don't want my comments to be interpreted in any way but as constructive. I think that more and more farmers are looking to the need for the administration of Public Law 480 on the basis of the needs of the areas of the world that can best use our food. They are asking this question: Have there been any studies of needs; are we moving toward a time where we, through a very positive and deliberate procedure, can decide what countries, the needy countries of the world can use and put to the most constructive use, both in terms of feeding hungry people as well as promoting economic development.

Now I think there are some encouraging signs that I see. I heard Assistant Secretary of Agriculture John Duncan say recently that the Department had been studying a world food budget trying to determine more about the needs, and I believe as we do this, we will be able to serve not only these countries we are trying to help, but also the American producer.

Mr. POAGE. Thank you, Mr. Johnson.

Mr. WATERS. Mr. Chairman, I might comment further on the Congressman's mention of the need for public understanding of the programs.

I think that the designation of "food for peace" has helped do part of the public relations job that needs to be done for American agriculture. It is not just getting the farm people to understand, but getting the city people to understand the problems that confront agriculture.

I want to pay tribute to the voluntary organizations for their job in telling the public about it—including the church people. They have been able to tell what the farm products in this country have been able to do abroad.

I feel, since the designation of one of your former colleagues, George McGovern, to become food for peace director, we have been able to get this story across to the American public. I think we have been able to perhaps, with the terminology "food for peace" to help get a better acceptance in the metropolitan area press. There seems to have been a reluctance to tell the same story when it was interpreted as just being a program solely for the benefit of American agriculture.

Now the concept is being accepted that it serves the entire Government interest, and that farmers are among our most patriotic citizens, better prepared to meet world needs than other segments of our economy. We don't have to put on a crash program to step up farm production as we have to do with missiles.

Agriculture is geared to meet the world challenge today, and through these programs we are making use of that ability in American agriculture to produce for constructive human use.

Our problem has been to get this across to the rest of our people in the United States. Mr. McGovern has helped to do this.

One of the really useful roles he serves in this coordinating role from the White House level is to show this as an important program that affects all of our international activities and affects our stature in the world. I think he has helped give it that image.

Mr. POAGE. Mr. Waters, what you are saying raises the exact question that I was discussing with Mr. Martin this morning.

Now I would like to have your comments on the record on what position you look upon as a farm program and how much of it you look upon as a social or public welfare program.

Mr. WATERS. I regard this as a total, governmental program, Mr. Chairman. I think it is proper to have it reviewed here, but I think the program serves wider interest in government than just agriculture. I think you are right, however, in making the point that at some stage a real, serious study by the Bureau of the Budget as to the share of the costs of these programs is justified.

Mr. POAGE. Now we have reached that stage, Mr. Waters, because if we don't make that decision in the next 2 weeks and we don't pass this bill it will be 5 years before we can review it.

That decision must be made now or we mustn't pass a bill such as is before us.

Mr. WATERS. I don't really think, Mr. Chairman, that the 5-year extension, that even the fiscal authorization, would need to shut out changes in apportionment of the cost of these programs.

Mr. POAGE. Wait a minute, Mr. Waters.

Mr. WATERS. This is really a bookkeeping transaction. It is all Government money, within Government, whether it is charged to agriculture or foreign policy.

Mr. POAGE. You have been in legislation a long time yourself and you know that even in the other body where they do things more informally than we, that even over there that after you take away the momentum of the large popular program, that you haven't any force with which to make a change of the accounting procedure. And I am sure you realize there isn't enough farm sentiment in this country to go out and give us a proper accounting procedure unless it be tied in with the continuation or an extension of a popular program. If we get this thing that most of the people want, a continuation of 480, and I think most of the American people want it, then how many people in the Congress on either side are going to bother themselves to give an honest accounting of this money.

Mr. WATERS. You have a valid point, Congressman. I just want to make clear that as one who has had a long-time interest in agriculture and is now currently involved in the foreign aid agency, I feel very strongly that there must be some fair sharing of the cost along the road somewhere, or at least in the accounting of the cost.

Mr. POAGE. In the accounting. I agree with you it all comes from the Government, but isn't this \$7.5 billion going to be used to defeat any foreign aid program in the future? Isn't it going to be used to discredit all farmers? Isn't the money we have already spent on the 480 and the other foreign aid program going to be charged to agriculture? Don't we have to face it every time we talk about what the farmer is getting? Isn't it thrown up to us? Oh, yes. Why, we had to vote, the other day, \$2 billion to Commodity Credit Corporation to make up its losses.

Where did they come from? Every dollar of this \$7.5 billion is going to show as a loss in the Commodity Credit books, isn't it? What are the Commodity Credit losses? They are 480 programs. They are programs like this school lunch program; they are those kind of programs. Good programs, yes, programs for which I voted and the rest of these folks voted. Sure, they are good programs, but are

they social programs that ought not to be charged up as being a subsidy to the farmer? Part of them should, surely. But shouldn't we make a serious effort to separate that part which is a real farm program and that part which is something else?

Mr. WATERS. I think this is questionable, Congressman. I regret these misinterpretations, but I think the best defense the farm groups or farm people have to these accusations is to show they are doing something beyond just taking subsidies for themselves. They, in effect, are helping to subsidize the consumer; when they support international programs, they are making a contribution to everyone's welfare.

Mr. POAGE. It is so fundamental that for 10 years the farmers have been subsidizing the consumers groceries bill. They do it any time the price of farm commodities is less than parity, because only when you are buying and selling at parity do you have each party getting a full value. When one gets less than parity then he is obviously subsidizing others or putting it the other way, when the cost of groceries is above parity, when the farmers are selling their products for more than parity, the consumer is subsidizing the farmer. But for at least 10 years the farmer has been subsidizing the consumer.

Now do you think there is 1 person out of 600 in the United States that today recognizes this fact?

Mr. WATERS. Certainly, not enough of them know, Congressman. But we can help by repeating over and over this story of what agriculture is doing in the world to help others. These voluntary agencies can help, by repeating the story. They can help get that message across.

Mr. POAGE. I am not blaming the voluntary agencies. It is not their problem to put the farm picture in the proper perspective. I am not saying that critically of any of you gentlemen. It is not your problem. It is our problem on this committee and it seems to me that we ought to meet it and unless we meet it now before we pass this bill, we will have tied our hands for a long time to come. Now don't you think we will?

Mr. WATERS. I doubt that.

Mr. POAGE. Do you seriously believe there is a chance in the world of bringing in legislation in either House or Senate that does nothing but change the accounting system and without the momentum of some popular program, get it passed so that it will show that part that is properly chargeable against farmers?

Mr. WATERS. Congressman, that would depend upon whether it came with the administration's blessing and support. If it originated as an individual move I would say you are absolutely right. But if there could be an internal facing up to this question, by all the groups concerned, that this is a Government-wide program—and from this standpoint the apportionment of the cost of the program be submitted to Congress next year or a year or so after, on this basis I think it could be done.

Mr. POAGE. If everybody in the United States gets interested in it and wants it done, it will be done. That is true in a democracy, but if people are not interested in it nothing will be done.

Mr. WATERS. Mr. Chairman, I am not going to presume to speak for the full administration, but I can inform you that the director of the new aid agency, the present director of the ICA has informed the White House of his feelings on this matter which coincides with those I have expressed. He has discussed them with the Department of Agriculture and I think he feels that this is something that must be looked into and worked upon.

Mr. POAGE. The Department of Agriculture might have done it, I am quite sure.

Mr. WATERS. Well, Mr. Chairman, we are getting a few farmhands down in the aid agency now and it might change a little bit.

Bishop NEWELL. I wonder if I could say a few things. First, as far as church world service is concerned, I want to say an awful good word for the farmers because out through the Midwest the generosity of the farmers to us is just amazing.

In addition to all you have pointed out, Mr. Chairman, as to what they have paid for it, they have given us carloads of grain. We simply could not have conducted our work were it not for their generosity and at times when there are not all the foods available, they have given them to us in ways that we could exchange them and make available for the world food that otherwise could not have been available. So we are dependent on the farmers.

The second thing I would like to say is to reemphasize something that Bishop Swanstrom said in his statement. This morning, sir, you were talking about counterpart funds. This is such an involved problem that I do not begin to understand its complexity. However, I think it is fair to say, Mr. Chairman, that there might be a use of counterpart funds which could be extremely helpful to these voluntary agencies I may say before I tell you what that is, that the agency I represent receives \$5 million or \$6 million for ocean transportation from the Government but then in addition we have to raise from \$8 million to \$10 million which we are very glad to do and I wish it were more, to take care of the large groups of people we have abroad helping in the distribution of food.

Now this, we are glad to do and I think it is good for our people to give to it. But the poor of the nation, where the economy is the poorest, there the hunger is the greatest and it is in that nation that we are not able sometimes to get counterpart funds to pay the inland transportation in the foreign country.

Now at this point I really believe you could be tremendously helpful to us. If the Government cannot pay us we have to raise the money for this transportation.

Now I believe you could look into the use of counterpart funds here greatly to our advantage.

May I say in closing that we are grateful to you for permitting us to come. We enjoy the work. We are sorry that we sometimes don't do a better job, but by and large I think it is pretty good.

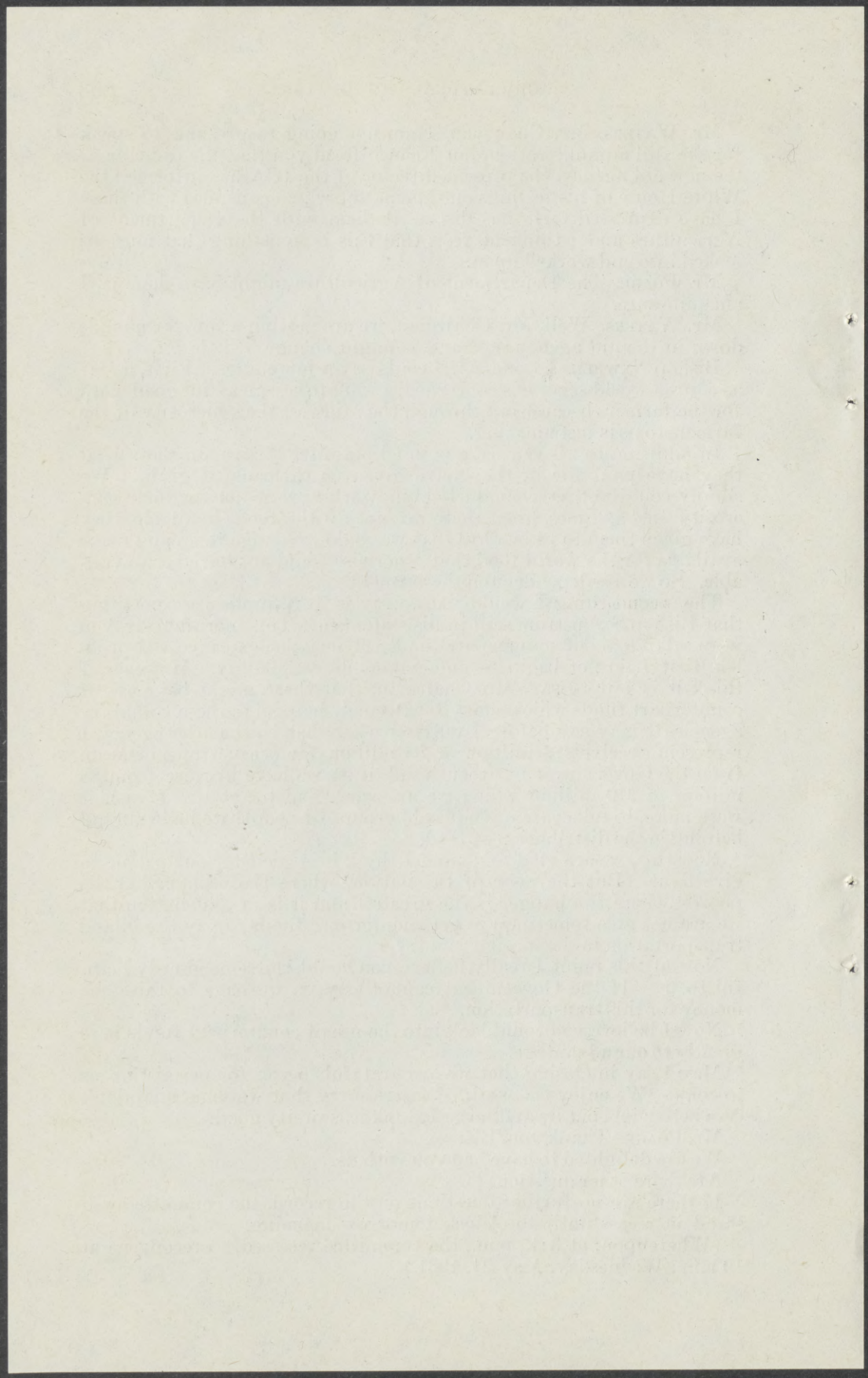
Mr. POAGE. Thank you, Bishop.

We are delighted to have had you with us.

Are there other questions?

If there are no further questions on the record, the committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 3:45 p.m., the committee recessed, to reconvene at 10 a.m., Wednesday, May 24, 1961.)



AGRICULTURAL ACT OF 1961

Title II

WEDNESDAY, MAY 24, 1961

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

The committee met, pursuant to recess, at 10:05 a.m. in room 1310, New House Office Building, Hon. W. R. Poage presiding.

Present: Representatives Poage, Gathings, Breeding, Harding, Hoeven, Dague, McIntire, Quie, Short, Mrs. May, Latta, Harvey, Findley, Dole, Beermann, and Reifel.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Heimbürger, counsel; and Betty M. Prezioso, staff.

Mr. POAGE. The committee will come to order. I believe our witness this morning is Mr. John C. Lynn, legislative director who is accompanied by Mr. Herbert E. Harris, II, assistant legislative director, both of the American Farm Bureau Federation.

We will be glad to hear from you now.

Mr. LYNN. Thank you, Mr. Chairman. We have a couple of charts that we would like to use with your permission. We would like to file this statement for the record and then highlight each of the sections.

Mr. POAGE. We will be very glad to have you do it that way. You may proceed.

STATEMENT OF AMERICAN FARM BUREAU FEDERATION PRESENTED BY JOHN C. LYNN, LEGISLATIVE DIRECTOR, AND HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR

Mr. LYNN. Mr. Chairman, and members of the committee, you know we have had considerable responsibility with regard to developing Public Law 480. We are very proud of this fact. We are somewhat concerned about this program, and what we would like to do is very briefly to point out some of these concerns as they relate to the bill before you and, recommend certain changes.

Beginning on page 2, we try to summarize, and I am sure this has been done by the Department of Agriculture and others, the volume of Public Law 480 transactions.

In the past 5 years, agreements for foreign currency sales have totaled over \$7.4 billion. This represents approximately 1.5 billion bushels of wheat and wheat flour, 288 million bushels of feed grains, as well as substantial quantities of rice, cotton, meat products, tobacco, dairy products, fats and oils, poultry, and fruits and vegetables.

We have attached table I which is a summary of these items.

In addition, over \$771 million worth of farm products have been authorized for emergency relief under title II of Public Law 480; \$1.5 billion worth of farm products have been made available for direct distribution by voluntary agencies under title III of the act; and \$1.3 billion worth of farm products have been bartered for strategic materials under title III of this act.

When these amounts are added together and the surplus shipments under section 402 of the Mutual Security Act are included, the fact becomes clear that over \$13 billion worth of surpluses have been exported under special Government programs since fiscal year 1955. It should be recalled that in 1955 the agricultural surpluses in Commodity Credit Corporation inventory amounts to \$6 billion. After this tremendous surplus movement, surpluses in the hands of the Commodity Credit Corporation now exceed \$9 billion.

This is illustrated very graphically by this chart.

The purpose of this is to indicate that we are having to run very fast and are not even keeping even. When you consider the investment of the Commodity Credit Corporation and these sales for soft currencies, the 9 and 13 can almost be added together and you can say that the farmers have received advance payments for this amount of food and fiber and tobacco. We see some great dangers ahead unless we can reduce this surplus and change much of the green line on this chart from soft currency sales to hard dollar sales.

Farm Bureau has emphasized that the accumulation and export movement of such vast amounts of agricultural surpluses is accompanied by a serious responsibility not to disrupt commercial markets of American farmers and friendly nations which also produce for the world market.

We must honor this responsibility by carefully adhering to proper safeguards in the administration of the program.

This purpose will best be served by (1) timely consultation with other exporting countries, and (2) retaining in the Department of Agriculture the primary responsibility for the administration of the Public Law 480 program.

We oppose the transfer of this responsibility from the U.S. Department of Agriculture.

The Department of Agriculture is the agency of Government responsible for the collecting and storing of the surpluses. We think that this same Department should be responsible for the distribution of these surpluses.

The dangers are evident when the facts are considered; for example, in fiscal year 1960, 70 percent of our wheat exports moved under Public Law 480; 20 percent of our cotton; 51 percent of our soybean and cottonseed oil; 62 percent of our rice; 20 percent of our tobacco; and 49 percent of our dairy products. It is foolhardy to ignore the serious impact that such tremendous movements can have on our commercial markets.

Section 201(3) of H.R. 6400 would have the effect of moving from the Department of Agriculture the primary responsibility of determining the nations with which the United States is to enter into foreign currency sales agreements. We recommend the deletion of this subsection. It is possible that consideration is being given to removing

from the Department of Agriculture additional responsibility in the administration of this program. We would hope that the committee report would make clear the inadvisability of such an action.

Mr. HARRIS. If I may, I would like to expand on this last point. There has been a lot of discussion here as to the significance of section 201(3) which, no doubt, has changed the law. The Department of State would be given the primary responsibility in regard to selecting the countries. If there are going to be other changes made in the administration of this law by legislation, these changes are liable not to be made before this committee or in this bill. These changes are most likely to be made in an economic aid bill that will go before another committee. This is why we would like to emphasize here at this time, when this committee has the purview over this legislation, to make clear that it is the intent of this committee for the administration of this program to remain in the Department of Agriculture.

I do not think this is the finish of the proposed changes in the administrative responsibility.

I do not believe the committee does. Unless positive action is taken, I think the Department will lose control over this program that is such a significant part of our agricultural exports.

Mr. LYNN. With regard to the extension of Public Law 480, we recommend that this law be extended for 3 years, with authority for \$3 billion.

At the top of page 4, in the first paragraph, we give an example to illustrate what we mean.

An agreement has been entered into with Brazil to supply that country an additional 1 million tons of wheat this year. We understand that negotiations are underway to commit the United States to supply wheat at this annual level for the next 4 years. Historically, Argentina has supplied substantial quantities of wheat to Brazil. If our U.S. Public Law 480 sales of wheat displaced the commercial sales of Argentina, that country would be forced to find other markets for export. Such market might well be in Western Europe, and such additional marketings might well displace commercial dollar sales of the U.S. farmer. The net effect of this could very well be that the United States will exchange important dollar markets for agricultural products for soft currency Government programing.

The fact is that we are coming perilously close to indicating to several foreign countries that the United States is prepared to supply indefinitely on a nondollar basis their agricultural import needs. For example, in 1959, the United States increased its share of the India market from 44 percent to 60 percent; 96 percent of U.S. agricultural exports to India moved under Public Law 480. It is not in the best interests of India, the United States, nor the free world to indicate that such a situation can endure indefinitely. This does not build strength—it sustains weakness. It will not generate gratitude—it will compound resentment.

Mr. HARRIS. I would like to interject here a comment on an apparently growing attitude that there is something about food and fiber that does not merit foreign exchange. It is being stated that underdeveloped countries should not be expected to use foreign exchange for food and fiber. After all, we have enough of that to give them all they need. Foreign exchange is something that should be for machinery, for hard goods.

We would like to suggest to the committee that food and fiber is just as worthy of foreign exchange as machinery is, and has just as important a place in commercial trade as manufactured goods do.

In helping an underdeveloped country, there is no reason why we should emphasize gifts of food any more than we should emphasize gifts of machinery, for that matter, so long as there are going to be gifts. I do not think it will work in the world markets if we try to "communize" the supply of food and fiber. We do this when we tell countries not to use their foreign exchange for it, just come in and ask for it and we will give it to them.

Mr. LYNN. We believe a 3-year extension is better than a 5-year extension. We think the Congress ought to review, at least every 3 years, this whole program for the reasons we emphasize here. Mr. Harris, would you explain this chart?

Mr. HARRIS. As you know, the bill proposes a 5-year extension of Public Law 480, title I. This would extend it from 1962 up to December 31, 1966. This bar represents a 5-year extension of Public Law 480.

We have already entered into long-term agreements with India which will run until 1964.

We understand we are about to enter into a 4-year agreement with Brazil which would run until December 31, 1965, and a 4-year agreement with Pakistan which would, probably, run until June 30, 1965.

If you look at this chart, what happens if this committee and this Congress extends Public Law 480 5 years at this time? It will take you out to here [indicating]; in other words, the Indian, the Brazilian, and the Pakistan agreements, possibly the Indonesian agreement, will have expired and new long-term agreements may have entered into before this committee gets another look at Public Law 480. And a great deal of advance authorization would have to be given. In other words, not only would these long-term agreements be entered into after you look at it, but new ones would have to be considered and entered into before this Congress considers the extension of Public Law 480 again.

Mr. LYNN. This is the primary reason why we think that it ought to be 3 years instead of 5 years. Further, in this regard we would suggest that the authorization be given to enter into up to \$1,500 million worth of agreements in any 1 of those 3 years, instead of \$2,500 million that is suggested in H.R. 6400.

Mr. HARRIS. There would be some real logic and sense to have Public Law 480 expire at this point and be subject to renewal at this point, which would be 3 years from January 1, 1962, and at that time the Indian agreement will have just about been finished, and in this first 6-month period of 1964 the administration would have to look toward the consideration of a new agreement with India, and they could come before this committee at that time and say, "This is what the future will look like in the next 3, 4, 5 years. We are going to have to enter into a new agreement with India. And a year from now, approximately, a new one with Brazil and a new one with Pakistan. And this is how much authorization we would need."

In other words, before entering into a new series of long-term agreements they will have a chance to come here in this 6-month period and to tell you that this is really what they will need in the next 3 or 4 years.

Mr. LYNN. Continuing on page 6 of the prepared statement, with regard to Public Law 480 and its economic development aspects:

There is cause for serious concern in regard to the amounts of foreign currencies which are being accumulated by the United States and several underdeveloped countries. As of December 31, 1960, over \$5.3 billion worth of foreign currency had been generated by title I transactions. That is depicted on table II attached. It is impossible to specify the amounts of foreign currency which are lying unprogramed in the U.S. accounts without recourse to classified materials. Our information indicates that there are substantial amounts in several countries where we are attaining the unenviable position of controlling sufficient currency to be capable of wrecking these foreign countries' economy. As one of the original proponents of this law, it was not the intent of Farm Bureau, nor do we believe it was the intent of Congress, for a situation of this type of develop.

Agricultural surpluses should be sold for foreign currencies when (1) there is a market in the recipient country for the products; and (2) the foreign currency can be used constructively either for U.S. uses or for projects which enhance the economic development of the country. A foreign currency sale which results in the foreign currency lying indefinitely in the U.S. account is not a foreign currency sale—it is a grant.

The proper administration of the program demands that a Public Law 480 agreement specify not only the general category to which the foreign currency is to be applied but also the projects for which those funds allotted to economic developments will be used. Foreign currencies should not be generated through title I sales unless there is evidence that it can be used constructively.

The fact is that some foreign countries have little motivation to draw down foreign currency generated by Public Law 480 for economic development projects. There is some indication that, given the choice, some foreign countries prefer to pay for projects with "new money" rather than borrow foreign currency from these Public Law 480 accounts. The effect upon their economy is approximately the same if the United States agrees to continue to confine its hoard of foreign currencies; and in the case of "new money" there is no need to pay interest. We therefore recommend that section 104 of Public Law 480 be amended so as to require foreign currency designated for economic development loans under subsection (G) be subject to interest from the recipient country immediately upon deposit in the U.S. account.

Mr. HARRIS. On the total figures here, the \$3 billion is not something that you just arrive at. Actually, under the bill proposing an average of \$1.5 billion for the next 5 years this would mean a programing rate well in excess of anything, I believe, that the Department can substantiate. They can reach a programing rate, approximately, of \$1.3 billion or \$1.4 billion a year. I doubt if they could substantiate anything in addition to that.

With the programing rate of \$1.4 billion a year you have advanced programing of from \$500 million to \$900 million a year in the multi-year agreements with India, Brazil, and Pakistan, and so forth. In other words, if they did not sign an agreement in 1962 and 1963, you would be programing at a \$500-million to \$900-million rate. If you

add another \$1 billion of authority onto that this is more than enough to meet the maximum programing rates I think they could attain even with their own figures.

Mr. LYNN. On page 8 we mention national food reserves.

In section 201(5), the administration has requested amendments to title I to permit shipments on a grant basis. This language has been previously considered and rejected by Congress. The proposal would authorize the establishment of national food reserves in various countries to be stocked with American surpluses which would be supplied on a grant basis.

We do not believe that title I should be amended in such a manner. Under the present law we have already entered into long-term agreements with India and other countries. We do not believe any additional authority is needed. And if we are going to do this on the basis of grants there is plenty of authority already in the law for that.

In the next to the bottom paragraph on page 8 we state:

The United States has entered into several long-term agreements and is prepared to enter into additional long-term agreements. Such commitments guarantee a continuous flow of surplus products to chronic food-deficit countries, and would seem to negate any real value in a national food reserve program. However, such reserves can be established under title I procedures in the current law. They have been established in the Indian agreement. The only purpose for the amendment is to expand grant authority. We do not believe such purpose is in the best interest of the United States and the Public Law 480 program.

With regard to emergency relief, \$300 million is being asked for donations. We point out here that since the beginning of Public Law 480 only about \$771 million has been used under this authority. This information is that \$150 million is about all that can possibly be used, and we are recommending that this authority be cut from \$300 to \$150 million per year.

On page 10 we comment on the long-term supply contracts. We have given general support to this authority. However, we do not believe that the law needs any further amendment with regard to this authority.

Mr. HARRIS. I would want to make one more point in regard to title II. The amendment, which is again to allow direct donations and grants for economic development under title II, has been the emergency relief section of the bill. The justification given for making it available for economic development is programs such as the one tried in Tunisia.

These programs may have a lot of merit and seem to be working pretty well. There is no need to amend title II in order to carry out this type of program. They can be carried out under the mutual security act, the ICA programs. They have the authority under section 402 of the Mutual Security Act, and have had it for years, to use direct distribution in this manner.

Why is it that they want to amend title II, rather than use section 402 under the mutual security act? I think the answer is fairly simple. This way they do not have to go to Congress to get appropriations. Under section 402 they have to get appropriations for foreign aid and pay the Commodity Credit Corporation for the amount they draw down for these purposes. In other words, I do not see any justification for this amendment to title II except as a

manner by which ICA can circumvent the normal appropriation route for foreign aid programs.

Mr. LYNN. On page 11 we point out these facts:

In 1960 the United States had a deficit in its balance of payments amounting to \$3.8 billion. Agriculture could play an important role in helping to solve the U.S. balance of payments problem if a vigorous effort is made to expand trade on a dollar basis. Our balance of payments position is not improved by the expansion of Public Law 480 type programs.

Our relationship with underdeveloped countries should be based on the principle of partners in trade, not on a donor-donee basis. As a temporary program, Public Law 480 can move surpluses into consumption to countries unable to pay in dollars. However, these export movements should be used as a means for expanding future commercial trade—not as a substitute for such trade. We will defeat our purpose if we allow Public Law 480 to become a permanent program and if we permit recipient countries to become permanently dependent on U.S. Government programs for their food import needs.

We have summarized and underscored the specific recommendations that we are making for amendments to title II of H.R. 6400. I will not read those, because we have reviewed them for you.

In conclusion, we have some fear that if title II is approved as now written in H.R. 6400 it will lay the groundwork to transfer this responsibility from this committee and from the Department of Agriculture to some other committee of the Congress and to some other executive branch of our Government.

We sincerely recommend as an organization having a great deal of interest in this program, and having had from the very beginning, that the amendments we suggest should be approved.

We thank you very much.

(The prepared statement and tables are as follows:)

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION PRESENTED BY JOHN C. LYNN, LEGISLATIVE DIRECTOR AND HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR

We appreciate this opportunity to present Farm Bureau's views with regard to the extension of Public Law 480, the Agricultural Trade Development Act. Farm Bureau is an organization of 1,600,792 farm families with member units in 2,674 counties in 49 States and Puerto Rico. Our policies are developed through an extensive policy development program in which every member, individually and through his elected representative, has the opportunity to study, discuss, and take action at thousands of meetings each year.

In 1954, Farm Bureau took the lead in developing legislation which became Public Law 480. Title I of this act was designed to develop and expand foreign markets for U.S. agricultural products by authorizing sales for local currency to nations which could not pay in dollars. This program has moved tremendous amounts of surplus agricultural products to many nations which would not have been able to obtain them through normal purchases.

Farm Bureau's 1961 policies state:

"We should continue to use our surpluses in a constructive manner, moving them into consumption through Public Law 480, where nations are unable to pay in dollars. This must be done with proper safeguards, making use of private trade channels wherever possible.

"Sales for dollars in the export market should be given priority. American agriculture's best interest is served by the maintenance and expansion of dollar markets. These should not be jeopardized by irresponsible governmental pro-graming of surpluses.

"These purposes will best be served if the administration of the Public Law 480 program remains in the U.S. Department of Agriculture."

ADMINISTRATION OF PUBLIC LAW 480

In the past 5 years, agreements for foreign currency sales have totaled over \$7.4 billion. This represents approximately 1.5 billion bushels of wheat and wheat flour, 288 million bushels of feed grains, as well as substantial quantities of rice, cotton, meat products, tobacco, dairy products, fats and oils, poultry, and fruits and vegetables. (See table I.)

In addition; over \$771 million worth of farm products have been authorized for emergency relief under title II of Public Law 480; \$1.5 billion worth of farm products have been made available for direct distribution by voluntary agencies under title III of the act; and \$1.3 billion worth of farm products have been bartered for strategic materials under title III of this act.

When these amounts are added together and the surplus shipments under section 402 of the Mutual Security Act are included, the fact becomes clear that over \$13 billion worth of surpluses have been exported under special Government programs since fiscal year 1955. It should be recalled that in 1955 the agricultural surpluses in Commodity Credit Corporation inventory amounted to \$6 billion. After this tremendous surplus movement, surpluses in the hands of the Commodity Credit Corporation now exceed \$9 billion.

Farm Bureau has emphasized that the accumulation and export movement of such vast amounts of agricultural surpluses is accompanied by a serious responsibility not to disrupt commercial markets of American farmers and of friendly nations which also produce for the world market. We must honor this responsibility by carefully adhering to proper safeguards in the administration of the program. This purpose will best be served by (1) timely consultation with other exporting countries, and (2) retaining in the Department of Agriculture the primary responsibility for the administration of the Public Law 480 program.

We oppose the transfer of this responsibility from the U.S. Department of Agriculture. The department of Government that collects and stores the surpluses should be charged with the responsibility of directing the distribution. This is especially true when such distribution can have adverse effect upon the dollar markets for agricultural commodities. The dangers are evident when the facts are considered; for example, in fiscal year 1960, 70 percent of our wheat exports moved under Public Law 480, 20 percent of our cotton, 51 percent of our soybean and cottonseed oil; 62 percent of our rice, 20 percent of our tobacco, and 49 percent of our dairy products. It is foolhardy to ignore the serious impact that such tremendous movements can have on our commercial markets.

Section 201(3) of H.R. 6400 would have the effect of removing from the Department of Agriculture the primary responsibility of determining the nations with which the United States is to enter into foreign currency sales agreements. We recommend the deletion of this subsection. It is possible that consideration is being given to removing from the Department of Agriculture additional responsibility in the administration of this program. We would hope that the committee report would make clear the inadvisability of such an action.

EXTENSION OF TITLE I OF PUBLIC LAW 480

Farm Bureau recommends that Public Law 480 be extended for 3 years with an increased authorization of \$3 billion. We believe it is essential for Congress to review and reassess a program of the magnitude and implications of Public Law 480 at least every 3 years. We believe it is imperative that the United States not indicate to recipient countries not to other exporting countries that we intend to enter permanently into a program of noncommercial export movements of U.S. agricultural products. Otherwise, serious disruption to agricultural trade patterns and trade relations could result. For example, an agreement has been entered into with Brazil to supply that country an additional 1 million tons of wheat this year. We understand that negotiations are underway to commit the United States to supply wheat at this annual level for the next 4 years. Historically, Argentina has supplied quantities of wheat to Brazil. If our U.S. Public Law 480 sales of wheat displace the commercial sales of Argentina, that country would be forced to find other markets for export. Such markets might well be in Western Europe, and such additional marketings might well displace commercial dollar sales of the U.S. farmer. The net effect of this could very well be that the United States will exchange important dollar markets for agricultural products for soft currency Government programing.

The fact is that we are coming perilously close to indicating to several foreign countries that the United States is prepared to supply indefinitely on a nondollar basis their agricultural import needs. For example, in 1959, the United States increased its share of the India market from 44 percent to 60 percent; 96 percent of U.S. agricultural exports to India moved under Public Law 480. It is not in the best interest of India, the United States, nor the free world to indicate that such a situation can endure indefinitely. This does not build strength—it sustains weakness. It will not generate gratitude—it will compound resentment.

Therefore, Farm Bureau supports a 3-year extension rather than 5 years as proposed in the bill because (1) Congress would have the opportunity at least every 3 years to review and reassess the Public Law 480 program; and (2) a long-term extension would carry with it a strong implication that this is a permanent program. This could cause serious distortion of commercial world trade in agriculture.

Farm Bureau supports an additional authorization of \$3 billion for title I foreign currency sales with the limitation that not more than \$1.5 billion could be committed in any one year. There is virtually unanimous agreement that foreign currency sales should not displace commercial sales. The magnitude of the export movement of agricultural surpluses that has been carried out under Public Law 480 presents a constant danger of displacing normal commercial dollar sales. While attempts have been made to obtain safeguards, it is undoubtedly a fact that some displacement has already occurred. We believe that a sound, objective study will establish the impossibility of programing over \$1.5 billion per year for foreign currency sales without reaching the point of diminishing returns; where our Public Law 480 movements, rather than supplementing and expanding exports of farm surpluses, simply displaces commercial dollar sales of the United States and other friendly nations.

Our recommendation would authorize foreign currency sales up to the annual level of \$1.5 billion for the next 3 years. Long-term agreements have been entered into with several countries which have committed the United States to make substantial shipments over the next 3 years; for example, the agreement with India. A few weeks ago, Congress was told by the administration that an additional authorization of \$2 billion for title I was needed. The justification for this request was not on the basis of current shipments but on future shipments which were being obligated under long-term agreements. On this basis Congress approved the request.

We would estimate that over the next 3-year periods, shipments under title I would average over \$500 million, fulfilling agreements already entered into or planned to be entered into this year under existing authority. Our recommendation would provide additional authorization for new agreements at the rate of \$1 billion per year. When shipments under new agreements are added to shipments under long-term agreements entered into under existing authority, a programing rate would be reached which, in our judgment, is the maximum possible without seriously interfering with commercial trade. Even this rate cannot be effective if the United States does not intensify its efforts to obtain proper safeguards for commercial trade.

This means that "usual market provisions" must be included in every agreement and that they must be adhered to. Progress would demand that a country expand its commercial procurements from year to year. In other words, if the United States indicates a policy of supplying all increased consumption through Public Law 480 exports, we will not only breed utter dependence in the recipient countries but will also stifle any opportunity for expanding commercial exports on the part of the United States and other friendly exporting nations.

PUBLIC LAW 480 AND ECONOMIC DEVELOPMENT

There is cause for serious concern in regard to the amounts of foreign currencies which are being accumulated by the United States in several underdeveloped countries. As of December 31, 1960, over \$5.3 billion worth of foreign currency had been generated by title I transactions (see table II). It is impossible to specify the amounts of foreign currency which are lying unprogrammed in U.S. accounts without recourse to classified material. Our information indicates that there are substantial amounts in several countries where we are attaining the unenviable position of controlling sufficient currency to be capable of wrecking the foreign country's economy. As one of the original proponents of this law, it was not the intent of Farm Bureau, nor do we believe it was the intent of Congress, for a situation of this type to develop.

Agricultural surpluses should be sold for foreign currency when (1) there is a market in the recipient country for the products; and (2) the foreign currency can be used constructively either for U.S. uses or for projects which enhance the economic development of the country. A foreign currency sale which results in the foreign currency lying indefinitely in a U.S. account is not a foreign currency sale—it is a grant.

Proper administration of the program demands that a Public Law 480 agreement specify not only the general category to which the foreign currency is to be applied but also the projects for which those funds allotted to economic development will be used. Foreign currency should not be generated through title I sales unless there is evidence that it can be used constructively.

The fact is that some foreign countries have little motivation to draw down foreign currency generated by Public Law 480 for economic development projects. There is some indication that, given the choice, some foreign countries prefer to pay for projects with new money rather than borrow foreign currency from the Public Law 480 account. The effect upon their economy is approximately the same if the U.S. agrees to continue to confine its hoard of foreign currency; and in the case of new money there is no need to pay interest. We therefore recommend that section 104 of Public Law 480 be amended so as to require foreign currency designated for economic development loans under subsection (g) be subject to interest from the recipient country immediately upon deposit in the U.S. account.

The situation is serious. Immediate steps must be taken to prevent our surplus of foreign currency from mounting to ridiculous heights. This could completely discredit the entire Public Law 480 program.

NATIONAL FOOD RESERVES

In section 201(5) the administration has requested amendments to title I to permit shipments on a grant basis. This language has been previously considered and rejected by Congress. The proposal would authorize the establishment of national food reserves in various countries to be stocked with American surpluses which would be supplied on a grant basis.

If these stocks are used for title I purposes, in theory, foreign currency is to be paid to the U.S. account at the time of such uses. If the stocks are used for emergency relief, no foreign currency payment would be made at any time.

While it may seem convenient to move our surpluses as far away as possible, we do not believe that it is in accord with the U.S. responsibility to exercise proper control and safeguards on this accumulation of agricultural surpluses. Nor do we believe it is fair and reasonable for the United States to attempt to shift the burden of supporting these surpluses to underdeveloped countries. It is our firm belief that there is very little interest in underdeveloped countries to undertake this burden. Many exporting countries would be opposed to it.

Last fall, the Government of New Zealand stated in the United Nations that the production of surpluses had important side effects on national economies and that the policies which gave rise to surpluses must be modified if international trade was to develop healthily. The Government stated further that the disposal of surplus foodstuffs should not be undertaken in a manner which would prejudice the trade of normal exporters of foodstuffs. For that reason, the United Nations should undertake no action such as the establishment of a world food bank which would tend to institutionalize existence of surpluses. The dangers to other exporting countries such as New Zealand are real dangers. Farm Bureau opposes this additional grant authority and recommends the deletion of section 201(5).

The United States has entered into several long-term agreements and is prepared to enter into additional long-term agreements. Such commitments guarantee a continuous flow of surplus products to chronic, food-deficit countries, and would seem to negate any real value in a national food reserve program. However, such reserves can be established until title I procedures in the current law. They have been established in the Indian agreement. The only purpose for the amendment is to expand grant authority. We do not believe such purpose is in the best interest of the United States and the Public Law 480 program.

EMERGENCY RELIEF

Section 202 of the bill amends title II of Public Law 480, the authority to grant surplus farm production to foreign countries for emergency relief, by extending this authority for 5 years and authorizing donations at the rate of \$300

million per year. Farm Bureau recommends that title II also be extended for 3 years rather than 5 years. We believe the same necessity for congressional review and reassessment of this program exists as for title I foreign currency sales. The \$300 million per year authorization seems to be excessive. Since the beginning of this program, we have programed approximately \$771 million worth of farm surpluses for emergency relief. The United States has never programed more than \$132 million worth in any one year, and in fiscal year 1960, the total donation under title II came to approximately \$90 million. Therefore, an annual authorization of \$150 million per year would be adequate to meet the requirements for this type of foreign assistance. Section 204 of the bill also amends title II so that surpluses can be donated to countries for economic development. We do not believe title II should be amended so that title II could replace title I foreign currency sales.

Section 402 of the Mutual Security Act of 1960 requires that at least \$175 million of mutual security funds be used to finance the export of surplus agricultural commodities. This requirement may be met either through grants or through sale for foreign currencies. In its report last year, the Senate Foreign Relations Committee stated in regard to section 402:

"It must be candidly pointed out that this provision may prove ineffective and that the President's special authority may be used to waive the requirement to some extent. Disposals pursuant to the requirements of section 402 have steadily declined from \$445 million in fiscal 1955 to \$188 million in 1959. It is doubtful that they will greatly exceed \$140 million in 1960, and may be even less in 1961."

While ICA finds it impossible to meet its requirements under section 402, it is at the same time insisting that Public Law 480 be amended to allow more grant authority. The conclusion seems inescapable that an attempt is being made to enlarge our foreign-aid program by substituting Public Law 480 transactions—charged to Agriculture—for surplus transactions formerly financed from mutual security funds. The additional grant authority sought under Public Law 480 is not necessary. The International Cooperation Administration has such authority under section 402. We do not feel that Public Law 480 should be further distorted in order to expand mutual security appropriations.

LONG-TERM SUPPLY CONTRACTS

In 1959, title IV was added to Public Law 480, authorizing the President to enter into agreement with friendly nations to supply agricultural commodities for periods up to 10 years on 20-year credit. Payments were to be made in dollars in "approximately equal annual amounts." Farm Bureau has felt that the benefits of such a program are very doubtful. A program to extend credit over 20 years for a product that is consumed usually in the year of delivery is difficult, if not impossible, to administer. The current bill, in section 203, would remove the requirement that repayment be in "approximately equal annual amounts." The effect of this amendment would be to permit the deferral of payments on the credit for a specified period. Twenty-year credit for a consumable item provided to an underdeveloped country suggests the strong possibility that the debt will eventually be excused and that the transaction will in fact be on a grant basis. If repayment is deferred for a number of years and the attempt is made to start repayment several years after the product has been consumed, the "possibility" becomes a probability as to turning the transaction into a grant program. We recommend the deletion of section 203 (1), (2), and (3).

When Public Law 480 was enacted in 1954, it began with the words:

"It is hereby declared to be the policy of Congress to expand trade among the United States and friendly nations. * * *"

These words have not been changed, but the purpose which they expressed is in great danger of being lost. We strongly urge this committee to reemphasize the necessity of basing our agricultural exports on the sound principle of two-way trade.

In 1960, the United States had a deficit in its balance of payments amounting to \$3.8 billion. Agriculture could plan an important role in helping to solve the U.S. balance-of-payments problem if a vigorous effort is made to expand trade on a dollar basis. Our balance-of-payments position is not improved by the expansion of Public Law 480 type programs.

Our relationship with underdeveloped countries should be based on the principle of partners in trade not on a donor-donee basis. As a temporary program, Public Law 480 can move surpluses into consumption to countries unable to pay in dollars. However, these export movements should be used as a means for expanding future commercial trade—not as a substitute for such trade. We will defeat our purpose if we allow Public Law 480 to become a permanent program and if we permit recipient countries to become permanently dependent on U.S. Government programs for their food import needs.

SUMMARY OF RECOMMENDATIONS IN REGARD TO TITLE II OF H.R. 6400—S. 1643,
AMENDMENTS TO PUBLIC LAW 480

1. Farm Bureau recommends that emphasis be given to expanding agricultural trade for dollars. This requires careful safeguards in the administration of Government export programs. Public Law 480 should be considered a temporary program.

2. The bill would extend title I, authority for foreign currency sales, 5 years and increase the authorization by \$7.5 billion; up to \$2.5 billion could be committed in any one year.

Farm Bureau recommends a 3-year extension with increased authorization of \$3 billion, not more than \$1.5 billion to be committed in any one year.

3. The bill would have the effect of transferring substantial authority for the administration of the program to the Department of State.

Farm Bureau recommends that (a) the Department of Agriculture retain the responsibility for administering the program, and (b) section 201(3) be deleted.

4. Farm Bureau recommends that "usual market" requirements be included in every foreign currency sales agreement and that the requirement be expanded from year to year as consumption increases.

5. The bill contains no provisions to halt the excessive accumulation of foreign currency under this program.

Farm Bureau recommends that foreign currency sales agreements specify the projects for which foreign currency allotted to economic development are to be used. Section 104 of Public Law 480 should be amended to require that foreign currency designated for economic development is subject to interest from the recipient country immediately upon deposit in the U.S. account.

6. The bill authorizes grants of agricultural surpluses under title I for establishing national food reserves.

Farm Bureau recommends that (a) no additional grant authority be provided, and (b) section 201(5) be deleted.

7. The bill extends title II, grant authority for emergency relief, for 5 years with \$300 million per year authorization.

Farm Bureau recommends a 3-year extension with \$150 million per year authorization.

8. The bill permits the use of title II grant authority for economic development.

Farm Bureau recommends deletion of section 204 since this perverts the purpose of title II and duplicates the authority contained in section 402 of the Mutual Security Act.

9. The bill amends title IV, long-term-credit authority, to permit deferral of payments.

Farm Bureau recommends deletion of sections 203 (1), (2), and (3) because deferral of payment would very likely change this authority from a credit program to a grant program.

TABLE 1.—*Agreements signed July 1954 through Dec. 31, 1960*

Commodity	Unit	Approximate quantity	Estimated CCC cost
			<i>Millions of dollars</i>
Wheat and wheat flour.....	Bushel ¹	1,436,841,000	3,898.7
Feed grains.....	do ²	288,240,000	446.2
Rice.....	Hundredweight.....	48,583,000	469.3
Cotton.....	Bale ³	5,275,000	1,102.1
Cotton linters.....	do.....	7,000	.3
Meat products.....	Pound.....	113,193,000	38.1
Tobacco.....	do.....	297,561,000	216.0
Dairy products.....	do.....	278,473,000	78.9
Fats and oils.....	do.....	4,199,654,000	591.3
Poultry.....	do.....	17,360,000	5.4
Dry edible beans.....	Hundredweight.....	482,000	3.9
Fruits and vegetables.....	Pound.....	184,356,000	17.2
Seeds.....	Hundredweight.....	10,000	.4
Total.....			6,837.8
Ocean transportation to be financed by CCC.....			546.5
Total, including ocean transportation.....			7,414.3

¹ Wheat and wheat equivalent of flour.² Corn, 115,578,000 bushels; oats, 6,807,000 bushels; barley, 113,926,000 bushels; rye, 4,737,000 bushels; grain sorghums, 47,192,000 bushels; total, 288,240,000.³ Includes 25,000 extra-long-staple cotton.TABLE 2.—*Status of foreign currencies under title I, Public Law 480*

[Million-dollar equivalent]

Country	Agreement amounts through Dec. 31, 1960	Allocations by Budget Bureau through Sept. 30, 1960	Collections through Sept. 30, 1960	Disbursements 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	61.1
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	.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.....	14.0	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.....	456.3	363.6	395.5	188.1
Thailand.....	4.6	4.3	4.3	3.2
Turkey.....	232.3	198.5	206.0	110.3
U. A. R. (Egypt).....	198.8	112.4	126.5	22.9
U. A. R. (Syria).....	28.2	7.7	9.2	2.2
United Kingdom.....	48.2	43.8	48.5	21.7
Uruguay.....	46.4	33.9	34.7	6.4
Viet Nam.....	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	1,715.3

Mr. POAGE. Thank you very much, Mr. Lynn and Mr. Harris.

There is one subject matter I would like to discuss with you. I do not think you mentioned it. And that is the question of barter. What do you think about the situation in regard to barter trade?

Mr. LYNN. Mr. Poage, this is a difficult question. I could beat around the bush about it, but I think by and large the barter program has about lived out its usefulness.

We have taken a longtime position that if we had some surplus wheat or surplus corn and could exchange it for strategic materials that we needed for our stockpile, this was good business on the part of the United States. There is a lot of information to indicate that many of the barter sales that have recently been made, since we have reached pretty well the limit of our stockpile objective, are replacing dollar sales. We are opposed to such barter transactions.

Mr. POAGE. I agree with you there, probably, we are replacing some dollar sales. Is there another factor which may be even more serious? Are we not replacing our cash market? We had some questions here yesterday about the ferrous manganese sales from Chile. We did not get very detailed or complete information about it. We have been promised some more information for the record on that subject. Be that as it may, it is clear that they are contemplating the United States taking a substantial amount of ferrous manganese at something well in excess of what might be the price had we paid cash for it. Does not the very fact that we take any commodity at a price higher than the seller would have accepted in cash enable that seller to transfer that right to somebody who moves wheat or cotton into the world market at less than the going price?

Mr. LYNN. I think you are correct, sir. As you know, we have an office in Rotterdam. We have had a little experience with this kind of thing. Could you outline that briefly, Mr. Harris?

Mr. HARRIS. We have seen instances of transactions similar to the type the chairman has outlined where corn has come into the market at 15-percent discount. This does not just have an immediate effect. The immediate effect is there. You have the market disrupted when all of a sudden 15-percent discount commodity comes into the market, but then you have the trade hanging back usually for the next 2 or 3 months sometimes, waiting for some more of that good 15-percent discount commodity. The inventories are reduced. The trade is disrupted.

We have seen some instances where, apparently, a barter transaction disrupted the market for as much as a month or 6 weeks before things got back to normal again.

Mr. POAGE. Would it make sense to limit these barter transactions to direct barter deals?

Mr. LYNN. You mean a swap?

Mr. POAGE. Yes, a swap, where we ship something to the other people and we take imports from them in payment for what we export. Can we limit it?

Mr. HARRIS. Whatever you do, you will have difficulty in administration to keep it from getting into commercial channels. What you suggest does seem to be indicating the present condition.

Mr. POAGE. Would it actually limit it, or could we. I am just grasping around, because this ferrous manganese deal we were talk-

ing about yesterday is very disturbing to me. They are importing American wheat now under the gift program. I doubt if they are paying anything for it. I do not know, however.

If we were to take a shipload of ferrous manganese and send a shipload of wheat to Chile, which is a direct barter, which is what we had in mind originally, could we prevent them from transshipping that wheat into Rotterdam, for example—would there be any way that we could do it as a matter of fact? I know that we can require conditions, and Chile might not allow the reexportation of that identical wheat, but they could allow something else to move as a replacement.

Mr. LYNN. It is very, very difficult, Mr. Poage. I wish we had an answer for the problem.

It seems to us that under title I of Public Law 480 you could do this same deal with an agreement with Chile saying, "We agree to sell you X tons," whatever it is, "and you agree to sell us back for this X tons of ferrous manganese," or tin, or whatever it is, and do this as a part of the agreement. Then you have some check on it.

It seems to me to make this barter, as you described unnecessary, it would seem to me that it would be very simple to work out an agreement under title I to do the same thing, if we want to sell the wheat and get the manganese.

We have never said we are opposed to barter, because as long as we have the kind of surpluses we have described here we cannot be too chosey about how we utilize them, but we would like to cut off the spout that is bringing them in a little bit.

Mr. POAGE. I find myself in exactly the same position you are. I have supported barter programs in the past. I have felt that it was the good business for us if we could swap a perishable commodity for a storable commodity which will keep.

Mr. LYNN. Yes.

Mr. POAGE. I still think that is a good deal, but the way it has worked out I am afraid it has had a very depressing effect upon our markets and has resulted in actually lessening our cash markets and reducing the amount of cash we can get.

Mr. HARVEY. Will you yield?

Mr. POAGE. Yes.

Mr. HARVEY. This is a little off the immediate subject we are talking about. I notice that in the testimony of Mr. Lynn a question was raised about the marketing of wheat under Public Law 480 in Brazil. The chairman will remember when we were in this area in 1955 we discussed that very problem with the officials of Argentina, Brazil, and Uruguay, too.

Mr. POAGE. Yes.

Mr. HARVEY. I recall at that time the complaint on the part of the Argentinians and Uruguayans that we were displacing their markets. The fact was that we were supplying what you call the residual demands. And in doing that we kept the price from going to unwarranted heights.

I wonder if the present contract continues to put us in the position of a residual supplier or whether we are actually replacing markets that Argentina and Uruguay normally would supply. Is the chairman able to answer that question?

Mr. POAGE. No.

Mr. HARRIS. We could give it to you very roughly. At this point we are out of the residual supplier field, I believe, although there is some excuse for doing this. When you put down normal wheat consumption for Brazil at around 2.2 million to 2.3 million tons, the United States has agreed this year, under Public Law 480, to supply 1.5 million tons.

Brazil will produce, approximately 300,000 tons themselves. And 1.5 plus 300,000 is 1.8, which leaves about 400,000 tons which have not been guaranteed.

Normally, Brazil has taken about 1.2 million tons of wheat from Argentina on the bilateral account.

From this 400,000 tons you should have some usual marketings, probably, of around 260,000 to 300,000 tons.

Argentina could be reducing their shipments of wheat to Brazil from 1.2 million to, approximately, 200,000 tons.

Mr. HARVEY. It would indicate that this is a voluntary thing and that Argentina does not want to continue to sell to Brazil the quantities they have in the past, is that it, or are they being crowded out of the market? I think that is the nub of the question.

Mr. HARRIS. I would like to suggest, sir, I do not think that Argentina is too upset about this situation. I think that Argentina would just as soon sell their wheat to Western Europe for good hard currency. This is just a personal opinion. I think that Argentina would rather take it to Western Europe and get good hard currency for it rather than fool around with this other arrangement.

Mr. HARVEY. Is the net result of what is happening that we are selling wheat for soft currency in a sense and letting some of our competitors pick up the hard currency market?

Mr. LYNN. We think this could be the effect of this. I think it would be a very interesting study for the committee to make.

Mr. McINTIRE. Will you yield?

Mr. POAGE. Yes.

Mr. McINTIRE. Does it not get down to the proposition that in view of the weakness of the Brazilian currency, which is related to some of the practices that have prevailed in the management of the Brazilian economy, that it boils down to a proposition who is willing to take their currency?

Mr. LYNN. Yes.

Mr. McINTIRE. And we are saying that we are willing to do so?

Mr. LYNN. Yes.

Mr. McINTIRE. And those who are least willing are just saying, "All right, we are perfectly willing for you to do so while the Brazilian currency is down, and we will go where there is harder currency." And then when the Brazilian economy gets back to where the Brazilian currency is reasonably stable, then these same ones will say, "We will be in this market."

What we are doing here, essentially, is saying that while the Brazilian currency, due to mismanagement on their part, is in a weak position, we will nonetheless accept their currency and supply their wheat needs?

Mr. LYNN. That is a very good summary of the situation.

Mr. McINTIRE. This is a case of who is willing to pick up the Brazilian currency for the wheat, and we say that we are willing. And the Argentinians say, "We think that we can sell it for currency that will be more interchangeable than the Brazilian currency is under the present situation."

Mr. POAGE. Just about the same situation exists with reference to India on a much larger scale, does it not, where the Australians formerly sold 30 million bushels of wheat and are now selling less than 1 million?

Mr. LYNN. Yes. We point out on page 4 of our statement that we think it is very serious when the United States has moved in and gotten 60 percent of the agricultural imports into India. Ninety-six percent of those imports were under Public Law 480. We are for expanding real trade. Are we doing India a real favor by this?

Suppose something happens that we do not have wheat surpluses? Then what happens? Should not we be saying to India, "For goodness sakes, we will supply you some of this, but, at least, 20 percent of your requirements you have to buy from the United States with hard dollars."

Mr. McINTIRE. Will you yield again?

Mr. POAGE. Yes.

Mr. McINTIRE. If they negotiated on either side of the bargaining table, this could not continue. I mean this gets down to where some of us are concerned about how long our taxpayers will be able and willing to finance these kinds of transactions, and where the dollar can still remain as strong as we would like to have it.

Mr. LYNN. This is exactly right. We recognize the particular situation that exists there, but we say that there is a real danger here.

Mr. HARRIS. The problem here, I think, is a matter of trend. What we have done over the past couple of years is to capture the complete increase in consumption in the Indian market with Public Law 480 sales.

What we suggested in this statement is, at least, to try to start a trend of their increasing, a very small increase, but some increase each year of their normal commercial purchases. India is making less commercial purchases, I believe, of agricultural products today than when we started with Public Law 480. There is not any doubt about that. At least, we should try to start a little bit uphill trend here toward their making increased commercial purchases each year, even if Public Law 480 does increase. Otherwise, this situation I referred to before can happen.

I had someone tell me, a pretty prominent person in the international field, that we should not insist that India make any commercial purchases of agricultural products when they needed the foreign exchange to buy machinery and goods that are really important to them, and when we have so much to give them, anyway. If this attitude becomes established we will never have a chance in the commercial markets.

Mr. McINTIRE. I have one other question if I may.

On page 45 of the bill, line 8 it states: (1) Section 201 is amended by striking out the words "out of its stocks".

It is my understanding that striking these words means that in the use of commodities under title II, we are removing the restriction that

these shall come out of physical surpluses on hand. What this language proposes to do, as funded by a \$300 million authorization, is to permit the U.S. Government, in the administration of this act, to agree as to what commodities a recipient country is to receive. Then, we would take appropriated funds and go into our markets and purchase even those commodities which are not in physical surplus in this country—except as a relationship might be defined on paper, of less than 90 percent—and buy these commodities in the marketplace and distribute them under title II.

Do you get the same interpretation from this?

Mr. HARRIS. I think basically that is correct. As far as I can tell, sir, the same controls over this would be in effect as under title I. The commodities would have to be declared surplus by the Secretary of Agriculture, just as they have to be for any title I transaction. He cannot place any commodity on the title I list unless he puts it on the surplus list. And I would presume he would still have to do this in order to put it on the title II list.

Mr. McINTIRE. What commodities are we distributing under title I which are not in CCC inventory or under an agreement?

Mr. HARRIS. We have done it for poultry, for example. I think we have done it for tallow and lard and we have done it for some fruits and vegetables, I believe.

Mr. McINTIRE. Thank you. That is all.

Mr. POAGE. My Lynn, I questioned the State Department yesterday but they did not have the information. You may not know any more about it. Do you know whether or not the Brazilians actually offered to spend 60 percent of any dollars that they might have earned by the sale of sugar to the United States for American wheat?

Mr. LYNN. I do not know, sir.

Mr. POAGE. I do not know either. But it has been told to me that in negotiating the sugar deal or possibly in this deal, the Brazilians said, "If you will give us a sugar quota, we will spend 60 percent of the dollars which we earn to purchase wheat."

Mr. LYNN. And refrigerators.

Mr. POAGE. Or something of that kind.

Mr. LYNN. Yes.

Mr. HARRIS. Mr. Chairman, we are right now about to start a series of meetings on trade agreements in Geneva and I hope no one can ever accuse the United States of entering into the type of bilateral agreements that we have been accusing others of doing for the last several years.

I think if we go around the world bartering sugar rights for the rights of shipping directly other commodities in to them, we will have broken down all of the trade machinery we have tried so hard to build up since World War II.

I think in the long run U.S. agriculture would be the loser if this machinery does break down.

Mr. POAGE. You think we should enter into any such agreements?

Mr. HARRIS. We should be against bilateral transactions, I am sure, yes, sir.

Mr. POAGE. You tell us just why. We have heard it before.

Mr. HARRIS. Well, very briefly, Mr. Chairman: Since our reciprocal trade agreements program has been in effect, one of the chief induce-

ments to expanded world trade has been the setting up of machinery that would not have to carry bilateral accounts between each country. The basic barter idea was, probably, the biggest restriction to expanded trade. The expansion that we have had since World War II I think has been basically due to the fact that we have applied a universal most favored nations clause. That is in our law and we have been willing to sit down with the main trading nations of the world and say to each of them, "We will offer you exactly the same access to our market as we offer to others, if you treat us the same way."

I do not mean to pretend that this has been completely reciprocal in all cases. Where it has not been we should insist that it be corrected. I think there are countries in Western Europe that have discriminated against us with bilateral agreements. I would hope that we would not give up the fight to stop them from entering into such bilateral agreements. I would hope that we would not put the stamp of approval on such agreements by doing that type of thing ourselves.

Mr. POAGE. You are talking about something that interests me a great deal. I don't know too much about it. I have always thought or felt I believed in free trade.

I have always thought that I believed in reciprocal trade. And whether I believe in it or not, I have gone along and voted for it. But like a lot of the rest of these things, I have wondered seriously whether it actually resulted in what we thought they would result in.

If I understand it correctly, today when we make a tariff concession, a trade concession, with Australia, for instance, if we were to make it on wheat, although we are not bringing in any wheat from Australia, if we were to, we automatically give the same concession to the Argentine if we gave it to Australia. Is that not right?

Mr. HARRIS. Well, I would use a different kind of example. If Argentina and Australia were both members of GATT and we entered into such concession, we would provide them the same benefits. Yes, sir.

Mr. POAGE. Well now, when we give to another country the concessions that we have made to—those countries are perhaps not a good illustration but I think we understand what I mean—if we agree that we are going to give Australia certain wheat concessions, and she in turn gives us a concession on importation of automobiles, that sounds to me to be fine. That is what I understood to be reciprocal trade. Australia said, "We will lower our tariff to you on automobiles if you will lower your tariff to us on wheat." That is what I understood that to be reciprocal trade.

I think it is fine to say we will do business with people who will do business with us like that. But as I understand this favored nations deal now, when we do that we automatically do it for Argentina, although she has not given us a reduction on automobiles.

Mr. HARRIS. Mr. Chairman, I think that this has been true really since the beginning of our trade agreements program. We never attempted to set up separate tariff schedules for every trade agreement the United States established. We always gave the benefits of the agreements to the other trading nations of the world.

Mr. POAGE. That is the very thing that I want to understand. Why is it desirable for us in order to get an automobile market in Australia, we make a concession on wheat. That is a poor illustration, but I will

continue with it. We make a concession on the wheat in order to get an automobile market in Australia that is advantageous to us. If it is advantageous to the United States, we ought to make it. We try to get that.

On the other hand, in my illustration, we have assumed that the Argentines do not want that—it has a lot of wheat. We agree to take Argentine wheat without getting anything in the world from them in the way of a concession. That is not reciprocal trade as I understand the term. But I think it is “reciprocal” trade as it has worked out under our system.

Mr. HARRIS. It may be at the same time that a transaction is being entered into between Argentina and Australia which will give us access into the Australian market by virtue of the concession that Argentina makes. This cuts both ways. We are entitled to concessions other countries make, not only those we have made, but other countries have made. It would also be true that, in your illustration Argentina would “pay” for a U.S. concession that had some benefit to Australia.

Mr. POAGE. I understand. Are we to simply sit here and take a gamble on what somebody else will do? Is that a sound policy for the United States, simply to gamble how other people will trade among themselves and are we going to be bound by that? We might just as well gamble on when it will rain in Texas.

Mr. HARRIS. That is why you need a general agreement on tariffs and trades. So all will be sitting down around one table and agreeing.

There are many “trading nations” of the free world. There are hundreds of items that move in world trade. To return trade negotiations to country by country, commodity by commodity basis would hopelessly complicate matters and seriously restrict trade.

Mr. POAGE. You have to have an agreement among every country in the world. We would all be better off if we had that general agreement among all countries of the world. But, should we give somebody who makes no concession—should we make a concession to somebody who makes no concession in return? Why should we do it? We do, do it. We do make concessions to people who make none in return. Why do we do it?

Mr. LYNN. This is a very big question. And we must give good answers to the questions that you are asking before 1962 when this reciprocal trade agreement is up for renewal.

This has received a great deal of emphasis as we begin to deal with the Common Market, for example. We see the reciprocal trade agreement and the General Agreements on Tariffs and Trades standing us in good stead now as we try to deal with this European Common Market.

Mr. McINTIRE. Will you yield at this point?

Mr. POAGE. Yes.

Mr. McINTIRE. You touched upon the Common Market. Did not most of the signatories to GATT enter into the Common Market agreement, and is not the objective of the Common Market the reduction of trade barriers? And is there any reciprocity in that Common Market set up as concerned with the signatories to the GATT agreement?

Mr. LYNN. We have some of the same fears that you express. Our delegation is sitting down now with those people to try to negotiate this thing out.

My point, Mr. McIntire, is that if we were alone without a previous agreement, the United States, trying to deal with the Common Market area, would be at a greater disadvantage than we currently are. We have other countries who are parties to the General Agreements on Tariffs and Trade that we have been able to persuade, we hope, to be on our side when we negotiate with the Common Market.

I am not saying that we will get everything we want. At least, we have the mechanism to work with.

Mr. POAGE. Apparently, if we would make the world recognize that maybe we really believed we had a federation of States here, 50 of them in the United States, that we had a common market here, that we would get along better than if we try to hold out to the world that this is one nation. We have a common market here.

Mr. LYNN. Mr. Poage, I think this is very closely related to Public Law 480. If we served notice on the world that for the next 5 years or 10 years, we are going to have a program whereby we will give away, if you please, up to \$2.5 billion worth of surplus agricultural commodities every year and that we will have programs to insure that our stockpiles stay full, we are playing right into the hands of those who would destroy us. We are not going to have good solid trade on agricultural commodities. Somehow we have got to get this across. The pressure—I am in great sympathy with the Department of Agriculture's Foreign Agricultural Service, with all of these surpluses over our head—the pressure is tremendous to get rid of them, let us get them out of here.

We are gradually destroying our ability to ever get back into commercial markets, if we do this. Where 1 acre out of 6 of our cropland is now dependent upon foreign sales, it will take a lot more land retirement than we have been thinking of up to now if we lose our foreign markets.

Mr. POAGE. That is the whole basic difference of opinion between the Farm Bureau and this committee. That is the whole basis of difference of opinion. At least, we think we are doing exactly what you are pointing out. We are producing much more than we have any use for. That is, as you say forcing these kinds of programs, that forces all of these things; and we are pleading with you to give us a program that will stop this surplus production. Yet every time you come up here you say you cannot do it; for some reason or another, we simply cannot have a program that controls anybody. You do not believe controls are justified. You would rather accept low prices than to accept controls. On the other hand many of us would rather accept real controls and really balance supply with demand.

Mr. LYNN. I am sorry that a note of disharmony became injected.

Mr. Poage, we do not agree on the method, but we certainly agree on the objective, do we not?

Mr. HARRIS. I would like to point up what you and Mr. McIntire have said; it is especially timely now. We have been negotiating since last fall trying to make the Common Market correspond with the agreements that these six countries made in GATT. They are entitled to form a Common Market under GATT, but they have to insure that it is so formed that they do not present to us higher trade restrictions on the average than existed before the Common Market was formed. Unless they agree to that, unless they adjust their

policies to do that, then it is a breach of GATT. And they are not entitled to the benefits. In other words, this should operate as a discipline on their policies.

Mr. McINTIRE. We are defeating our ability to hold them to that position for the simple reason they are keeping their costs under control, and we are not.

And they can remain at those levels, at least, under the General Agreement on Tariffs and Trade, while we are out of it, through the practices we are following in this country which inevitably throw our costs increasingly out of line.

Mr. HARRIS. I am sure you have recognized that we should not keep up those practices. We do not want to keep up those practices that make us less efficient than other countries.

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

Mr. POAGE. Any further questions?

Mr. FINDLEY. Mr. Lynn, you have spoken in favor of a 3-year extension on this program.

In view of the difficulties we seem to be getting into every step of the way, why not a 2-year or even a 1-year extension?

Mr. LYNN. Well, we think if the Congress has an opportunity to look at this every 3 years, this would be sufficient. We would not object to a 2-year extension. We think it ought to be extended for more than 1 year, because it looks like we will have some surpluses to dispose of in the next couple or 3 years. But we would not object to a 2-year extension.

Mr. FINDLEY. In your statement on page 6, you indicate that—
agricultural surpluses should be sold for foreign currency when (1) there is a market in the recipient country for the products; and (2) the foreign currency can be used constructively—

and so forth.

Do you have any suggestion on how in the bill before us now we could make it mandatory that there be some demonstration of possible constructive use of the foreign currency before any agreement is entered into? Any suggestion along that line?

Mr. LYNN. On page 7, Mr. Findley, we suggest there that these currencies—

be subject to interest from the recipient country immediately upon deposit in the U.S. account.

We believe this would give the country some incentive to use it.

Mr. FINDLEY. But you don't have any specific suggestion on how the State Department or Department of Agriculture should be able to demonstrate the constructive use of the foreign currency.

Mr. HARRIS. Now an agreement will specify for example, 40 percent of these currencies shall be used for economic development on a loan basis; 40 percent shall be used on a grant basis.

If this foreign currency is going to be generated, they could get down in this agreement that X hundred million will be drawn down by such and such a time to be used for such and such project. This has to be worked out, anyway. It should be worked out before the currency is generated, not after.

Mr. FINDLEY. For civil works projects, and indirectly let the U.S. taxpayer decide whether he wants to give his consent to such a project in advance of the concluding of the agreement?

Mr. LYNN. This would be something that might be appended to the agreement and become a part of the agreement.

Mr. FINDLEY. Yes.

Mr. HARRIS. That could be done.

Mr. LYNN. This is what we are suggesting.

Mr. FINDLEY. That is what I am getting at. Is there some way, some suggested amendment that we could consider that would require that be done, and make it mandatory upon the Department?

Mr. LYNN. With your permission, let us think about this a little bit and see if we can come up with something that would be constructive.

Mr. POAGE. Very good.

Mr. FINDLEY. I was not here when Public Law 480 was passed, but I understand there were two purposes; one was development of foreign markets for our farm products.

Mr. LYNN. That is right.

Mr. FINDLEY. And, secondly, disposal of surplus crops. And you have recited how ineffective it has been in reducing our surplus crops. It has not met that problem. We have more surpluses than when we started despite the fact that we have used \$13 billion in surplus stocks under Public Law 480.

Then you have also indicated how Public Law 480 may even now be replacing our dollar markets abroad for our own farm products.

Viewing those two facts, how can we conclude it has been a success at all and should be continued? In other words, is Public Law 480, really, a good idea?

Mr. LYNN. Yes, sir; we think it is a good idea. I shudder to think what the situation would have been had we not had it.

On the other hand, we may have made the adjustments in domestic agricultural programs that would have caused us to have less coming into the CCC, had we not had Public Law 480, which was an easy way to dispose of it.

Mr. FINDLEY. That is what I am thinking. This has been a sort of relief valve, putting off the day of reckoning. We have been able to shove off some surplus stocks and put off the hard decisions we really should have made long ago to solve this surplus problem. Therefore, I wonder if really it is a good law?

Mr. LYNN. As you know, Mr. Findley, we had a great deal to do, together with the other farm organizations and the National Council of Farmer Cooperatives, in developing this law.

We still think that the basic idea and the purposes stated by the Congress in the enacting clause of this law are still valid and sound.

The thing about it is that we have always looked at it as a temporary program designed to do just what has been indicated. But it is becoming more and more permanent and I think the pressure to use it differently than the original intent is so great that we are tending to pervert the original intent of this law.

Mr. FINDLEY. In Mr. Freeman's testimony it is indicated that this Public Law 480 is to become a vehicle for meeting worldwide human needs. It seems to me that we are embarking on a worldwide feeding program, and Public Law 480 and CCC are going to become the vehicles for this worldwide feeding program.

I would like to ask you if you think that is a wise departure.

Mr. LYNN. We have heard a lot of talk about food for peace; and I think if there has ever been a food-for-peace program, it has been the Public Law 480 program.

I think one of the real safeguards with regard to the point you are raising is to keep this program in this committee and keep it in the Department of Agriculture where we, who are closest to agriculture, will have something to say about it. If we get it over into the Department of State, you know some of the dangers that can arise from that.

Mr. HARRIS. Public Law 480 has been a success. It has been so successful there are those who would like to misuse it.

Mr. FINDLEY. Has not one of the effects of Public Law 480 been to make CCC, a more active organization than it was or would have been otherwise, and thus make Government more dominant and more important in the marketing of our farm products?

Mr. LYNN. Yes. But, Mr. Findley, you see we have never been quite willing yet to reorient our domestic programs to cause wheat not to come in and pile up in the CCC bins. As long as we continue to offer the farmer \$2 a bushel or \$1.79 a bushel on 55 million acres of wheat, we will continue to add 300 or 400 million bushels surplus annually.

The question is, what do we do with it? We know there are not enough dollar sales that we can make to rid ourselves of this kind of surplus. What do we do with it? As an interim program, hoping that in the meantime we can gradually adjust our domestic program, we believe that Public Law 480 should be extended.

Mr. FINDLEY. That is one reason that I presented my amendment to the feed grains bill, to provide a way in which we could feed these surpluses in market channels, and get Government out of the grain business.

Thank you, Mr. Chairman.

Mr. POAGE. May I ask you a question right now? I do not know which one of you gentlemen cares to answer it. Do you feel that we can continue the authority that exists to make grants under title I? Of course, title II also provides for grants. The Indian agreement is to begin with a 42.5-percent grant and will wind up by being a great deal more than that. At the very start it is a 42.5-percent grant. Should we continue the authority to make grants under title I?

Mr. LYNN. Mr. Harris is better informed on this than I. I pick the hard ones for him.

Mr. POAGE. All right.

Mr. HARRIS. This authority has been in section 104 since the beginning of Public Law 480. We had, frankly, never anticipated its use anywhere near to the extreme that it was used in the Indian agreement.

Mr. POAGE. Neither had the Congress.

Mr. HARRIS. I do not think Public Law 480 was ever sold on this basis. I do not think that the concept or success of 480 has been due to this type of approach. I do not think that the section allowing grant authority should be entirely taken out of section 104 because there are individual cases where its limited use can be beneficial.

Mr. POAGE. Why should it be used in connection with title I? If we need to make grants, why should they not be made under title II or title III?

Mr. HARRIS. There is never a case where the title I program should be entirely a grant.

First of all, the foreign currency is accumulated, and often a project could be sound, on an 80-percent loan basis, if they could get it started, with the 20-percent grant program.

Mr. POAGE. Why should we not sell them \$800,000 worth of the commodity for local currency and under title II or title III give them what ever grant is justified?

Mr. LYNN. I think you have a real good point. We do not have a specific recommendation to make. I think it is very worthy of consideration.

Mr. POAGE. Thank you.

Mr. QUIE. Has not the necessity for a grant program been taken care of by the ICA, couldn't we let them work out that kind of program?

Mr. POAGE. That is under title III. We made one with India. I think there is reason for making the grants under the circumstances set out in these other titles here.

Mr. MCINTIRE. Will you yield? We are dealing here with a little bit of a situation in which we are saying on the one hand, "Pay for it," and then on the other, we are agreeing to pay back currency on the grant basis. If that is so, it is local currency for local transactions. And then we say they can take back their currency. And certainly, on a political basis.

Mr. LYNN. Well, I think that is a very good summary of it.

Mr. POAGE. I think that is very true. But is that smart? Is it good to fool people that way? What is that but pulling the wool over the eyes of the people?

Mr. MCINTIRE. There is a lot of precedent for that.

Mr. FINDLEY. On that point, if one of the objectives is to produce goodwill among foreign people, and people of India have to shell out their own money in order to get our farm products under title I, partly on a grant basis, would not we be far wiser not to have any grants in title I agreements? Handle grants separately so the benefited people would more clearly understand the surplus commodity of the United States was given to them by the people of the United States.

Mr. HARRIS. If I may, I think this would be true if we could ever get ICA to use section 402. Section 402 started out as \$350 million. As we expanded Public Law 480 each year, ICA has come over here and said, "Let us cut down to \$250 million, let us cut it down to \$200," and now it is down to \$175 million, with the provision in the committee report making it clear that ICA is not guaranteeing to reach the \$175 million level.

In other words, as we have expanded Public Law 480, ICA, which has dollar appropriations for it, has continued to reduce the section 402 amount.

Mr. LYNN. We make this point every year before the House Foreign Affairs Committee.

Mr. POAGE. Thank you very much, gentlemen. I think we have had a very interesting discussion.

Mr. LYNN. Thank you.

Mr. POAGE. We have as our next witness the National Council of Farmer Cooperatives representative, Mr. Brinkley.

STATEMENT OF HOMER L. BRINKLEY, EXECUTIVE VICE PRESIDENT, THE NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. BRINKLEY. My name is Homer L. Brinkley. I am executive vice president of the National Council of Farmer Cooperatives.

This general subject is one of intense interest to us. And, incidentally, I was very much interested in the discussion about GATT. As it happens, I was a member of the United States delegation to the GATT conference in Geneva in 1956, and just this morning I received a press release saying that I was going to be a member of the current GATT delegation. I was very much interested in the views that were expressed this morning.

Mr. POAGE. I hope you will give me answers to all of the unanswered questions that have developed in the last discussion.

Mr. BRINKLEY. I was hoping to get some answers here myself, Mr. Chairman.

We appreciate the opportunity to present our views on title II of H.R. 6400 to this committee.

The National Council of Farmer Cooperatives is a national federation of farmer-owned and farmer-controlled cooperative marketing and purchasing associations. Our affiliates include 5,000 farmer cooperatives throughout the Nation serving approximately 2,750,000 farmer memberships.

Our organization was among the original proponents of Public Law 480 and we have been firm supporters of its operations from the beginning. A very brief review of our evaluation of some of its accomplishments may be in order.

In our opinion the act has:

1. Promoted economic development in underdeveloped countries by increasing payrolls and purchasing power, diversification of industries and economic balance.

2. Conserved dollar exchange both here and abroad.

3. Converted abundant agricultural resources into an American asset in international economic and political relations.

4. Accustomed the people of contracting countries to a higher standard of living. If this is continued it will develop a permanent effective demand for more and better food and fiber products, hence contribute to market development.

5. Promoted a greater appreciation of the desirability of currency convertibility as an effective instrument of expanding world trade.

6. Contributed materially to relief activities of private organizations, which devote voluntary efforts to decentralized distribution of foodstuffs.

7. Spurred private export of farm products.

In view of these accomplishments, and taking into account the fact that agricultural producers have not yet attained the organizational structure, financial strength and necessary authority to adapt production and distribution to effective domestic and foreign demand, we must continue to rely upon the programs developed under Public Law 480.

A corollary fact is that new social and economic problems in many of the underdeveloped areas of the world have served to intensify the need for bringing to bear upon these problems a continuing effort on

the part of the developed areas of the world, including the United States, to help promote sound and balanced economic development.

We have consistently held the view that much of our own aid program should be based upon more effective use of our agricultural abundance rather than continued grants of money. In fact, we have recently realized that there are quite definite limits to the extent to which we could rely upon the latter type of aid as has been evidenced by the disturbing impairment of our exchange balances.

It is our view that our stocks of commodities can be an even more potent force for balanced economic development in the underdeveloped countries by providing that greater care be taken to see that we move as rapidly as possible to a policy of using the accumulation of foreign currencies on a loan rather than a grant basis to the countries of origin. And further that these loans should be more precisely directed into use for capital formation for private industrial development, and for public works such as schools, roads, power, and other facilities necessary for such balanced economic development but which do not attract private capital investment.

We would point out, too, that one of the important effects of the use of our foodstuffs and fibers, as a basic element in this type of development, is that it can enable recipient countries to control inflation in a period of accelerated economic activities and expansion, particularly in consumer prices for basic food and fiber. This is essential in those areas where these basic items require such a large percentage of the earning power of the bulk of the population.

We suggest further that greater emphasis be placed on availability of currencies for market promotion and development work, not only in the underdeveloped but developed areas. The underdeveloped countries of the world will be our great markets of the future, and we should help them reach this status as rapidly as possible, not only for their good, but for ours.

Our agricultural attachés are the focal points abroad of not only our title I operations, but our dollar market developments. Dollar markets must be our primary objective, and Public Law 480 operations should be directed to this goal to the maximum extent possible. We should be seeking ways and means of strengthening the status and effectiveness of our agricultural attachés in order that they may best serve not only the immediate purposes of Public Law 480, but the long-range development of private trade for dollars.

Furthermore, we would place maximum emphasis on the U.S. Department of Agriculture, through the Foreign Agricultural Service and otherwise, being recognized as the Government agency with prime responsibility and competence in the major task of achieving the goals of agriculture in foreign trade and in the formulation of a sound and workable foreign economic policy as it relates to agriculture.

In general the proposed amendments to Public Law 480 seem to be in line with its basic objectives. Provision is made for renewal of the act on a somewhat longer basis. This appears to be a realistic evaluation of our problem and we are in accord with it. We could not lend support to a permanent program but wishful thinking as to the early termination of this situation in which we find ourselves will serve no useful purpose. Neither can we find reason for serious objections to some of the other innovations and we find much to support.

However, we are not in accord with any proposal for removing or weakening the authorities and responsibilities now vested in the Secretary of Agriculture. Although it might seem generally desirable to vest certain of such powers in the President, practical experience with such vesting in the field of economic or political policy in the foreign field means, in truth and in fact, that the power will go to the Secretary of State rather than the President. To this we vigorously object. The Secretary of Agriculture should not be divested of any authority which has been and is peculiarly within his competence. If serious international issues should be at stake it could be presumed that the Secretary of State would have no difficulty in voicing the proper position of his Department. We regard our position in this respect as a sound and proper allocation of responsibilities in accordance with well-established fields of competence and responsibility.

In connection with authority for establishment of national food reserves for underdeveloped countries, we have serious doubts and reservations as to either its need or desirability. A basic purpose of the act is to stimulate private marketings, and such stocks, located in the countries involved, could be used as an instrument of agreements involving current negotiations for current use. While it might be presumed that stocks would receive proper rotation and adequate storage care, as a practical matter location of stocks in the various countries would make it impossible for us to effectuate such practices to protect supplies against deterioration and eventual loss. There are a great many other objections which could be raised and we submit the foregoing as examples of self-defeating aspects of this proposal.

We suggest that there are equally effective and far more practicable methods which could be used to give any reasonable degree of assurance which might be desirable that such countries would be protected as to basic reserve supplies. It would seem that somewhat longer term agreements, evidencing a willingness or a firm obligation to provide short-term basic reserves on call, with prices and delivery terms to be negotiated at the time such supplies were called for, would be a far more businesslike and equitable arrangement than the one which seems to be contemplated.

Public Law 480 and collateral programs should not be used in underdeveloped countries in such manner as to cause the illusion of a permanent and painless rise in living standards and economic growth. A principal reason for the underdeveloped characteristics of the economies of many such countries is a glaring deficiency in certain elements which are essential to sound and balanced growth and development. Long-continued reliance upon programs provided by Public Law 480 and others may well aggravate rather than cure these deficiencies unless sound direction is provided by prior agreement and firm implementation of those agreements.

The laws and the administration of these programs must take into account not only the needs but the capabilities and the reasonable potential for growth on a country-by-country basis. This requires accurate and painstaking evaluation of human and material resources and how each may be developed in harness with the other. Major essentials are proper economic reforms and worker training programs geared to the reasonable capabilities of the area and its people.

With such guidelines before us it should be possible to avoid the narrow concepts of such programs being either simple surplus disposal operations, or foreign aid devices. They should be viewed, instead, as operations designed to relieve our own producers of the crushing burden of a load too heavy for them to carry. They should be viewed as peculiarly effective incentives for people in underdeveloped countries to help themselves. They should be viewed as a long-run method of expanding in depth the ability of countries to stand on their own feet, of multiplying employment opportunities and earning power of their people, and in that process of dramatically expanding the private market system of the world and the consumption potential of its people for goods and services.

We appreciate the opportunity to express our views to this committee.

Mr. POAGE. Thank you very much, Mr. Brinkley. I wonder if you would tell us what your view is on the desirability of continuing the barter transactions that we know under Public Law 480.

Mr. BRINKLEY. If you will pardon me, while this session was going on I made a few notes and if you will pardon some personal references I think they are in point.

For more years than I care to remember I was general manager of the American Rice Growers Association, operating in Louisiana and Texas and Arkansas, until 1952. In that capacity, we were engaged in trading around the world. We were particularly concerned, of course, with finding new markets for rice. We were concerned with the competitive aspects of the rice trade as it came from the southeastern Asiatic countries. We found that the barter transactions of the bilateral nature are the very antithesis of the multilateral purchases which we feel are essential to broadening the total base of international trade in this country.

There are ways, I think, that bilateral trade can be effective. I would not rule out the usefulness and the desirability on occasion of our country, as well as other countries, under certain conditions, engaging in bilateral barter agreements. But to adopt that as a principle of international trade as compared to the present multilateral trade concept that we have been so firmly committed to, I think would be extremely dangerous.

I would recite, for example, that at one time we had a very active and very positive trade in Germany. And then we suddenly were confronted with the fact that there had been a bilateral barter arrangement made between Germany and Italy. Italy exchanging rice for German coal. We were completely precluded from the German market.

After a considerable time we had, through long negotiations with Ceylon, developed a very lucrative, very profitable, very satisfactory sales arrangement with Ceylon, satisfactory to both parties. Then we were confronted with the fact that Ceylon had entered into a bilateral agreement with China involving the exchange of Ceylonese rubber for Chinese rice. The fact that China was starving its own people in order to enter into this transaction was beside the point.

Then in the Netherlands we had enjoyed a very good trade. Then the Netherlands, because of its obligations to Indonesia, found it necessary to develop very much closer trade relationships involving

direct trades of rubber and rice for the manufactured articles that the Netherlands produced.

There was a similar relationship between France and Indonesia, where France took Indonesian rice—as a matter of fact, Indonesia raised a very poor quality of rice—importing it into France as stock feed. Whereas, we were trying to sell a high-quality rice.

At any rate, this effectively precluded our participation, any further participation in what had been a very good market in France for our rice.

Now, on the other side, I would again, if you will pardon me digging back into my memory for personal experience involving a transaction that I was personally responsible for in Cuba, back when Cuba was not in the same condition under which that poor country operates now. But we had not been able—despite the fact that Cuba was within 90 miles of our country—to sell them any rice whatever. They had developed over the years a very strong relationship with four international traders in rice in Burma and Thailand and Indochina. And all of the rice that they consumed—and it was a very large consumption—the per capita consumption is in excess of 100 pounds a year—was brought in by four or five traders in Cuba. It was a very tightly knit correlation between this handful of foreign salesmen in southeast Asia and the importers in Cuba. And we could not sell them any rice at all.

But because of an acute market situation with which we were confronted, with growing production in our country and shrinkage of the markets in the European countries that we had been accustomed to sell to, compelled us to look for other markets. We looked to Cuba. After spending months in Cuba negotiating with the Cuban Government, to the consternation of our State Department we were able to work out a transaction with Cuba under the terms of which Cuba agreed and did materially raise the import duty on Asiatic rice, and cut our duty half in two with the understanding that we would do what we could to help them to increase their own rice production in Cuba and that we would lend our good services to see that the trade of sugar from Cuba to this country would continue on an undisturbed basis, which we attempted to do.

It made a very good two-way transaction, yet was not preclusive. It did not preclude further importations from southeast Asia, did not preclude anything else, but it was a genuine quid pro quo as between the two countries.

The point I am making is there is a vast range of difference between what might fall in the general category of “barter transactions.” Some can be quite good and beneficial to both parties; some can be quite destructive of the principles of multilateral trade; and others can be a loose arrangement of mutual benefit, one to the other, without really affecting seriously other countries that might be involved in those commodities.

Mr. POAGE. Mr. Brinkley, do you think we should continue under existing authority—

Mr. BRINKLEY. I think we should continue.

Mr. POAGE (continuing). Barter transactions under Public Law 480?

Mr. BRINKLEY. I think we should continue it with reservation. I think it is something that can be useful on occasion, but its use should, certainly, not be generalized. And, certainly, probably we should not find it being a major factor in the operations of Public Law 480.

Mr. POAGE. Do you think the operation of this provision of the existing law affects the price of American commodities in world agricultural markets?

Mr. BRINKLEY. It could be, and I have no firsthand knowledge of any immediate effect. It could be quite destructive. It could be preclusive of trade for other commodities between the two countries as well as commodities for other countries.

Mr. POAGE. Apart from all of that, what is the effect of selling American surplus commodities into the world market when they have been procured by some trader under one of these barter arrangements for less than the normal cash price?

Mr. BRINKLEY. They could use that as an instrument of bargaining that could be very destructive of dollar transactions.

Mr. POAGE. Has it been your experience that we have done that?

Mr. BRINKLEY. Yes, they have done it. I think it is a very dangerous thing. It must be extremely carefully done.

Mr. POAGE. I would like to ask you one more question.

Do you think that we should continue the authority in title I to make grants?

Mr. BRINKLEY. I would hope that we could get away—and I think we made this point, at least, I tried to make it—that we should move as quickly as we can away from the grant process and go in the direction of the loans rather than grants.

Mr. POAGE. I am not talking about that. Title II authorizes the making of grants, where there is a need to feed needy people. Title III entitles them to do that. Titles II and III make provision for making gifts where we feel there is a justification for making the gift.

I am talking about should we continue the authority to make grants as part of the title I transactions? Specifically, I have in mind the Indian agreement which contains an immediate grant of 42½ percent.

Mr. BRINKLEY. I had reference to title I, Mr. Chairman. We may not be able to do it immediately, but I think we certainly should look to the discontinuance of that in the very near future.

Mr. POAGE. Let me ask you—you say in the near future—what stands in the way of immediate action of stopping these grants?

I am not talking about going back and undoing what we have already done.

Mr. BRINKLEY. Of course, nothing would stop it. It could be done right now. The only point I had in mind was there may be some pending agreements that may be hinging upon that particular authority.

Mr. POAGE. They may be hinging on that particular authority, but should we continue it?

Mr. BRINKLEY. As a matter of principle, I think not.

Mr. POAGE. Thank you.

Mr. McINTIRE. Mr. Brinkley, you made a statement on page 2 in relation to the paragraph entitled "Public Law 480," where you refer to, "The use of our foodstuffs and fibers as a basic element in this type

of development is that it can enable recipient countries to control inflation in a period of accelerated economic activities and expansion, particularly in consumer prices for basic food and fibers."

This turns upon an area which I think is particularly interesting in connection with the Brazilian agreement. I do not presume to understand the Brazilian economy, but just on the surface it looks to me as though this agreement fundamentally is attempting to be of assistance in a situation where inflation resulting from Government policies has gone badly out of control.

On the basis of Mr. Harris' statement, we are moving in as the principal supplier of wheat, while for a period of years the Argentine Government has been a major supplier of that commodity.

It seems to me we would be in a very difficult situation if we were to use this program for such a purpose when it is the internal management of the Brazilian economy which has precipitated the situation. And how do we get off of this kind of a hook?

Mr. BRINKLEY. I tried to make the point rather plainly and specifically that in our opinion we should use a great deal more care in the use of these programs and gear them to a basis of trying to help the countries help themselves. Perhaps, to predicate them on some certain basic economic reforms that should be made, that we know and they know should be made.

Now, with respect to the particular paragraph that you mentioned, what we had in mind there was that as a country develops and as industry becomes a factor, there is usually a trend toward the cities.

As a matter of fact, it does not have to be much of a trend to get the rural people to move into the cities, anyhow. So that you decrease the production potential of what agriculture they have. And there may be a decline in foodstuff production. This means an increase in the basic living factors, food and fiber, of the bulk of the population. So that this is a self-defeating sort of a thing.

Under those conditions, as I point out, these programs, these foodstuffs and fibers can be used to control inflation of that type; in other types of inflation, but inflation of this type which impinges so directly and so heavily upon the people who can least afford to pay the increased prices for food and fiber.

Mr. McINTIRE. It seems to me that we are putting ourselves in a very difficult situation. And I realize the broader counter argument, but getting down to the particular situation here, it would prompt a serious situation to take a country like Brazil—which has tremendous resources and which has had a reasonably stable government for that area of the world—and after it has gone along a certain route, then we step in with this type of a program. I do not know just how we are going to do this all over the world. I realize full well there are some countries which do not have much potential. In these underdeveloped countries we could find more logical basis for this type of thing.

It seems to me that things are extremely serious if this is the way we are going to set up our policy. I do not see anybody that is going to come in and bail us out when we are doing all of this in the face of the forces that Brazil has bearing down upon her economy; that is, unbalanced budgets and unwise expenditures of funds. It seems to me that we are precipitating a situation right here where an undesirable result which we hope we are averting someplace else by this

type of action is inevitably going to crop up for us at a time when we have to face the same kind of a situation as a consequence of exhausting our ability to retain some degree of stability in our economy. All of this would be done with deficit spending, and herein lies the danger.

Mr. BRINKLEY. We have been deeply concerned about this problem. I expressed the point of view on more than one occasion that maybe we need to reevaluate what it is that we want to do. I have had the uncomfortable feeling on occasion that we were concerned with other things than the implementation of a sound farm economic policy.

We hear a great deal about foreign policy, but it means political policy. I think we need to spend just as much time, and more, because we are further behind in the development of a sound farm, economic policy, and begin to tabulate A, B, C, and 1, 2, and 3, the criteria that should be taken into account in our relationship with what we try to do with underdeveloped countries.

First, I think we should stop entering ourselves in the popularity contest. This is not a popularity contest. This is a long-term program, in my opinion, to try to help underdeveloped countries to stand on their own feet and be self-supporting and firm partners in the free world.

We have assumed, it seems to me, on more than one occasion, far too many occasions, that they know what it is that they need to develop their own countries. And the record does not indicate that. I think we need to be more hard boiled, more precise and more affirmative in hinging or in—what is the word I want—let that go—in hinging our aid and our programs to help them help themselves on more specific and more precisely directed criteria than we ourselves have much more to say about than we have had to say.

We have experts in these things. We know what it takes. We have been an underdeveloped country. We depended upon European capital to get to be a developed country. We have gone through the whole range of problems that any underdeveloped country has. We have gotten where we are because we solved these problems.

Having had these solutions and looking to the record of our own development, it certainly seems to me that we are in a very good position to apply some of these same principles to the underdeveloped countries. It is not a kid glove operation. This means being tough.

Mr. McINTIRE. I am inclined to observe that all too often it is presumed that our resources are vast, and that they are inexhaustible in this country. I do not think they are. I think that we can go down the drain by this type of presumption pretty fast and certainly faster than we would be being a little firm as to how we are going to apply our resources. It is this premise that disturbs many of us concerned not only with helping others but with conserving our own strength.

Mr. BRINKLEY. I am just as much disturbed about that as you are, Congressman McIntire. And I would submit that one of the moving factors in this program should be to develop areas and capabilities in other areas that we could go on and we could develop a sounder basis for interchange of raw materials and manufactured goods and all of the other things that enter into international trade. Instead of shipping a lot of surplus food over to Lower Slobbovia or whatever it might be.

I think we have to develop. It comes back to what I said previously. We need a much more precisely thought out and directed foreign economic policy and how this thing fits into it. I do not think we fit into it by abdicating in agriculture to some other agencies or to some other philosophy. We have got a great stake, in our opinion, in agriculture in this sort of a program and in the longrun aspect of the things that we are trying to do in the underdeveloped countries than almost any other segment of our economy.

So I think the Secretary of Agriculture must, and the people in agriculture, generally, must keep this very much in the forefront of their thinking. We cannot afford to abdicate.

There have been periods when things were moving along fairly well in agriculture, we had good agricultural exports, and we just sort of relaxed, and then things began to happen. I think this is a matter of eternal vigilance on the part of the people in agriculture, the Department of Agriculture, this committee, and of the Congress to see that agriculture is given a fair shake and that our viewpoints are registered and implemented in this development of a sound and long-range foreign economic policy that stands on the basis of equality.

Good foreign economy means good farm policy, in my opinion, in the long run.

Mr. McINTIRE. Thank you.

Mr. FINDLEY. On that point one question. That means that our agreements with Brazil should be specific.

Mr. BRINKLEY. That is the way I view it.

Mr. FINDLEY. For example, to be realistic about it the grant for public works should be very specific?

Mr. BRINKLEY. I think we ought to be. I think the time has passed when we just let these things go and assume that certain things will be done. The record shows they are not done in many cases.

I would not apply this merely to Brazil, but I think that we need a great many economic reforms in the underdeveloped countries. We need all sorts of things that could be included as a basis for agreements and as a goal to look forward to in relationships between that country and our country.

Mr. FINDLEY. That is all. Thank you.

Mr. POAGE. Any further questions?

If not, we are very much obliged to you, Mr. Brinkley.

Mr. BRINKLEY. Thank you.

Mr. POAGE. We have two more witnesses.

Mr. Whatley.

Mr. WHATLEY. Let Mr. Wilson speak next. He has a brief statement. I would like to speak tomorrow, if you find it possible.

Mr. POAGE. How brief is your statement, Mr. Wilson?

Mr. WILSON. I can make it in about 6 or 7 minutes.

Mr. POAGE. Proceed, then.

Mr. WILSON. With your permission, I would like to file my full statement and speak to the main points of it.

Mr. POAGE. Without objection you may.

May I ask permission for Mr. Breeding to let two of his constituents file statements regarding this section of the bill. One is the National Wheat Growers Association, and the other is the Western Wheat Associates.

(The statements follow:)

WESTERN WHEAT ASSOCIATES, U.S.A., INC.,
Washington, D.C., May 31, 1961.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
U.S. House of Representatives,
Washington, D.C.*

DEAR MR. COOLEY: On behalf of Western Wheat Associates, U.S.A., Inc., I wish to express appreciation for the opportunity of filing a statement with your committee relative to the extension of Public Law 480.

Western Wheat Associates is a regional organization composed of State wheat commissions and wheat producer organizations of Washington, Oregon, and Idaho and is devoted primarily to the development of foreign markets. This organization was formed 2 years ago to take over the cooperative market development work already being conducted in Asia by Oregon Wheat Growers' League and the Washington Association of Wheat Growers.

Presently we are engaged in market-development work for wheat in Asian countries; these activities are a cooperative venture involving Western Wheat Associates and Great Plains Wheat, Inc. on one hand, and the Foreign Agricultural Service of the U.S. Department of Agriculture on the other hand. Our participation in this cooperative program goes back to the very beginnings of market development under section 104a of Public Law 480. From 1955 through 1960 we have spent more than 2.5 times the amount of dollars required as matching funds in our contracts with Foreign Agricultural Service. In the last 6 months of 1960, we spent \$1.28 for every \$1 of foreign currency spent in Asia.

We have filed a statement with the Subcommittee on Agricultural Appropriations relative to the budget requests for market development work. Each of our parent organizations has consistently supported the extension of Public Law 480, and Western Wheat Associates strongly supports the extension of Public Law 480 for a 5-year period.

Wheat exports are a vital part of the Pacific Northwest economy. Eastbound freight rates have eliminated markets for our wheat and flour in portions of the United States, and we look to the export market for approximately 80 percent of our annual production. Since the enactment of Public Law 480, approximately 45 percent of our Pacific Northwest White wheat exports have moved under title I of this act.

In market development activities our programs in Asia fall into two categories: (1) those of the developed dollar markets such as Japan and the Philippines; and (2) the less-developed nations of India and southeast Asia receiving wheat under title I. In the dollar markets, our objectives are beamed at maintaining and increasing the U.S. share of these markets. In the underdeveloped countries, we are concerned with achieving the greatest amount of acceptability and utilization of U.S. wheat moving under title I programs.

We are facing critical competition for the markets in Japan and the Philippines. Unfortunately, 104a funds in these countries are extremely limited. Within the past 6 months both the Canadian Wheat Board and the Australian Wheat Board have opened offices in Tokyo and have announced plans for aggressive market development work. In the Philippines, where we now have about 80 percent of the wheat market, we are faced with considerable competition from Canada and Australia. Unfortunately there are insufficient 104a funds available in the Philippines to inaugurate and conduct a market-development program for U.S. wheat that would reflect the importance of this dollar market.

In recent years all Public Law 480 agreements have contained a provision authorizing the conversion of up to 2 percent of the amount of the agreement into currencies of other countries for market development purposes (not to exceed \$1 million per country per year). Theoretically, as well as in practice, full exercise of this conversion authority would be significantly helpful in providing needed funds for market-development work in the dollar markets. We are advised that the Bureau of the Budget is opposed to these conversions. A review of the statements by congressional committees can leave no doubt in the reader's mind as to the legislative intent of Congress that funds for market-development activities in third countries be provided through conversion of Public Law 480 currencies.

Specifically, we recommend the following:

- (1) That Public Law 480 be extended for the recommended 5-year period.

(2) That the special provisions of section 104a be retained in the act when it is extended.

(3) That the Congress again reaffirm its position on the importance of 104a funds for market development including the fullest use of existing authority to convert currencies.

(4) We question the advisability of amending section 106 of the act as proposed in the bill under consideration. Pacific Northwest wheatgrowers have repeatedly taken the position that Public Law 480 should be administered by the U.S. Department of Agriculture.

Public Law 480 has demonstrated its effectiveness in its intended purpose—"The Agricultural Trade Development and Assistance Act." The market development aspects carried out under this act have likewise demonstrated their value. We believe that market development is of a long-range nature, and that cooperative programs between industry-producer groups and the U.S. Department of Agriculture provided an excellent means for the development, maintenance, and expansion of markets for U.S. agricultural commodities.

We are grateful for this opportunity to present the views of Western Wheat Associates and request that this letter be made part of the record.

Sincerely yours,

CLANCY JEAN, *Washington Representative.*

NATIONAL ASSOCIATION OF WHEAT GROWERS,
Washington, D.C., June 6, 1961.

HON. HAROLD D. COOLEY,
*Chairman, House Agriculture Committee,
U.S. House of Representatives,
Washington, D.C.*

DEAR CONGRESSMAN COOLEY: On behalf of the National Association of Wheat Growers, I wish to express our appreciation for the privilege of submitting a statement in general support of the provisions of Title II: Agricultural Trade Development, of H.R. 6400, the Agricultural Act of 1961.

Wheat and wheat products in the past have been high on the list of commodities being exported under the provisions of Public Law 480. This is partially due to the bountiful harvests of the past 4 or 5 years, but more importantly it is because wheat is truly the staff of life, and it is the one major food product which can be used efficiently in all parts of the world to stave off starvation.

The benefits which have accrued to this Nation from the sharing of our harvests with the underprivileged free nations of the world are incalculable. Without this effort on our part, many of the nations we number as friends today easily could have slipped behind the Iron and Bamboo Curtains.

We specifically endorse the provision which authorizes the extension of Public Law 480 for a period of 5 years. The knowledge that the Congress has placed its stamp of approval on a continuation of this program for a period of years will make for much more flexibility in the negotiation of longer term agreements.

We urge that section 104(a) be strengthened to provide for more flexibility in the use of foreign currency for use in market development work. Much work has been done by Great Plains Wheat, Inc. and Western Wheat Associates, Inc., in the development of foreign markets. The success attained by these organizations in collaboration with the Foreign Agriculture Service of the Department of Agriculture attests to the wisdom of the use of such funds. If a greater percentage of the foreign currency generated by sales under Public Law 480 could be channeled into market development work, the results undoubtedly would be even more significant.

The association does not endorse the proposed amendment to section 106 which would limit the authority of the Secretary of Agriculture in determining the nations with which sales for foreign currencies can be negotiated.

We appreciate the opportunity to present the views of the National Association of Wheat Growers and request that this statement be made a part of the record.

Very truly yours,

JAMES B. DYESS, *Executive Vice President.*

STATEMENT OF E. RAYMOND WILSON, EXECUTIVE SECRETARY,
FRIENDS COMMITTEE ON NATIONAL LEGISLATION

Mr. WILSON. My testimony deals with the extension of Public Law 480, title II, in the agricultural bill. I would like to plead very strongly for a broadened concept of this law—much broader than just agricultural surplus disposal. The question of what our country can do in this kind of a world with the agricultural abundance we have is what I refer to.

There are seven suggestions here, either for the operation of the law or for changes in the language of the law.

First, more use of the United Nations and U.N. organizations such as the FAO. I think it has been brought out here in the testimony this morning that this program of moving agricultural abundance needs to be geared in with our foreign-aid programs, development loan funds, and so on, much more closely, and to be thought of as what can be achieved at this time in helping other countries meet their food needs and their economic development needs.

This present program is almost entirely a bilateral program with the major decisions in the hands of the United States. I would plead on the exporting side for much closer cooperation with countries like Canada and Australia, and on the importing side with those who need our agricultural commodities. There is the need of developing international machinery at this stage beyond what we now have. And that has had very little emphasis in the language of the law or in the operation of the law.

Second, more use of grain and foodstuffs as part payment for work done on economic development.

That has come more into the operation of the law the last 2 or 3 years, but people appreciate things that they work for. If wheat or rice or cereals or other food products can be used for payment, in part at least, for work on irrigation and dams, I think it will benefit both sides.

Third, more grants for disaster relief or in situations where repayment, even in domestic currencies, would result in undue financial strain and to meet certain specific situations.

You have been discussing that a good deal this morning. And you have mentioned India several times. Here is a country that needs a very extensive development program for its agriculture and its industry. I have some sympathy with the comments of the chairman that perhaps if we are going into a grant program that title II needs to be revised and broadened, but the plea I am making is that we ought to sell for dollars what we can, we ought to sell for local currencies what we can, but if there are situations, and they vary country by country, where repayment will be too much of a strain on the total economy financially and psychologically and so on, it is better to make that as a grant and to write it off financially and go on with this matter of world development.

The figures as I review them are that about \$68 million has now been disbursed as grants. Agreements have been made for \$569 million for grant purposes, which is about 11 percent, as I understand, of title I funds. And most of that is in countries where the accumulation of foreign currencies has been rather extensive.

No. 4, title II should be broadened so as to make possible grants of commodities to assist nations in establishing, expanding, and carrying out programs for the relief of chronic hunger and malnutrition, through economic development projects as well as to meet famine and disaster conditions.

In other words, we have situations of chronic hunger that do not necessarily meet the exact "famine" definition that has been in operation. And so I am pleading for more use of agricultural commodities for grants, government to government, in this area.

No. 5, more emphasis in the use of title I funds from agricultural sales abroad for economic development and for exchange of persons.

Only about \$27 million in the last 6 years has been used for exchange of persons under title I funds. It seems to me that ought to be multiplied many, many times.

Just one example: The four northern provinces of Japan suffer from periodic cold weather and they are not adapted to open field crops. They need to go in for dairying, forage, silage, and so on. If we could bring more of the young farmers from Okida and northern Japan to live for a year on dairy farms in Minnesota or Wisconsin or New York State, I think that would make a very substantial contribution toward the development of a shift in agriculture there.

No. 6, more stress on the production of agricultural products needed to sustain adequate diets either for the needy in the United States or for the needy abroad.

Mr. McIntire asked a question a moment ago about stocks and that language in the proposed revision. As I understand it, the idea of that recommendation was that if we got into a situation, as we were, what was it, 2 years ago, when the voluntary agencies had programed rather extensive programs in schools in a great many countries with the use of American dried milk and those supplies suddenly became very small and there was a threat of the programs being stopped to the consternation of countries that had already made plans—finally, the Department of Agriculture was able to meet that need through the use of funds. But this proposition would say that while this is in essence a disposal bill, it is also in essence a foods for peace bill, and if there are certain situations that need to be met that are of great importance and of great urgency, that the administration of this program should have the authority and the power to do that when they arise.

In the second place, if we are going to subsidize American agriculture, as we have now, to some degree for some nearly 30 years, and it looks like we are going to do so for some time yet, should we not subsidize some of it for the production of food that is needed? I suggest this example.

We have amassed a tremendous amount of wheat, and yet much of the underdeveloped world, particularly in Asia, eats rice. So some of that production should be shifted from wheat to rice, although that depends on whether you could do it, on a given land.

But rice is much more acceptable, say, than corn, which we sent to Okinawa.

No. 7, delete the prohibitions against sales or donations to the people in Communist controlled countries which are now contained in section 107 in title I, and in section 304(B), title III.

In other words, I am appealing to this committee that the sale or donation of foods should be as far removed as possible from the cold war. Sharing our abundance should be considered on a humanitarian and economic basis, and that we should not put artificial and arbitrary prohibitions on the use of food with people who need it even though they are in countries whose political beliefs we are in disagreement with. There is a New Testament injunction,

If thine enemy is hungry, feed him; if he is thirsty, give him a drink. By doing this you will heap live coals on his head. Do not let evil conquer you but use good to conquer evil.

I would make a special plea for assistance on the part of the President and Secretary of State, to see if any formula could be found for offering some of these foods to the people of Communist China, which by their own press they report they have suffered the worst series of natural disasters in 100 years. Some evidence of the need in that country is the tremendous purchases which they have made in Australia and Canada which are the largest purchases that have been made in those countries since World War I. And yet those added together are only—well the first two were only about 1 or 2 percent of China's total food needs. I do not recall the size of the last transaction.

While China has been exporting some food to Cuba, for example, to Albania, to Singapore, to Burma, and other countries, it has been in a number of cases cut down and the total exports of food from Communist China is, I think, a tiny fraction of 1 percent of her total food production. So here are 560 million people, many of them graduates of American schools, or have been under the influence of American missionaries and foundations, who are trapped in a totalitarian regime that has pretty much cut off relations with us, but it seems to me that here is an opportunity for the United States to try and make a bona fide offer to meet this unparalleled situation of famine. I do not think it can be made as a public offer. I think the arrangements would have to be worked out through neutral channels. I doubt if the Chinese Government would accept food unless we gave some evidence of moving toward closer relationship with the Chinese people which we are going to have to do if we are going to have a viable disarmament agreement or set up an inspection system for monitoring nuclear tests, and so forth.

So these, Mr. Chairman and members of the committee, are some of the suggestions for the improvement of the operation or the language of Public Law 480.

(The prepared paper follows.)

STATEMENT OF E. RAYMOND WILSON, EXECUTIVE SECRETARY OF THE FRIENDS
COMMITTEE ON NATIONAL LEGISLATION

My name is E. Raymond Wilson, and I am executive secretary of the Friends Committee on National Legislation, 245 Second Street NE., Washington, D.C. Members of this agricultural committee are familiar with the concern of the members of the Society of Friends for doing what we can toward seeing that a hungry world is better fed, and for building the conditions that will make stability, peace, and disarmament possible.

In a group organized as democratically as the Religious Society of Friends, naturally no spokesman can speak officially for the society as a whole on political questions. Our appeal to you is for your thoughtful consideration, on their merits, of the points raised in this testimony.

This testimony will deal primarily with the revision and extension of Public Law 480 as outlined in title II of H.R. 6400. I am appearing in support of the 5-year extension of titles I and II of Public Law 480 with recommendations for certain revisions in the legislation or operation of the law.

First, may I commend this committee and our Government for the very large amount of food and agricultural products which have been sold or donated at home and abroad during the last 6 years under the Agricultural Trade Development and Assistance Act of 1954, as passed and amended by Congress. This has been a notable contribution to a more adequate diet in many countries. But we still face the paradox and the moral dilemma of increasing agricultural abundance in the United States in the context of a world in which more than half of the people are undernourished.

The expansion of the food for peace program and the appointment of George S. McGovern as its Director have been very heartening moves on the part of this administration. This action has fixed responsibility on an agency to explore additional means of constructively using our agricultural production to improve the well-being of people in the United States and around the world.

Let us view more creatively our agricultural abundance as a positive force for peace and human betterment in meeting world food needs, rather than as a burden of surplus disposal, and plan at least on a 5-year basis for its most constructive use.

1. MORE USE OF THE UNITED NATIONS AND UN ORGANIZATIONS SUCH AS THE FAO

In opening my testimony, may I plead for more emphasis on the development of the United Nations Food and Agriculture Organization so that it may be a more adequate channel for the planning of agricultural production and distribution on a world basis? The U.S. Government took a strong lead in turning down in 1946 the proposal for a World Food Board and in 1949 for an International Commodity Clearing House. Suppose the world were to tackle the problem of world hunger with the zeal and energy which is spent preparing for war, and were to evolve the necessary international institutions to cope with this question. The FAO is now engaged in a freedom from hunger campaign which needs the wholehearted support of every country.

It is heartening that the President announced on April 21 that the U.S. food for peace Director had offered \$40 million in food commodities toward an initial United Nations food reserve of \$100 million, to be administered by the United Nations Food and Agriculture Organization. Other nations are invited to make similar contributions.

Countries which import and those which export food need to work more closely together in planning for the production of food and its proper distribution, toward the goal of eliminating world hunger.

2. MORE USE OF GRAIN AND FOODSTUFFS AS PART PAYMENT FOR WORK DONE ON ECONOMIC DEVELOPMENT

People appreciate aid or relief more when they make some effort in return. For example, workmen building a dam for irrigation purposes, or for generating electricity, might be paid in part in cereals or cereal products. Such arrangements, of course, cannot be made everywhere so this program cannot be uniformly applied, but my question is: "How much further can it be extended?"

3. MORE GRANTS FOR DISASTER RELIEF OR IN SITUATIONS WHERE REPAYMENT, EVEN IN DOMESTIC CURRENCIES, WOULD RESULT IN UNDUE FINANCIAL STRAIN, AND TO MEET CERTAIN SPECIFIC SITUATIONS

Loans or other payments, when they can be repaid, are desirable, both from the standpoint of the solvency of the United States and of the feelings and dignity of the recipient. But are there not many situations where grants could be made rather than saddling underdeveloped countries with debts which they cannot repay?

For example, out of title I funds as of April 1, 1960, only \$68 million had been actually disbursed and to only five countries—Ceylon, Greece, India, Pakistan, and Yugoslavia. Total agreements for grant purposes total \$569 million, or 11 percent of title I sales. Title II funds for disaster relief, or for other programs authorized under title II, have totaled \$771 million in Commodity Credit Corporation costs, including ocean freight.

Closer coordination would be desirable with economic development projects directed by the Development Loan Fund, the International Development Association and the International Cooperation Administration.

The Food for Peace Committee under the chairmanship of Murray D. Lincoln in its report to President-elect Kennedy on January 19, 1961, strongly recommended additional government-to-government food grants for school lunch programs abroad, backed up by policies and arrangements which will assure sufficient quantities of the necessary commodities to supply the prospective needs.

Another desirable use of grants, which needs specific legislative authorization, would be for setting up of the facilities and initial supplies for national food reserves in underdeveloped countries. Section 110 on pages 43 and 44 of S. 1643 should, it seems to me, give permissive authority for such grants. Such food reserves can even out supplies thus curtailing speculation which often leads to a disastrous rise in prices. Such reserves would be immediately available in case of famine or natural disasters, such as earthquakes, typhoons, and drought or floods.

4. TITLE II SHOULD BE BROADENED SO AS TO MAKE POSSIBLE GRANTS OF COMMODITIES TO ASSIST NATIONS IN ESTABLISHING, EXPANDING OR CARRYING OUT PROGRAMS FOR THE RELIEF OF CHRONIC HUNGER AND MALNUTRITION THROUGH ECONOMIC DEVELOPMENT PROJECTS AS WELL AS TO MEET FAMINE AND DISASTER CONDITIONS

This title was amended in May 1960 to do much of what we are appealing for, but this authority expires June 30, 1961.

5. MORE EMPHASIS IN THE USE OF TITLE I FUNDS FROM AGRICULTURAL SALES ABROAD FOR ECONOMIC DEVELOPMENT AND FOR EXCHANGE OF PERSONS

Under title I of Public Law 480 between July 1954 and the end of December 1960, agricultural commodities costing the Commodity Credit Corporation nearly \$7½ billion have been sold for payment in foreign currencies. The dollar equivalent of the foreign currencies amount to about \$5¼ billion.

Yet of these sums of currencies generated by these sales under title I, only a trifle under \$27 million, through December 31, 1960, has been used for international travel for study both by American and foreign grantees, as well as for maintenance of American grantees abroad. The present legislation carries a limitation of \$1 million that may be spent by one country.

It would seem that a much larger amount could profitably be spent on exchange of persons, particularly in helping increase world food production. For example, the northern four provinces of Japan are subject to unfavorable climatic conditions for growing rice, and some other open field crops. These areas would benefit from a large switch to forage crops, silage and dairying. More boys from this region of Japan would benefit from a year spent on a dairy farm in Minnesota, Wisconsin or upper New York State.

For Japan, loans of \$105 million have been earmarked for economic development. Since the beginning of the program in 1955 about \$2.4 billion has been earmarked for loans for economic development in 31 countries, of which \$885 million has been disbursed.

6. MORE STRESS ON THE PRODUCTION OF AGRICULTURAL PRODUCTS NEEDED TO SUSTAIN ADEQUATE DIETS FOR THE NEEDY IN THE UNITED STATES OR FOR THE NEEDY ABROAD

Depending on the area, these commodities would include oils and fats, meats, butter, nonfat milk, soybeans, peas, rice, etc. For example, this would mean some shift in production from wheat and corn into oils and fats and protein foods.

7. DELETE THE PROHIBITIONS AGAINST SALES OR DONATIONS TO THE PEOPLE IN COMMUNIST CONTROLLED COUNTRIES NOW CONTAINED IN SECTION 107 IN TITLE I OF PUBLIC LAW 480, AND IN SECTION 304(b) IN TITLE III

Section 304(b) reads "Nothing in this act shall be construed as authorizing transactions under title I or title III with the Union of Soviet Socialist Republics or any of the areas dominated or controlled by the Communist regime in China."

The sale or donation of food should be as far removed from the cold war as possible.

The New Testament injunction to us was "If your enemy is hungry, feed him; if he is thirsty, give him a drink; by doing this you will heap live coals on his head." Do not let evil conquer you, but use good to conquer evil." (The new English Bible.)

I need not stress how much we as Americans deplore Communist totalitarianism, with its denial of religious and civil liberties. That should not blind us to the suffering and needs of people caught in that system.

Much of the territory held by the Communists, particularly in China, is a food deficiency area, and part of the drive of Communist expansion is directed toward the great rice-producing valleys of southeast Asia.

Food is a basic necessity of every person. It should not be withheld either in the form of sales or loans or grants from people because of their politics or nationality or racial origin.

At the present time the people in mainland China, according to their own press reports, are suffering from the worst combination of natural disasters, primarily droughts, which they have suffered in a hundred years. While they have been exporting some agricultural products to Ceylon, Cuba, Albania, Singapore, Burma, and Hong Kong, one evidence of their overall dire need has been their purchase of wheat and barley from Canada and Australia in the largest grain deals since World War I, I believe.

The Friends Committee on National Legislation would like to see our Government continue to explore, through neutral channels, what might be done to respond to this need, in spite of the current hostility between the two governments. If we were as determined to reach people with bread as we are to threaten them with bombs, it may be that some important changes in our relations with other people would take place.

The exact formula would not be easy and would involve, in my judgment, a greater readiness on the part of the U.S. Government, in spite of the obvious difficulties, to move toward the inclusion of the People Republic of China in disarmament agreements, in trade and cultural exchange, and in the United Nations, which ought to be a universal organization in its membership.

In short, our appeal in behalf of the extension and revision of Public Law 480 is to make the maximum use possible of our God-given agricultural abundance for the well-being of people here and around the world, and for the healing of the nations.

Mr. POAGE. Thank you.

Mr. QUIE. I wish we had time for questions because this is the most naive statement I have ever heard.

Mr. POAGE. Thank you, Mr. Wilson.

We stand adjourned until tomorrow.

(Whereupon, at 12:10 p.m., the hearing was adjourned until 10 a.m., Thursday, May 25, 1961.)

AGRICULTURAL ACT OF 1961

Title II

FRIDAY, MAY 26, 1961

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

At the hearing of Friday, May 26, 1961, John P. Benson, President, Western Cotton Growers Association of California; Rudolph Miller, executive secretary, Imperial County Growers Association; Bradley Nicholson, representing Carolina Bay Turkeys, Inc., testified on title I of H.R. 6400; and Hon. Robert W. Kastenmeier, a Representative in Congress from the State of Wisconsin; John E. Noakes, general counsel, Dairymen's League Cooperative Association, Inc.; Charles F. Brannan, general counsel, National Farmers Union, and Perry R. Ellsworth, associate director, Milk Industry Foundation, testified on title IV of H.R. 6400. This testimony may be found in the parts related to these titles.

STATEMENT OF DAVID WHATLEY, WASHINGTON, D.C.

Mr. WHATLEY. I appreciate the committee hearing me at this late hour. I know that you are tired from these long hearings.

I propose to speak briefly to title II, amending Public Law 480, to which you recall I have given considerable study since this problem first faced the Congress.

Mr. Chairman, I should like to endorse entirely the administration bill in title II, except to propose one slight modification of one provision, and that is, extending the authority to use under title II of Public Law 480, the commodities which are not in the stocks of CCC. I am sure, as the legislative history and proposal indicates, this would be used in very limited fashion, primarily for cottonseed oil, soybean oil, and certain commodities that are in temporary excess supply and would be useful in title II projects, but in order to make this clear, I suggest that the committee limit this authority to 10 percent of the total amount authorized in any one fiscal year to be spent under title II.

I should like to refute, if I may briefly, the statement by Mr. Poage in which he said that if the Congress extended this act for an additional 5 years, it would virtually preclude politically the possibility of amending it at any time.

First, may I point out that the Mutual Security Act almost every year has included some amendment to Public Law 480. Since the Mutual Security Act will always be extended, I predict, only year

by year, such technical amendments that this committee may wish to sponsor in any particular year may be added to that bill.

Second, the problem that Mr. Poage, particularly, was concerned about: the continued charging of the appropriations for Public Law 480 to the Department of Agriculture, as authorized in this bill. I have proposed on two previous occasions, in testimony before the Senate Appropriations Committee, referred to before this committee several times, that it is always possible in every year when any appropriation bill is before the Congress to reimburse CCC for its expenditures under titles I and II, that the money thereby proposed to be appropriated under the Department of Agriculture appropriations bill be merely shifted out of that bill into the mutual security appropriation bill. I think it is impossible and impractical to operate title I program and perhaps the title II program if the appropriations are required to be made in advance, and I suggest that we continue reimbursements to CCC, but to separate the portion which may be properly chargeable to foreign aid, that portion of the title I currencies which are loaned or granted to the foreign countries, all of the cost of title II, plus that portion of the donations under title III which go to voluntary agencies for the needy abroad. Those three general categories could be readily ascertained and separated from the appropriations bill and transferred to the mutual security appropriations bill, upon the conclusion of the House deliberations upon the regular appropriations for the mutual security program.

This is not a substitute, of course, for the dollars necessary for the mutual security program. Except in very, very rare instances, foreign currency cannot be substituted for dollars. I think Congress has realized finally, this fact and would not make an effort to reduce the appropriations to the mutual security program by the amount appropriated to reimburse CCC.

I would like, particularly, to call the committee's attention to an obscure amendment proposed in the administration bill, that removing the existing restriction on the use of title I currencies for health and education projects. I have testified earlier this year before the Senate Committee on Agriculture on the bill to expand title I operations by \$2 billion. The committee did not see fit, nor did your committee, to accept any amendments to that bill, in accordance with the administration wishes.

The administration now proposes to repeal this restriction in the pending bill, and I suggest that it is important enough to warrant your study of this very technical matter.

I ask permission, if I may, to insert at this point in the record a brief statement in justification of this made by Mr. Douglas Dillon before the Senate Appropriations Committee last year. It was too late in the year to be fully considered by the Congress last year.

Mr. BREEDING (presiding). That permission is granted.

(The statement follows:)

STATEMENT EXPLAINING NEED TO AMEND FINAL PROVISIO OF SECTION 104 OF
PUBLIC LAW 480

A small problem but a difficult one in terms of U.S. efforts to obtain effective utilization of foreign currencies available to promote economic development is presented by the final proviso of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). That proviso,

added in the last session of Congress, virtually excludes development in the specific fields of health and education from the range of uses of foreign currency available to promote economic development under Public Law 480.

1. *This proviso limits the use of currency in the very fields which Congress has expressly favored, i.e., health and education.*—Currency available to promote economic development has until now been freely available and extensively used for health and education activities, which are of fundamental importance in underdeveloped countries. The new limitation on this use of Public Law 480 currency results from the interaction of the final proviso of section 104 with language in section 104(k) which, by specifically authorizing health and education programs, duplicates in part the economic development authorizations of section 104(e) and 104(g). The proviso, by prohibiting allocation of currency under any provision of Public Law 480, including the economic development provisions, for purposes specified in section 104(k) results in attaching a special limitation on use of currency for health and education as opposed to other economic development purposes.

2. *The proviso in its present form will result in decreased use by foreign countries of Public Law 480 currency for health and education and possibly in decreased emphasis on health and education development by foreign countries altogether.*—Since agreements for the specific use of "country use" currency, that is, currency loaned or granted to the country to promote economic development, represent U.S. participation in a country's decisions as to how it will allocate its own resources for its own benefit, the necessity for U.S. appropriation action in the event currency is to be used for health or education purposes will seriously handicap the United States in its efforts to influence the country's decisions toward increased emphasis on health and education. Countries can be expected to use Public Law 480 currency in other types of activities which also contribute to the country's development, and with respect to health and education, to the extent that they do not decide to cut back their activity, to use other sources of their own currency which are available to them without these procedural complications.

3. *Set forth below are possible alternative amendments to the final proviso in section 104, which would leave in effect appropriation requirements applicable to "U.S. use" currency, including currency under section 104(k).*—These alternatives would leave unchanged the appropriation requirements now applicable to section 104(k) and also those requirements now applicable to section 104(p) (support of workshops in American studies) and 104(r) (use of currency for financing preparation, distribution, and exhibition of audio-visual informational and educational materials abroad). The alternatives would permit use of currency without appropriation requirement for all activities which serve to promote economic development while retaining the requirements now applicable to use of currencies for activities primarily of U.S. benefit. This would be consistent with the concepts expressed in the Bureau of the Budget report to the Senate Committee on Appropriations on Control over the Use of Foreign Currencies, dated January 1960, which distinguishes between "U.S. use" and "country use" currency with respect to application of appropriation controls.

Alternative 1.—Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) is hereby amended by inserting "(other than sections 104(e) and 104(g))" after the word "Act" in the final proviso.

Alternative 2.—Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) is hereby amended by striking out the words between "allocated under" and "subsections".

Mr. WHATLEY. The amendment he proposed, of course, was subject to a point of order, as to legislation on the appropriations bill in that instance.

A similar amendment was adopted last year by the Senate on the mutual security authorization bill when sponsored by Senator Hickenlooper, but not finally enacted. And the pending amendment is identical in language except the last comma which is a typographical error on the part of the administration in submitting it, to that which was reported out of this committee last year in H.R. 12720.

In addition to this, the amendment proposed by the executive branch, Mr. Chairman, may I suggest that the committee add all of the amendments which it reported out in H.R. 12720 last year.

I was particularly surprised that the executive branch did not recommend in its administration bill the amendment which removed the restriction upon the use of title I currencies for USIA.

Those restrictions now are irrational since it is the Bureau of the Budget policy that all U.S. uses are subject to the appropriations process; and dollar limitations for this would thus not make much sense.

It is my view that USIA should be prodded by the Congress to utilize much more of these currencies for these needed foreign relations purposes, particularly in the countries where we have excessive amounts of the currencies, seven countries, you know, where if the United States does not use them for good purposes of this sort, they simply will not be used.

The USIA thus far, except for its textbooks program, has general public relations and publications programs in only two countries in the world.

And in India, as was pointed out to you last year by Mr. Boggs when you were considering Public Law 480, the Communists are flooding this country with propaganda.

We could step up our activities 100 times, perhaps, and not match that of the Soviet propaganda network.

In connection with this, Mr. Chairman, may I suggest that the committee report ask the executive branch to undertake a study as to ways and means in which once the restriction on the use of these currencies for health and education is repealed, we may not be able to persuade the recipient countries to utilize the portion of their currencies allocated to them for economic development purposes, for publication primarily of an educational nature—primarily we would say to promote literacy which, I suggest, would be the most propitious means of spreading the American way of life to those people, by teaching them, first, to read and write, and then in the course of this operation, as Dr. Frank Laubach has proposed over the years, to teach them vocational skills, how to use simple tools and farm implements, how to protect their health in general. These are projects absolutely essential to economic development. They also afford us an opportunity to get to the people of those underdeveloped countries on a person-to-person basis. If those publications could be published by the Government of India or Pakistan, they would not be so suspect as propaganda as would those published directly by the USIA, even if printed in those countries.

As to the restriction of these on health and education, may I ask permission to insert a brief one-page statement by a recognized expert in the field of population, Dr. Frederick Osborne, taken from his publication "This Crowded World," prepared in cooperation with the Population Council and published by Public Affairs Pamphlets.

This refutes, I believe, if it is necessary to refute, the contention that we should restrict our activities in the health field, in order to reduce population.

Mr. BREEDING. That statement will be filed. Not the whole pamphlet.

(The page follows:)

WHAT IS TO BE DONE?

The problem cannot be met by allowing death rates to remain at a high level. The living conditions which lead to a high death rate include malnutrition and widespread disease, and these spell low vitality, lethargy and lack of drive, condition under which no nation can work effectively at improving its way of life. Nor can we expect birth rates to go down except in consequence of a lowered death rate. When half the children die before they grow up, many children are necessary to the survival of the family as well as to the survival of the nation. People generally are not willing to have their family line die out or their nation disappear. They will reduce the size of their families only when they feel confident that enough children will survive to care for them in their old age. There is a vast saving in labor and human suffering in a system of reduced deaths and correspondingly reduced births. But it can be attained only by beginning with the reduction of deaths. Our humanitarian effort to improve sanitation, combat disease, and improve nutrition is necessary to provide a base for the attack on the problem of a too rapid increase in population.

It is fortunate that the control of disease, the reduction in infant mortality, and the extension of life expectancy comprise the necessary first step in the control of births. It is a step every one approves. People everywhere want to save the lives of their children and to protect themselves from illness. The efforts of the World Health Organization and of the United States and other countries in the field of health are always welcome. These efforts are not suspect and can lead to the idea of reducing births, for as infant mortality goes down and other deaths become less frequent, parents begin to have more hope and aspiration for the future of their children. They more easily recognize that if they have fewer children they can do more for them.

Mr. WHATLEY. This doctrine so often expressed that we are aggravating the problems of feeding the world by expanding our health programs, it seems to me would logically advocate also, our cutting off all food assistance to these people and even the repeal of Public Law 480. In a recent article by a recognized expert in the field of nutrition, it is pointed out that most of the diseases that cause such enormous death rates in the underdeveloped countries, Guatemala is an example, wherein the age groups 1 to 4, more than 100 times as many children die as they do in the United States, are attributable almost entirely to malnutrition, primarily, lack of proteins.

It is suggested in this connection, Mr. Chairman, that the committee also give attention in writing title I of the bill, on which I am not qualified to speak generally, to the possibility of increasing our acreage of soybeans as a means of diverting some feed grains and wheat acreage in order to enlarge the supply of soybeans and soybean oil to be used in feeding programs around the world.

This, if it is charged to title III, would show up as a loss to CCC but if the appropriations procedure I previously proposed is followed, it need not be charged to the farmer. It would constitute, perhaps, not to exceed \$100 million additional, if that much. The total amount of the operations of the voluntary agencies thus far, if the committee will look into the statistics, I think, would be startlingly disappointing. The past year, in spite of the help that the Congress has given in expediting this program, most of which legislation emanated from this committee, only \$148 million worth of commodities were distributed abroad to 50 million people out of hundreds of millions of people that need them.

This constitutes, Mr. Chairman, less than \$3 per year per capita, and less than 50 pounds of food annually, less than 1 pound per week, per person.

There are areas in the world where this program ought to be expanded 10 to 100 times, large areas such as India, and Pakistan, as the voluntary agencies pointed out the other day. However, one of the bottlenecks that prohibits this expansion is the inordinate cost of inland transportation which those underdeveloped countries are unable to fund. I suggest that the report on his bill could prod the administration into using surplus foreign currencies for this purpose, and I suggest that this can already be done under the authority of 104(q).

I am very grateful for your time, Mr. Chairman. I would, if I may, since I am the last witness, express appreciation to the committee for all of the time that you have spent on this subject and remind you of the admonition which, according to St. John, were the last words spoken by Christ to his Disciples when Christ asked Peter three times, "Lovest thou me?" Peter replied, in each case, "Thou knowest I love Thee, Lord." Jesus merely replied each time, "Feed my sheep."

Mr. BREEDING. Thank you, Mr. Whatley, for your fine testimony.

Are there any questions?

(The following letters and statements were also submitted to the committee:)

STATEMENT ON AGRICULTURAL TRADE DEVELOPMENT SUBMITTED BY REV. CAMERON P. HULL, EXECUTIVE DIRECTOR, DEPARTMENT OF THE CHURCH AND ECONOMIC LIFE, DIVISION OF CHRISTIAN LIFE AND WORK, NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE USA

This statement presented on behalf of the National Council of the Churches of Christ in the U.S.A. relates entirely to title II, Agricultural Trade Development of H.R. 6400, which title proposes amendments to the Agricultural Trade Development Assistance Act of 1954 (Public Law 480 of the 83d Congress).

The National Council of Churches is an organization through which 34 constituent Protestant and Orthodox communions express their common faith and cooperate to focus the light of that faith on all phases of American life. The National Council does not presume to speak for each of its constituent bodies nor for each of their more than 39 million members. The views presented in this statement were adopted after careful consideration by official representatives of the Council's member churches.

The statement follows:

"In today's world the gap is wide, and in some areas widening, between the need for food and available food supplies. A large proportion of the world's population still lives in malnutrition and hunger. A few nations enjoy plenty; with us agricultural surpluses are a continuing problem.

"A major challenge to our Nation today is to devise ways to make available to the areas of greatest need both surpluses of food now being produced and the knowledge of how to increase the production of food from their own fields."

This responsibility for effective sharing of our agricultural abundance has long been a concern of the churches. This was strongly affirmed by the General Board of the National Council of the Churches of Christ in the U.S.A. in a statement adopted on June 4, 1958. It stated, in part:

"In Christian perspective the abundant agricultural production of America should be viewed as a blessing. Efficiency in production must be matched by effective distribution, to the end that all people may be fed and clothed. This requires application of imagination and good will, both at home and abroad, through expanded programs of trade, economic aid, and programs of distribution carried on by the churches and other voluntary agencies. American policy should give both moral and financial support to the United Nations Food and Agriculture Organization and other pertinent international bodies. Programs of technical and economic assistance to underdeveloped areas should be promoted with vigor."

As a people, we have inherited an abundance of God-given natural resources for the production of food such as few other nations enjoy. To many hunger-ridden nations the use of our abundance for ourselves and our mounting surpluses seem to indicate that we are spiritually isolated from their cry for food elsewhere. To others our donation programs seem primarily motivated by a paternalism or for our own national advantage in the cold war. Many hold that we could transform our surplus from a problem into an asset by finding new uses for surplus commodities, new outlets for their marketing, and new ways of sharing them. This would lessen the fears that our surplus disposal programs may disrupt world markets upon which their own economies depend.

The spirit and manner of attempting to share our abundance and technological knowledge are, therefore, vital if this sharing is to serve the cause of peace and to enhance the sense of dignity on the part of the people with whom we share, as well as to meet the need for food.

As indicated in the earlier statement by the general board and supported by official actions of many of our constituent churches, these considerations lead Christians to renew their call for more vigorous action by our Government and, at certain points, by our religious and other voluntary organizations toward three major goals—food distribution, technical assistance, and economic development.

Meeting in their general assembly in San Francisco last December, some 500 delegates from the 35 Protestant and orthodox member churches of the national council gave voice to mounting concern for ethical issues confronting the Nation, and particularly its church people in this international age of agriculture. In regard to the problem of sharing our food supplies this group of responsible church leaders said, in part:

"A traditional limitation of our national food policy has been a preoccupation with disposal of surplus as such. By itself this aim is too short sighted, too money minded, and too commodity concerned to result in policies commensurate with our production potential and today's needs.

"Despite this tendency to a too restricted outlook, our country has distributed large quantities of agricultural commodities abroad, both on a donation basis and for sales in foreign currencies under the authorization of Public Law 480 * * *. Churches and church leaders should become increasingly aware of its vast significance and exert their influence on behalf of its full use and further development * * *.

"Other constructive proposals now under consideration for both national and international approaches to this whole problem include—

"Development of world pools of surplus commodities under international control;

"Extension of the sale of U.S. surpluses in needy countries for their own currencies by methods designed to cause the least possible disturbance to the farm economies of the nations involved;

"Enlargement of the total flow of goods in international trade, thus further expanding the movement of farm commodities from surplus to deficit countries; and

"Utilization of food as a form of capital for international economic development.

"Pioneering programs along these and other lines still to be devised are greatly needed if hoped for progress is to be made by the surplus-producing nations in sharing their abundance of food and fiber with a needy world * * *.

"Peoples in the early stages of economic development desperately need capital resources. The gap between this need and the capital resources available from Government and private foreign investments is still wide.

"This problem is closely related to achieving greater freedom from hunger because (a) it is largely through increase in industrial productivity (together with a rise in the levels of education and health) that buying power is created for food and clothing among nonagricultural workers; (b) in developing countries an increased supply of agricultural products is important to prevent inflation wherever increased industrial employment and wages occur; (c) aid for economic development directly affects food supplies when it is specifically designated for such projects as land resources development, dams with associated irrigation systems, processing and fertilizer industries, highways and transport systems, and food marketing institutions. It is equally effective when applied to raising the level of education and health of those who work on the farms and related food industries.

"In supporting, as they do, enlarged programs of economic aid to underdeveloped countries, both by this country and through the United Nations, church people with their deep concern for relief of hunger should stress the need for special attention, among others, to these types of projects which directly promote food production and distribution.

"The National Council of Churches and its predecessors have consistently pressed concerns for economic development and raising the levels of life of people around the world. Especially through its departments of international affairs and church and economic life, the churches have conducted major campaigns of education and action, have set forth policies, have represented the concerns of the churches to the United Nations and the U.S. Government, and have stimulated both corporate and individual Christian responsibility in relation to humanity's problems of hunger and need. Our Christian faith, our experience in this field, and the desperate plight of most of mankind, all impel us to continuing and more effective efforts in these concerns.

"The National Council of Churches also, through church world service, has cooperated with other nongovernmental organizations in the distribution of food to persons in need throughout the world. These agencies and their oversea affiliates carry on programs for distribution of relief supplies (including food furnished through the U.S. Government under Public Law 480) and technical assistance in over 100 countries. A recent report to the President with reference to the food distribution phase of Public Law 480 stated that '75 million American people support this program through their gifts, their work, and their membership in these voluntary organizations.' In spite of many complex problems involved, experience has demonstrated both the economic effectiveness and the humanitarian value of this program through voluntary agencies. It should continue to receive the generous support of churches and church people * * *."

We believe that proposals in the bill before you, particularly as they lengthen the period of effectiveness of the act, extend its financial provisions and provide encouragement and help in the establishment of food reserves in underdeveloped countries, are in accord with the principles here set forth by our organization. While we are convinced that much more will eventually be called for in the "application of imagination and good will, both at home and abroad," if present abundance and know-how of the world's agriculturally favored nations are to be shared adequately with those still in dire need, we believe that the major amendments of Public Law 480 now proposed represent a forward step in this direction.

NATIONAL ASSOCIATION OF HOME BUILDERS,
Washington D.C., January 17, 1961.

The Honorable HAROLD D. COOLEY,
House Office Building, Washington, D.C.

MY DEAR MR. COOLEY: As you know, over the past several years the members of the National Association of Home Builders have been increasingly interested in oversea housing activities. At the last meeting of the NAHB International Housing Committee, a resolution was proposed and subsequently passed by the board of directors of our association as follows:

Resolved, That the National Association of Home Builders hereby actively solicit and support an amendment to the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), as amended, to increase the percentage of foreign currencies which may be loaned by the Export-Import Bank of Washington to private U.S. firms and their affiliates from 25 percent of the local currencies paid for the purchase of U.S. agricultural commodities to 75 percent of such currencies to encourage homeownership in underdeveloped countries.

Would you be kind enough to give us your thinking on the above resolution and to advise whether amendments to the above act are expected during the coming session. We would also be interested in knowing whether hearings will be scheduled and whether it would be in order to have a bill along the above lines introduced at the present time.

Sincerely yours,

MARTIN L. BARTLING, Jr., *President*.

NATIONAL ASSOCIATION OF HOME BUILDERS,
Washington D.C., June 1, 1961.

The Honorable HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House Office Building, Washington, D.C.*

DEAR MR. COOLEY: The National Association of Home Builders, during its January 1961 board of directors meeting, adopted a resolution, a copy of which is attached, advocating a revision of section 104(e) of Public Law 480. On February 7 you replied to an earlier letter of my predecessor, Mr. Martin L. Bartling, Jr., dated January 17. Copies of both letters are attached.

My purpose in writing at this time is to again advocate, while title II of H.R. 6400 is being considered by your committee, an amendment and an extension to the provisions of the Agriculture Trade Development and Assistance Act (Public Law 480).

The American homebuilding industry is interested in the development of home-ownership in underdeveloped countries. Liberalization of Public Law 480 would be an incentive to private industry to assist in a far-reaching and beneficial home-ownership plan in such countries. I therefore urge you to give serious consideration to amending section 104(e).

Sincerely,

E. J. BURKE, Jr., *President.*

CAFFEY ROBERTSON CO.,
Memphis, Tenn., May 26, 1961.

HON. E. C. GATHING.,
House Office Building, Washington, D.C.

DEAR TOOK: Pursuant to our telephone conversation I am grateful for the opportunity to place before you and your colleagues of the Committee on Agriculture the following views on the barter program now under consideration:

I. With the exception of a very few of the largest cotton exporting firms, these views have long been firmly held by all U.S. cotton handlers, both domestic and export. This is attested to by the strong resolutions against barter business which have been adopted by the American Cotton Shippers Association at each of its last three annual meetings. These resolutions were proposed by both our foreign affairs committee and our national affairs committee, thus demonstrating that in the judgment of experienced merchants the Government's barter program is detrimental both to our foreign trade and to our national economy. The above-mentioned few exceptions are large international houses who evidently feel that because of their vast resources and trading scope they can participate in the barter program while their competitors cannot. They see in the program a unique opportunity for gain and therefore disregard its injurious effects on U.S. trade and economy as a whole.

II. In practice it has been consistently demonstrated that cotton barter upsets dollar markets, provides an additional subsidy, and persuades other consumers to at least defer dollar purchases. It is not unrealistic to suppose that some of these consumers ultimately turn to other sources of supply.

You will recall that my letter of May 26, 1960, enclosed extracts from letters citing the harmful effects of barter sales in foreign markets. All those expressions were spontaneous "outcries" and not asked for.

It might be cited by proponents of the barter program that the cotton so moved constitutes a very small percentage of total U.S. cotton exports. That is true, but this contention ignores the fact that the world market is closely knit and extremely sensitive to price influences wherever they may occur. By the same token it can well be argued that the relatively small volume accomplished by barter in no way justifies the disrupting consequences of such sales. While sales thus lost to other suppliers cannot be tabulated, their total would undoubtedly exceed the total sales accomplished under the barter program.

III. The great bulk of our U.S. cotton export market and its potential lies in countries whose gold and foreign exchange holdings are far greater than in 1959—and increasing further. Canada, United Kingdom, France, Holland, Belgium, West Germany, Italy, Switzerland, Japan, and Hong Kong certainly have adequate dollar resources.

It is significant to cite that among those countries are to be found the principal beneficiaries of the barter program. Also, among them are to be found most of the largest exporters of textiles. It therefore follows that with our own textile industry now constituting one of our most serious national problems, as a

result of the Government textile import policy and cotton price support and export subsidy policies, our present administration would compound that problem when it seeks to expand the already discredited barter program.

IV. Barter sales revert to a primitive method of trade at a time when the circumstances of our principal foreign customers enable them to pay in dollars. Furthermore, our own balance of payment position behooves us to lessen our adverse dollar and gold gap rather than to widen it. It would seem much wiser to liquidate all nonessential parts of our \$3.5 billion stockpile rather than barter for more at the expense of our already unfavorable dollar position.

V. Finally, I would remind you and your committee that we of the U.S. cotton marketing industry are in business to move the U.S. cotton production to the consuming markets of the world. The greater that movement and the more expeditiously it can be accomplished the more we prosper. At the same time, we are citizens and taxpayers. It therefore follows that our interests and objectives are consistent with those of the U.S. Government. Our testimony and advice as to what is best for the Government in this matter can have no ulterior nor fickle motive. We believe too that intimate experience in world trade, for generations, make our judgment sound in this particular matter.

It is our earnest conviction that the encouragement of barter sales is utterly inconsistent with the position, responsibilities and the progressive plans of the United States.

Thanking you again for your consideration and with warm personal regards, I am

Yours sincerely,

CAFFEY ROBERTSON.

WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM,
Washington, D.C., June 9, 1961.

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

DEAR MR. COOLEY: The Women's International League for Peace and Freedom was founded in 1915 in the midst of the First World War and is composed of many nations who work, by nonviolent means, for the establishment throughout the world of those political, economic, social, and psychological conditions which can assure peace and freedom. Throughout all the 46 years of its existence, this organization has, as an important part of its program, consistently believed that food is a major element in making peace a possibility. Jane Addams, one of our founders, the first international president, and a recipient of the Nobel Peace Award in 1931, stressed this in her book "Peace and Bread."

The league wishes to go on record in support of food for peace as provided for under title II of H.R. 6400. It welcomes the expansion of the food for peace program and the appointment of George S. McGovern as its Director. It also wishes to emphasize the development of the United Nations Food and Agricultural Organization so that more planning of agricultural production and distribution on a worldwide basis can be channeled through it. Accompanying this letter is a fact sheet entitled "Free the World From Hunger," prepared by Gladys Walser, a former international representative at the United Nations for our organization. The league would appreciate having this put into the record of the hearings since it gives support to the FAO as an important agency for the solution of problems of world hunger.

The league would like to see the prohibitions against sales and donations to the people of Communist controlled countries, now contained in section 107 in title I of Public Law 480, and in section 304(b) in title III, removed, because it believes that food should be made available on the basis of human need and not as a part of the cold war.

Though the Women's International League for Peace and Freedom does not believe in totalitarian forms of government, it does not believe that food should be withheld because of political views or national or racial origins. On January 13, 1961, Dr. Orlie Pell, president of the U.S. section, sent the following letter to President Eisenhower, the then President-elect John F. Kennedy, Secretary of State-Designate Dean Rusk, Secretary of Agriculture-Designate Orville Freeman and Director-Designate of the food for peace program, George S. McGovern:

"Seldom do people have a chance to do a humanitarian act which is missed the first time. Such a chance is given the American people now. At the time of the 1954 famine in China the United States did not officially send food. Now it is reported that due to weather conditions and pests, there is again famine.

"The Women's International League for Peace and Freedom urges you (as we did in 1954), to respond to a human need by sending some of our surplus grain to China, without political strings.

"We hope that this would also help to lessen the tension between our country and China."

While knowing that there are great difficulties in making such arrangements the league believes that efforts should continue; not only in the distribution of food but toward the inclusion of the People's Republic of China in disarmament agreements, in trade and cultural exchange, and in the United Nations.

Sincerely yours,

Mrs. ANNALEE STEWART, *Legislative Secretary.*

FREE THE WORLD FROM HUNGER

(By Gladys Walser)

FACT SHEET ON FAO'S FREEDOM FROM HUNGER CAMPAIGN

"To different groups of men all over the world, the time has come to make certain that all human creatures should be insured against death by starvation. The demand for food was recognized and acknowledged as, in a great measure, valid, but was being met in a piecemeal fashion while a much-needed change in the world's affairs threatened to occur under the leadership of men driven desperate by hunger. The demand could only be met adequately if the situation were treated on an international basis, the nations working together wholeheartedly to fulfill a world obligation * * *.

"I firmly believe that through an effort to feed hungry people, a new and powerful force might be unloosed in the world and would, in the future, have to be reckoned with as a factor in international affairs * * *. The era of freedom will be achieved only as social security and human welfare become the main concern of men and nations."

These prophetic words were written by Jane Addams in her book "Peace and Bread" almost three decades ago. The peoples of the world are still trying to find a solution for the age-old problem of hunger.

THE PROBLEM OF HUNGER

Throughout history men, women, and children have been hungry. Man's progress throughout the centuries has also been a story of his developing capacity to produce food. The same technical advances which led to the development of modern industry have also revolutionized agriculture. The application of scientific principles to the selection of seed, animal breeding, the development of fertilizers, the use of power machinery and large-scale irrigation projects have enabled men to produce a vastly greater supply of food. There are many areas in the world—North America, some parts of South America, much of Europe, Australia, and New Zealand—where there is enough food for everybody. But in the rest of the world, millions never get enough food.

There are several reasons for the persistence of hunger in a world that prides itself on its scientific achievements. Vast areas in Asia and Africa have never really passed into the industrial age. Most of the people still depend on farming for a livelihood and their methods of tilling the soil are still primitive.

However, though untouched by modern industry and agriculture, most of these regions have benefited by the advances of medical science. The result has been a vast increase in population. Thus the problem is compounded. The rate of population growth of underdeveloped areas, with over one-half of the world's inhabitants, is increasing much more rapidly than that of the advanced countries, with only one-fourth of the world's population, where there is sufficient food.

Mankind's need for more food production and more efficient and scientific use of existing supplies stands as a never-ending challenge that cannot be successfully met by any one country or a small group of countries. This need can only be met by coordinated international effort.

ESTABLISHMENT OF THE FOOD AND AGRICULTURAL ORGANIZATION

In May 1943, President Roosevelt invited representatives of 44 countries to meet to consider the setting up of an international agency to cope with the problem of worldwide food shortages. Subsequently, in October 1945, the Food and Agricultural Organization (FAO) was formally established as an affiliate of the United Nations.

This agency now represents 79 countries.

It has one job and one alone: To coordinate the nations of the world in improving food production, distribution and consumption. FAO has no executive powers. It does not itself produce any food, it cannot even buy and distribute surplus stocks of food. It is an advisory and consultative organ which works in three ways:

1. *Information.*—FAO has developed a world intelligence service in the field of agriculture and food production by making and publishing statistical surveys.

2. *International consultation.*—FAO provides the staff and machinery for international consultation on all problems relating to agriculture and food production.

3. *Technical assistance.*—Through its international technical staff, FAO provides, on request, technical advice and assistance to governments of member countries. The funds to support this program, some \$8 million in 1960, are provided by the United Nations Technical Assistance Fund. FAO recruits specialists from many countries for specific assignments.

There is no simple way of overcoming the food shortages that have plagued mankind from earliest days. Though the FAO has been leading the fight against hunger for many years, the hardest battle, because of the rapidly increasing population, lies ahead.

FAO has sought to increase productivity by attacking a number of problems simultaneously. It seeks to improve the framework within which agriculture is carried on in various countries with consideration of factors of land tenure, laws and customs and, often, religious beliefs. There is also the question of undeveloped land; only about one-tenth of the land surface of the earth is under cultivation. This could be increased by use of irrigation, proper soil practices and low-cost sea water conversion, all of which require more research and heavy expenditures.

Among the many fronts on which the FAO is working are the following:

1. *Improvement in crops and livestock.*—Much can be done to help farmers increase output on land now in cultivation by encouraging the use of better seed and livestock. FAO has been very successful in this area.

2. *Teaching people what to eat.*—Protein deficiency is a grave problem among hundreds of millions who are poorly nourished primarily because they do not eat the right kind of food. Increasing the catch of fish has been found to be one of the simplest ways of adding nutritious food.

3. *Stimulating buying power.*—The more nutritious foods such as meat, milk, eggs and fruit are expensive. Stimulation of economic activity and buying power, plus education, will enable people to buy not only more food but better food. Production of more food which people cannot afford to buy is not the answer.

4. *Surpluses.*—From its earliest days, the FAO has coped with the dual problem of shortages and actual or potential surpluses. It has developed techniques for using surpluses to finance development programs and for setting up national food reserves for famine situations and stabilization of food prices.

All these problems and many more have been persistently and patiently dealt with by the FAO during its 15 years of work. But with hundreds of millions still without adequate food and the world's population increasing by some 50 million a year, it has become urgent that much more be done and done quickly if man's hunger is ever to be satisfied.

FREEDOM FROM HUNGER CAMPAIGN

FAO took a giant step on July 1, 1960, when it launched the Freedom from Hunger Campaign. In his speech formally inaugurating the 5-year campaign, Mr. B. R. Sen, Director-General of FAO, declared: "It has become a common saying of our time that peace is indivisible. I would say that peace can become truly indivisible only after we have recognized and acted upon the fundamental truth that man himself is indivisible. One man's hunger and want is every man's hunger and want. One man's freedom from hunger and want is neither a true nor a secure freedom until all men are free from hunger and want."

THE GOAL AND OPERATION OF THE FREEDOM FROM HUNGER CAMPAIGN

The campaign is not intended to replace any of the programs previously carried on by FAO, the U.N. or any of the various governments. It is intended to dramatize the need and create a more favorable climate for all the programs designed to improve the world's food supply. It is intended to awaken people of the underdeveloped countries to the real possibilities for improving their lives so that they will work with greater hope and determination. It is also intended to inform more fortunate peoples of the plight of hungry ones and to enlist their help. Its goal, ultimately, is to make it possible for all peoples to produce ample food for themselves.

The campaign will operate in three ways: Information and education, research and action. The heart of the campaign will be the national action programs. Most of the projects will relate to increasing food production, improving nutritive quality and preventing food losses as well as increasing effective means of distribution, stimulating better food habits and consumption, and associated social, economic and institutional questions.

The FAO Conference has authorized the setting up of a special campaign trust fund of NGO's (nongovernmental organizations) of which WILPF is one. A national Freedom From Hunger Campaign Committee is being organized in each country. Citizens action groups and similar bodies can help by organizing regional meetings. Organizations with international affiliations are participating in planning conferences at FAO headquarters in Rome and will be announcing programs in which you can participate as a member of WILPF. Towns and local communities can support projects under the campaign. They can:

- (1) Provide seed or fertilizer for a crop improvement project.
- (2) Equip an agricultural research laboratory.
- (3) Finance a fellowship to give an agricultural technician a period of oversea training.
- (4) Adopt a development project in an underdeveloped country.
- (5) Contribute to FAO's campaign fund. Contributions will be spent on action projects and used to defray expenses in part.

In answer to the question as to how NGO's can contribute to this worldwide effort, it has also been suggested that they can carry out an intensive public information program in support of the campaign and raise funds for sponsoring any of the above projects.

UNITED NATIONS SUPPORT OF THE CAMPAIGN

The Secretary-General of the U.N., Dag Hammarskjöld, offered vigorous support of the United Nations for the goals of the freedom-from-hunger campaign. This pledge was reinforced on October 27, 1960, when the General Assembly, convinced of the impelling need to solve the problem of hunger and malnutrition, took new steps to use U.N. machinery to help solve this critical situation. A resolution was unanimously adopted which aimed at providing food surpluses to food-deficient peoples through the U.S. system. It invited FAO to work on procedures without delay for making available the largest practicable quantities of surplus food to help fight hunger in less-developed countries on mutually agreeable terms.

The Assembly stressed the need for adequate safeguards and appropriate measures against: (1) dumping agricultural surpluses on the international market and (2) adverse effects on economic and financial positions of countries dependent on food exports for their foreign exchange earnings. Now the United States and other producers want the FAO to set up machinery by which the U.N. would become a broker for surplus food products. A committee would arrange distribution with a view to helping the hungry with the least possible disarrangement of international markets.

THE WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM AND THE FREEDOM-FROM-HUNGER CAMPAIGN

This campaign offers a challenge and an opportunity to WILPF. In the words of Gertrude Baer, Joint International WILPF coordinator for the FFH campaign: "It has been one of our organization's main aims to make known and help abolish the political, social, economic, and psychological causes of war. Widespread hunger is one of war's main causes which are indeed political, social, and economic. Here is where our aims and those of FAO coincide. We have

decided to take part in the campaign. It will afford us the opportunity of living up to and translating into action the very objectives with which we identify ourselves as members of the WILPF."

BIBLIOGRAPHY

Intercom—June 1960 issue, 24 pages devoted to Freedom from Hunger Campaign, including lists of speakers, materials, films. Foreign Policy Association—World Affairs Center, 345 East 46th Street, New York 17, N.Y.

"The Worldwide War on Hunger"—Article by B. R. Sen in *United Nations Review*, April 1960, pages 6-9. Columbia University Press, 2960 Broadway, New York 27, N.Y. The need and the campaign. Photographs. 50 cents.

"Freedom From Hunger Campaign in Brief"—FAO Liaison Office, room 372, United Nations, New York. 11-page leaflet. Single copy, free of charge.

Also available from the FAO Liaison Office, free of charge but limited in quantity and available only to organization leaders:

"The Basic Freedom—Freedom From Hunger," 1960. 27 pages. Clear ideas illustrated with clear graphs and charts.

"Freedom From Hunger"—outline of a campaign, 1960. 24 pages. With photographic illustrations.

"National Action Projects"—A selection, 1960, 160 pages. Extremely limited in quantity. Heavy volume, describing in some detail actual projects that can be undertaken as part of the campaign.

N.B.—When a national committee has been set up for the United States, this committee will no doubt reprint these materials for wider use within the United States.

Mr. BREEDING. The committee stands adjourned until further call of the Chair.

(Whereupon, at 12 noon the committee adjourned sine die.)





