SALE OF SURPLUS AGRICULTURAL COMMODITIES FOR FOREIGN CURRENCIES

HEARING

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON

AGRICULTURE AND FORESTRY

UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

S. 1027

A BILL TO AMEND TITLE I OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

MARCH 24, 1961

Printed for the use of the Committee on Agriculture and Forestry

U.S. GOVERNMENT PRINTING OFFICE
67690 WASHINGTON : 1961

COMMITTEE ON AGRICULTURE AND FORESTRY

ALLEN J. ELLENDER, Louisiana, *Chairman*

OLIN D. JOHNSTON, South Carolina
SPESSARD L. HOLLAND, Florida
JAMES O. EASTLAND, Mississippi
HERMAN E. TALMADGE, Georgia
WILLIAM PROXMIRE, Wisconsin
B. EVERETT JORDAN, North Carolina
STEPHEN M. YOUNG, Ohio
PHILIP A. HART, Michigan
EUGENE J. McCARTHY, Minnesota
MAURINE B. NEUBERGER, Oregon

GEORGE D. AIKEN, Vermont
MILTON R. YOUNG, North Dakota
BOURKE B. HICKENLOOPER, Iowa
KARL E. MUNDT, South Dakota
JOHN SHERMAN COOPER, Kentucky
J. CALEB BOGGS, Delaware

COTYS M. MOUSER, *Chief Clerk*

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

OLIN D. JOHNSTON, South Carolina, *Chairman*

SPESSARD L. HOLLAND, Florida
WILLIAM PROXMIRE, Wisconsin
B. EVERETT JORDAN, North Carolina
HERMAN E. TALMADGE, Georgia

GEORGE D. AIKEN, Vermont
MILTON R. YOUNG, North Dakota
KARL E. MUNDT, South Dakota

CONTENTS

SALE OF SURPLUS AGRICULTURAL COMMODITIES FOR FOREIGN CURRENCIES

FRIDAY, MARCH 24, 1961

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING, AND STABILIZATION OF PRICES
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:30 a.m., room 324, Old Senate Office Building, Washington, D.C., Senator Olin D. Johnston presiding.

Present: Senator Johnston and Senator Young of North Dakota.

Senator JOHNSTON. The Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices will come to order.

We have before us this morning S. 1027, which is a request bill, and would authorize the expenditure of additional funds under Public Law 480. A statement from the Department of Agriculture requests this particular legislation, and I ask that it be made a part of the record. This letter was dated February 16, 1961. Also, I ask that the bill be printed in the record at this point.

(S. 1027 and the letter dated February 16, 1961, are as follows:)

[S. 1027, 87th Cong., 1st sess.]

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

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

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 16, 1961.

PRESIDENT OF THE SENATE,
U.S. Senate.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill to provide an increase of $2 billion in the authority of title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Cong.), for calendar year 1961.

Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations or organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currencies. The title I authorization currently provides for sales of $1.5 billion at cost to the Commodity Credit Corporation for each of calendar years 1960 and 1961 plus any unused amounts from previous authorizations.

The past administration, in a letter dated January 9, 1961, addressed to you from Clarence L. Miller, then Assistant Secretary of Agriculture, submitted a request for an increase of $1.1 billion to the current title I authority for calendar year 1961.

As you know, President Kennedy appointed a Food for Peace Committee to make an analysis of current legislative programs and report its findings and recommendations on how to shift from the concept of surplus disposal to utilization of our abundant food supply to help raise the living and nutritional standards of peoples here at home and abroad.

The Committee has submitted the recommendations and they are now under study. One of the recommendations provides for an immediate authorization of at least $2 billion for the balance of calendar year 1961 under title I of Public Law 480.

Additional new requests have been received and new information has developed indicating that a $2 billion authorization would more effectively meet title I programing requirements during calendar year 1961 than would the $1.1 billion request submitted earlier. Thus, the administration accepts this recommendation and reemphasizes the urgent need for immediate action. Only a small amount of the current funds remain uncommitted. We are now in position in our programing where these remaining funds are becoming so limited that it may be necessary to inform foreign governments that their current requests may have to be deferred. Therefore, it is imperative that Congress be asked to take prompt action to consider a bill for additional funds.

We recommend that any other amendments to this act be considered in separate legislation at a later date.

Enactment of the proposed legislation would result in no increase in employment or administrative costs in the fiscal year 1962. The program costs of $1.6 billion estimated for the fiscal year 1962 takes into account the proposed additional authorization.

The Bureau of the Budget advises that enactment of the proposed legislation would be in accord with the program of the President.

A similar letter is being sent to the Speaker of the House.

Sincerely yours,

ORVILLE L. FREEMAN.

Senator JOHNSTON. Now, as you will notice here, additional funds would be authorized for sales of surplus commodities for foreign currencies.

I understand that we have with us this morning some witnesses who will appear, I imagine, in favor of this legislation and some who will possibly offer amendments. They will be here to enlighten us, to say the least.

I would like to say at the beginning of this hearing that the House has had extended hearings on this matter, and I am going to ask the subcommittee to please study the records of the House, as it will expedite matters, I think, a great deal in our own considerations. From our study we will see better what is best for us to recommend to the full committee.

Senator YOUNG of North Dakota. Mr. Chairman, do we have many who have asked to be heard?

Senator JOHNSTON. Not of this bill; no. I notice we apparently have only four witnesses here this morning. The first one we will hear is Robert C. Tetro, Administrator, Foreign Agricultural Service, U.S. Department of Agriculture.

We are glad to have you with us this morning and you may proceed just as you see fit to enlighten us.

STATEMENT OF ROBERT C. TETRO, ADMINISTRATOR, AND RAYMOND A. IOANES, DEPUTY ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. TETRO. Thank you, sir. We have a brief statement which I would like to read, Senator.

Mr. Chairman and members of the committee, I welcome this opportunity to support S. 1027, which would provide the increase of

$2 billion in the title I, Public Law 480, program recommended by the Department for the balance of calendar year 1961.

We have committed in signed agreements all about $150 million of the present $9.25 billion title I funds authority. Programs in negotiation and in various stages of development far exceed this balance. We have reached the point where we are withholding programs from negotiation until additional funds are provided.

Therefore, we urge that this committee give prompt consideration to the $2 billion increase and that the Congress take final action on S. 1027 as quickly as possible.

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

In each of calendar years 1960 and 1961 we have entered into title I agreements for about $1.7 billion. The largest single agreement during this period was the 4-year program concluded with the Government of India which will result in the export of 600 million bushels of wheat and 22 million bags of rice. This agreement committed about $2.1 billion of the $3.4 billion programed during this 2-year period.

Our programing plans for the $2 billion increase are as follows:

There are a few small programs which the Department has already approved. We are awaiting the new authorization to place them into negotiation. These programs total about $50 million.

Senator YOUNG of North Dakota. Are you asking for $2 billion for the rest of this fiscal year?

Mr. TETRO. For the rest of this calendar year.

Senator YOUNG of North Dakota. The calendar year?

Mr. TETRO. Yes, sir.

Senator JOHNSTON. When you say "calendar year" you mean 1961?

Mr. TETRO. Yes, sir.

Senator JOHNSTON. Through December?

Mr. TETRO. Through December; yes, sir.

We have received a number of firm requests for programs from countries such as Pakistan, China, and Indonesia which are now being developed by the Department. These programs, expected to total about $1.25 billion, include a 4-year proposal for Pakistan of nearly $1 billion.

We have had preliminary discussions with a number of countries in advance of formal country requests. These programs involve such countries as Chile, Israel, Paraguay, the United Arab Republic, and Poland. It also includes a possible negotiation of a multiyear agreement with the Government of Brazil as a result of the special food for peace mission to Latin America. These programs are expected to total about $600 million.

These planned programs will use the great bulk of the $2 billion authorization we are requesting today. Later in this session of Congress recommendations will be submitted for the continuation of the program beyond the present expiration date of December 31, 1961.

Poor crop conditions abroad have resulted in increased need of commodities under title I in many countries. In addition there is increasing interest in longer-term commodity agreements by underdeveloped countries having large food deficits.

Multiyear title I agreements such as the 4-year agreement concluded with the Government of India last year assure the availability of adequate supplies of such food-deficit countries.

It lets them plan commodity procurement and shipment over longer periods and conduct such operations more effectively; it permits maximum use of facilities to receive, store, and distribute commodities; it allows coordination of import programs with local production; and it supports long-range plans for total economic development.

At this point, Mr. Chairman, I want to emphasize the administration's position on farm abundance. The President has taken leadership in making Public Law 480 programs a vital force for peace purposes. In his farm message last week he stated that a number of steps had already been taken toward greater utilization of our agricultural abundance both at home and overseas and that this abundance can contribute to the well-being and stability of underdeveloped nations.

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

We are using U.S. farm products to help shape national and international policy. This is a positive policy and has been developed under the foreign policy leadership of the State Department. We have buried the dilemma of surpluses—we recognize our agricultural abundance as a national asset and seek its maximum use.

We must take a more careful look ahead at the continuing needs of underdeveloped countries and our own ability to supply these needs. In short, we must develop a world food budget and a national food policy geared more effectively to meet food requirements. This, the Secretary is already undertaking.

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

These exports are in addition to our sales abroad for dollars which are at a very high level. Next year we expect shipments to be even larger. Increased movements, of course, are dependent upon enactment of the additional authority we are requesting today.

A brief reference to the volume of exports best illustrates the commodity impact of title I. Total U.S. exports of wheat for the year ending June 30 will reach about 600 million bushels, more than half of which will move under title I.

Rice exports should reach 20 million bags and vegetable oil exports should total 1.6 billion pounds; again more than half of these quantities will move under title I. Title I feed grain and cotton exports, although not as significant in total U.S. agricultural exports, continue in important volume.

Senator YOUNG of North Dakota. May I interrupt at this point to ask a question?

Senator JOHNSTON. Yes.

Senator YOUNG of North Dakota. How many bushels of feed grain have you exported in a given period such as last year, that is, corn, barley, et cetera?

Mr. IOANES. The total exports?

Senator YOUNG of North Dakota. The total number of bushels of barley, corn, et cetera.

Mr. IOANES. I can't give you the figure offhand for each one, but it would be at least 450 million bushels, including corn, sorghum, oats, and barley.

Mr. TETRO. More than half of that would be corn.

Mr. IOANES. About 250 million would be corn.

Senator YOUNG of North Dakota. Bushels of corn? In what period?

Mr. IOANES. In the fiscal year 1959–60.

Senator YOUNG of North Dakota. That is a great increase over the previous year?

Mr. TETRO. Yes.

Mr. IOANES. Our feed grain exports have just about tripled in the space of 5 or 6 years.

Senator YOUNG of North Dakota. Thank you.

Senator JOHNSTON. What price is being received in payment by the Government?

Mr. TETRO. I beg your pardon?

Senator JOHNSTON. Are we receiving pay for all of it?

Mr. TETRO. No.

Mr. IOANES. You are talking about feed grains?

Senator JOHNSTON. How is it disposed of?

Mr. IOANES. The bulk of the feed grain exports are sold for dollars.

Senator YOUNG of North Dakota. Subsidized?

Mr. IOANES. In most cases there is an export payment made to bring the price down to the world level. Actually, this has not been a very great cost.

I would guess that the loss to the Government on these dollar sales has been, perhaps, as little as 5 percent in terms of what the commodities are worth on the domestic market.

So the answer is, Senator, of the number I gave you, roughly 450 million bushels, most of it has been sold for dollars and where there has been a subsidy, it has been nominal.

Senator JOHNSTON. We understand that we have to pay a subsidy to get rid of it. We know that, but I wanted to know the price at which we are selling it. What are we getting for it?

Mr. IOANES. Mostly for cash.

Mr. TETRO. Mostly for cash and the feed grain subsidies are relatively small.

At times, in some grains we don't even have to use it. The other figure is here, sir. Feed grain exports this year under title I, Public Law 480 should run about 70 million bushels and cotton exports would total 1.2 million bales.

That 70 million bushels would compare to the 450-million-bushel total feed grain figure. Most of it actually went out through the normal commercial channels. In some cases a subsidy is paid.

Mr. IOANES. Could I interrupt to go back to the question about feed grains. The export figure for feed grains last year was almost 500 million bushels instead of 450.

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

I also want to make clear that the Department's main emphasis is to sell agricultural commodities commercially for dollars. Of total U.S. agricultural exports, about 70 percent is sold for dollars and only the remaining 30 percent is financed through special export programs, principally Public Law 480.

Senator JOHNSTON. Now, is this 30 percent of our farm exports?

Mr. TETRO. Yes, sir, of total exports.

Senator JOHNSTON. If you get this authorization, what percentage do you expect?

Mr. TETRO. Well, we would expect, sir, that the cash sales would also move up and that the percentage for special programs would remain about the same, roughly 30 percent.

Senator JOHNSTON. So the Public Law 480 program encourages dollar sales, too?

Mr. TETRO. Yes, sir. The basic principle of the title I operation is not to interfere with either U.S. commercial sales or those of friendly countries.

This is what we were trying to say here, that we still make commercial sales for dollars.

Senator JOHNSTON. Public Law 480 sales are more or less additional to it or supplementary to regular commercial sales?

Mr. TETRO. Yes, sir.

Mr. IOANES. I would like to add something there, Mr. Chairman. You are getting at the effect that Public Law 480 has in encouraging dollar exports.

Senator JOHNSTON. That is right.

Mr. IOANES. I think there are two cases that would exemplify this. One would be the increase in sales of poultry which has occurred in recent years. One of the big factors in getting that started was a sale under Public Law 480 of a small amount of poultry to Germany. This was followed by trade promotion programs and converted the whole thing to a very large cash export market.

Today we are exporting close to 200 million pounds of poultry a year and just about every pound of it is sold for dollars.

Senator YOUNG of North Dakota. Without subsidies?

Mr. IOANES. Without any subsidy. A second example that is current is the very large sale of wheat this year to both Italy and Spain.

In the past we sold Public Law 480 wheat to these countries. They both have remembered that we have good wheat and this year, between those two countries, they will probably buy somewhere between 1½ and 2 million tons of wheat for dollars. That is between 55 and 75 million bushels for dollars.

These are two examples of how Public Law 480 has helped sell commodities for dollars.

Mr. TETRO. Public Law 480 serves as a large and supplementary means for the Department to expand foreign markets for U.S. agricultural commodities.

Total agricultural exports for the year ending June 30 are expected to exceed the record of $4.7 billion established in fiscal year 1957. The 1957 record was stimulated by the Suez crisis. The volume of exports will also establish a new record—a high level of shipments is expected for wheat, cotton, rice, vegetable oils, tobacco, soybeans, and poultry. Our promotion of commercial sales for dollars, along with greater emphasis on feeding needy people through special export programs such as Public Law 480, gives promise for continuing high agricultural export totals.

We believe that there are a number of changes in Public Law 480 which should be considered and are preparing recommendations for consideration later this year.

In other words, the basic authority runs out at the end of the year. We would hope that the Congress will extend that authority in some way and we will have a proposal that will be brought before this committee.

I am sure that this committee also has some changes in mind. The need for additional title I funds is so urgent, however, that we recommend you defer action on amendments to the act at this time. We will join with you in seeking the best ways and means for making Public Law 480 a sounder and more valuable program to use agricultural commodities.

We will be glad to respond to any questions you may have concerning this statement and furnish additional information for the record.

Thank you, sir.

Senator JOHNSTON. I believe in the letter, or somewhere else, I saw that you already have requests for Public Law 480 contracts that would include the additional amount that you are asking for at the present time.

Is that right?

Mr. TETRO. Yes, sir. The figure, roughly $1.9 billion, is the total of these programs that we are considering or expecting at this time.

Senator JOHNSTON. Do you have that broken down to show to the committee just where that is and what it concerns?

Mr. TETRO. We can do part of this, Mr. Chairman.

Senator JOHNSTON. Well, if you can't now we would like to have that for the record. I know I would.

Senator YOUNG of North Dakota. Yes.

Mr. TETRO. Mr. Chairman, we have given illustrative countries in the prepared statement except for the $50 million in programs which are approved for negotiation pending a new authorization. Pakistan if the big program in the $1.25 billion group and we mentioned several countries for the last $600 million. Many of these are in various stages of development and for some countries there are not formal requests.

It might be better not to give some of the details of the country requests, but we would be very happy to give you a statement of the total commodities that are affected by this $2 billion.

Is that what you would like, sir?

Senator JOHNSTON. Yes. Of course, we are interested in all of the commodities but, naturally, one of the things that this committee is much interested in is the trying to dispose of some of our surpluses of specific commodities. We certainly would like to have information regarding these commodities.

Of course, naturally, in my own area we do not have such a large amount. I notice you mentioned tobacco and, naturally, I would be interested in that, but I think the committee, as a whole would be more interested in wheat and corn and some other commodities which are in surplus.

Mr. TETRO. Well, Mr. Chairman, we can give you this kind of a picture because it would not be related to countries. I have it here and will submit it for the record. If you would like to know the magnitudes: wheat and wheat flour total 425 million bushels; feed grains, 45 million bushels; milled rice, 10.5 million hundredweights; cotton (upland), 1.1 million bales; long staple cotton, .05 million bales; tobacco, all types, 30 million pounds; nonfat dry milk, 80 million pounds; vegetable oils, 950 million pounds; and then a group of tallow, lard, meat, and poultry products and fruit, which would be $25 to $50 million and about $180 million in ocean transportation costs.

Now, would you like this for the record?

Senator JOHNSTON. Yes. That should become a part of the record, the various commodities and the amount.

(The list referred to follows:)

Commodities expected to be programed from $2 billion authorization

Commodity:	Quantity
Wheat and wheat flour	425,000,000 bushels.
Feed grains	45,000,000 bushels.
Rice (milled)	10,500,000 hundredweight.
Cotton (upland)	1,100,000 bales.
Cotton (extra long staple)	50,000 bales.
Tobacco	30,000,000 pounds.
Nonfat dry milk	80,000,000 pounds.
Vegetable oils	950,000,000 pounds.
Non-price-support (tallow, lard meat and poultry products, fruit).	$25,000,000 to $50,000,000 worth.
Ocean transportation	$180,000,000 worth.

Senator YOUNG of North Dakota. Could I ask a question at this point?

Senator JOHNSTON. Yes. Proceed.

Senator YOUNG of North Dakota. Are you familiar with Durum wheat, the type of wheat from which they make macaroni and spaghetti?

Mr. TETRO. Yes, sir.

Senator YOUNG of North Dakota. What I would like to have you do is make some kind of a study to find out how much demand there would be for this type of wheat in foreign countries.

This is a product the production of which we could expand, particularly in my area. I would like to know what potential export market we would have for this if our production was expanded. Would that be possible?

Mr. TETRO. I will certainly be very happy to do that. As you know, so far it has been mostly the whites, the Hard Reds and Soft Reds that have moved. But we would be very happy to take a look at the export possibilities of Durum wheat. This will take more time than you have for insertion in the record.

But may we submit this to the committee as a special study?

Senator YOUNG of North Dakota. Yes; and send me a copy.

Mr. TETRO. Yes, sir.

Well, Senator, Durum has not been included under title I. We have not programed it. But we will prepare a study as to its general export possibilities.

Senator YOUNG of North Dakota. Well, Durum wheat has only recently been declared surplus and eligible for export subsidy. So it has not been affected until recently.

Senator JOHNSTON. Do you have any trouble in disposing of large amounts of flour? The reason I ask you that is because millers give employment here in the United States in preparing it and getting it ready for human consumption.

What percentage goes over in the form of flour and what percentage of wheat in just the raw grain?

Mr. TETRO. Well, Mr. Chairman, the amount of total U.S. flour exports have increased year by year. There is a problem that some of the smaller countries have built their own milling facilities.

I think we have exact figures on what our title I program does involve which we can give you.

Mr. IOANES. Yes; I have the figures here for title I.

These are the figures per year beginning with fiscal year 1957. I will just round out the numbers.

In fiscal year 1957, 146 million pounds; in fiscal year 1958, 33 million pounds; in fiscal year 1959, a jump to 426 million pounds; in fiscal year 1960, almost a billion pounds. And in the first half of the current fiscal year 570 million pounds. This last figure is for the 6-month period.

So that it has increased tremendously under title I as we have moved ahead.

Senator JOHNSTON. Thank you.

Mr. IOANES. This is title I flour. And I would say that, in general, the use of flour under all of these programs has increased as we have moved along. This, as I said at the beginning, is title I only.

But, as the Administrator has said, we will furnish the total figures for the record, but I am sure you will find that the totals have been moving up steadily.

Senator JOHNSTON. I think that is an interesting fact to know, because that is really good for the United States.

(The information referred to above is as follows:)

Total U.S. flour exports by fiscal years have been as follows:

Fiscal year:	Pounds (in billions)
1955	2.0
1956	2.1
1957	3.1
1958	3.4
1959	3.5
1960	3.9

Senator JOHNSTON. Do you have any other questions?

Senator YOUNG of North Dakota. No, I don't think so.

Senator JOHNSTON. Do any of the staff have any questions?

That is all, I guess, unless you want to make some additions to your statement. Do either one of you wish to do that?

Mr. TETRO. No, sir.

Senator JOHNSTON. I believe it is understood that you will furnish us with some tables, showing the various countries and the amounts that they have imported into their country of different commodities?

Will you prepare that for us?

Mr. IOANES. All right.

(The information is as follows:)

Table I shows the dollar value of commodities included in title I, Public Law 480 agreements since the inception of the program in 1954, through December 31, 1960. As of December 31, 1960, about 88 percent of the market value of these agreements had actually been exported although the percentage by commodity and by country will, of course, vary.

Table II shows by country the market value programed and the value of actual exports as of December 31, 1960.

Table III shows shipments by commodity and by fiscal year through December 31, 1960.

TABLE I.—*Commodity composition of programs under title I, Public Law 480 agreements signed July 1, 1954, through Dec. 31, 1960*

[In millions of dollars]

Country [1]	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total: Market value	Total: Ocean transportation [2]	Total: Market value including ocean transportation	Total: Estimated CCC cost including ocean transportation
Argentina			0.3				29.6		29.9	0.8	30.7	35.9
Austria	6.9	15.7		10.1	4.8		2.4	0.2	40.1	3.3	43.4	61.0
Brazil	183.3	.6			.7	2.2	4.1		190.9	23.0	213.9	334.0
Burma				32.0	2.8	2.1	1.8	.1	38.8	1.8	40.6	54.2
Ceylon	9.6		11.9						21.5	3.6	25.1	36.7
Chile	29.5	1.4		14.1	1.9		18.5	.4	65.8	5.9	71.7	99.3
China (Taiwan)	30.5			7.1	7.7	1.5	3.4		50.2	4.5	54.7	75.1
Colombia	39.3			11.9	1.6	.3	9.5		62.6	6.9	69.5	95.8
Ecuador	2.9			.4	.3		5.1		8.7	.8	9.5	11.6
Finland	10.5	2.3		10.5	14.2			2.7	40.2	2.1	42.3	55.2
France				23.0	12.6				35.6	.1	35.7	47.2
Germany								1.2	1.2		1.2	1.2
Greece	29.2	25.3				4.4	18.1		77.0	9.3	86.3	115.9
Iceland	2.5	2.5	.2	.9	1.7		.4	1.3	9.5	.8	10.3	12.4
India [3]	906.8	28.7	78.3	126.6	8.5	3.5	1.0		1,153.4	201.4	1,354.8	2,071.9
Indonesia	10.7		67.5	58.1	17.5				153.8	12.9	166.7	245.1
Iran	24.8					.8	1.1		26.7	5.9	32.6	51.1
Israel	50.4	54.7	1.3	5.6	1.0	16.2	11.7	10.7	151.6	16.9	168.5	233.3
Italy	1.5	4.8		77.0	20.4		36.4	1.0	141.1	4.9	146.0	185.6
Japan	47.9	13.3	13.7	52.5	7.6				135.0	13.5	148.5	201.6
Korea	73.5	33.7	24.2	31.9	6.6	.3	1.2	8.0	179.4	20.0	199.4	263.9
Mexico		24.6							24.6	1.0	25.6	41.2
Netherlands				.2					.2	(4)	.2	.3
Pakistan	207.7		74.0	[5] 32.1	5.8	5.4	25.3		350.3	45.5	395.8	588.9
Paraguay	1.7					.4	.5		2.6	.3	2.9	4.5
Peru	22.6		6.6			.2	1.9	(4)	31.3	2.6	33.9	52.0
Philippines			5.8	4.8		1.7	.4	(4)	12.7	1.3	14.0	20.3
Poland	155.4	59.8		92.0	1.5	3.3	24.5		336.5	28.8	365.3	518.8
Portugal	6.3								6.3	.9	7.2	13.5
Spain	[6] 4.4	32.4		[7] 97.5	24.9	1.5	247.2	19.1	427.0	24.5	451.5	498.4
Thailand					3.9	.5			4.4	.2	4.6	4.9
Turkey	99.5	19.1	2.1			2.2	78.6	6.6	208.1	24.2	232.3	315.9

United Arab Republic:												
Egypt	144.0	6.9	5.3		15.4		7.7	.5	179.8	19.9	199.7	291.2
Syria	19.9	4.9							24.8	4.2	29.0	41.1
United Kingdom					38.0			10.1	48.1	.4	48.5	48.5
Uruguay	18.5	10.2		7.3	6.1				42.1	4.4	46.5	63.7
Vietnam	3.7			4.7	10.5				18.9	1.7	20.6	25.5
Yugoslavia	228.0			75.7		.5	53.8	3.1	361.1	48.2	409.3	597.6
Total	2,371.5	[8] 340.9	291.2	776.0	216.0	[9] 47.0	[10] 584.2	[11] 65.0	4,691.8	546.5	5,238.3	7,414.3

[1] Agreement with Bolivia expired. No funds expended.

[2] Includes only ocean transportation to be financed by CCC.

[3] Includes only the amounts to be financed during the 1st year of the 4-year agreement signed May 4, 1960: \$241.25 million wheat, \$29.0 million rice, and \$48.75 million ocean transportation. Additional amounts of \$723.75 million wheat, \$87.0 million rice, and \$146.25 million ocean transportation to be financed after Jan. 1, 1961.

[4] \$50,000 or less.

[5] Includes \$1.7 million extra-long staple.

[6] Wheat sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain.

[7] Includes \$0.3 million, cotton linters; \$6.8 million, extra-long staple.

[8] See the following:

	Millions of dollars
Corn	152.9
Oats	5.3
Barley	126.6
Grain sorghums	50.2
Rye	5.9
Total	340.9

[9] See the following:

	Millions of dollars
Condensed milk	1.8
Dry whole milk	1.7
Nonfat dry milk	16.0
Evaporated milk	3.7
Butter, butter oil, and/or ghee	19.1
Cheese	4.6
Whey	.1
Total	47.0

[10] See the following:

	Millions of dollars
Cottonseed oil and/or soybean oil	540.6
Linseed oil	1.1
Lard	25.6
Tallow and/or grease	16.9
Total	584.2

[11] See the following:

	Millions of dollars
Fruit: Austria, Burma, Finland, Iceland, Israel, United Kingdom Yugoslavia	15.8
Seeds: Chile	.4
Potatoes: Spain	1.4
Poultry: Germany, Italy, Turkey, Spain, UAR	5.4
Beef: Spain, Israel	28.1
Pork: Korea, Spain	10.0
Beans: Israel, Spain, Yugoslavia	3.9
Total	65.0

TABLE II.—*Title I, Public Law 480, amount programed under agreements signed through Dec. 31, 1960, and estimated market value of commodities shipped from beginning of program through Dec. 31, 1960*

Country	Amount programed (export market value excluding ocean transportation)	Estimated market value of shipments [1]
Argentina	29,908,000	29,908,000
Austria	40,103,000	39,500,000
Brazil	190,858,000	152,534,000
Burma	38,744,000	36,476,000
Ceylon	21,474,000	16,965,000
Chile	65,823,000	41,535,000
China (Taiwan)	50,213,000	45,520,000
Colombia	62,546,000	42,960,000
Ecuador	8,764,000	7,839,000
Finland	40,167,000	39,936,000
France	35,558,000	32,889,000
Germany	1,197,000	1,197,000
Greece	76,964,000	67,584,000
Iceland	9,505,000	8,914,000
India	1,153,422,000	939,837,000
Indonesia	153,801,000	137,949,000
Iran	26,653,000	13,201,000
Israel	151,660,000	150,205,000
Italy	141,053,000	140,061,000
Japan	135,064,000	135,064,000
Korea	179,493,000	145,777,000
Mexico	24,644,000	24,644,000
Netherlands	247,000	247,000
Pakistan	350,279,000	310,764,000
Paraguay	2,598,000	2,598,000
Peru	31,331,000	25,869,000
Philippines	12,676,000	12,672,000
Poland	336,581,000	295,666,000
Portugal	6,282,000	6,282,000
Spain	427,035,000	409,814,000
Thailand	4,393,000	4,115,000
Turkey	208,095,000	203,989,000
United Arab Republic (Egypt)	179,868,000	150,798,000
United Arab Republic (Syria)	24,782,000	15,003,000
United Kingdom	48,094,000	48,094,000
Uruguay	42,100,000	32,882,000
Viet Nam	18,920,000	11,802,000
Yugoslavia	361,106,000	360,431,000
Total	4,692,001,000	4,141,521,000

[1] Value is estimated export market value, f.o.b. U.S. ports, of tonnage shown on ocean bills of lading. Estimates are revised to reflect actual amounts financed when this information is obtained for completed authorizations.

TABLE III.—*Title I, Public Law 480, shipments by fiscal years, beginning of program through Dec. 31, 1960—Quantity and estimated market value* [1]

Commodity	Fiscal years 1955 and 1956		Fiscal year 1957		Fiscal year 1958		Fiscal year 1959		Fiscal year 1960		1st half fiscal year 1961		Jan. 1955–Dec. 1960	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	Thousand units	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*
GRAINS														
Wheat ... bushels	116, 850	$194, 817	199, 464	$324, 507	178, 298	$298, 053	221, 894	$372, 789	280, 206	$459, 359	159, 261	$259, 542	1, 155, 973	$1, 909, 067
Wheat flour ... pounds	28, 472	921	145, 546	5, 286	33, 472	1, 436	426, 542	13, 951	997, 144	33, 974	567, 146	18, 430	2, 198, 322	73, 998
Wheat bulgur ... do					3, 290	149	7, 490	201					10, 780	350
Corn ... bushels	10, 894	15, 666	13, 567	19, 786	24, 683	31, 718	23, 682	30, 971	21, 162	27, 226	10, 171	13, 327	104, 159	138, 694
Barley ... do	10, 650	12, 081	20, 410	23, 057	15, 052	14, 971	19, 753	20, 660	28, 140	29, 903	12, 946	15, 414	106, 951	116, 086
Oats ... do	4, 746	3, 960	955	689	693	387	413	279					6, 807	5, 315
Grain sorghums ... do	4, 992	4, 877			6, 061	6, 284	14, 648	15, 748	9, 903	10, 319	8, 388	9, 213	43, 992	46, 441
Rye ... do							4, 737	5, 878					4, 737	5, 878
FATS AND OILS														
Cottonseed oil ... pounds	355, 471	56, 061	87, 539	14, 056	115, 270	21, 039	74, 043	11, 671	146, 243	23, 696	27, 528	3, 443	806, 094	129, 966
Soybean oil ... do	178, 996	30, 673	597, 133	97, 301	399, 822	60, 833	709, 562	87, 063	605, 848	64, 979	358, 629	39, 230	2, 849, 990	380, 079
Linseed oil ... do	3, 128	455	3, 966	593	398	64							7, 492	1, 112
Lard ... do	99, 659	12, 907	77, 677	12, 151	2, 741	456							180, 077	25, 514
Tallow ... do	10, 609	934	119, 930	11, 061	54, 208	4, 802	444	38					185, 191	16, 835
DAIRY PRODUCTS														
Nonfat dry milk ... do	12, 284	1, 127			45, 494	4, 504	69, 246	5, 377	16, 471	1, 255	22, 162	2, 052	165, 657	14, 315
Dry whole milk ... do			2, 010	1, 044	1, 039	548			37	28			3, 086	1, 620
Evaporated milk ... do	5, 585	719	9, 558	1, 258	6, 001	830	5, 811	654	1, 391	165			28, 346	3, 626
Condensed milk ... do			7, 872	1, 697	472	102							8, 344	1, 799
Anhydrous milk fat ... do					425	261	319	185	28	18			772	464
Cheese ... do	2, 525	621	5, 070	1, 227	9, 894	2, 480	1, 381	306					18, 870	4, 634
Butter ... do	7, 197	2, 816			16, 950	6, 663	5, 104	2, 533					29, 251	12, 012
Butter oil ... do			1, 630	826									1, 630	826
Ghee ... do			1, 942	1, 064	4, 363	2, 369	2, 135	1, 147					8, 440	4, 580
Whey ... do	2, 001	130											2, 001	130
Dry modified milk ... do									55	40			55	40
MEAT AND POULTRY														
Beef ... do	4, 483	1, 811	77, 573	22, 957	11, 146	3, 311							93, 202	28, 079
Canned pork products ... do			19, 774	9, 882	217	71							19, 991	9, 953
Poultry ... do	185	50	4, 357	1, 147			8, 493	2, 751	731	266	839	238	14, 605	4, 452

See footnotes at end of table, p. 14.

Table III.—*Title I, Public Law 480, shipments by fiscal years, beginning of program through Dec. 31, 1960—Quantity and estimated market value* [1]—Continued

Commodity	Fiscal years 1955 and 1956		Fiscal year 1957		Fiscal year 1958		Fiscal year 1959		Fiscal year 1960		1st half fiscal year 1961		Jan. 1955–Dec. 1960	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
FRUITS AND VEGETABLES	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*	*Thousand units*	*Thousands*
Canned fruits and juices, pounds	----------	----------	761	$108	26, 629	$3, 709	543	$89	3, 768	$511	2, 023	$278	33, 724	$4, 695
Fresh fruit ... do	----------	----------	1, 407	102	36, 531	2, 601	6, 935	479	2, 386	263	3, 997	501	51, 256	3, 946
Dried fruit ... do	----------	----------	9, 042	1, 347	27, 697	4, 339	5, 531	867	2, 270	318	215	33	44, 755	6, 904
Potatoes ... do	50, 822	$1, 392	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	50, 822	1, 392
OTHER														
Cotton ... bales	522	94, 342	1, 376	206, 905	863	127, 110	639	96, 081	705	88, 550	808	105, 323	4, 913	718, 311
Cotton linters ... do	----------	----------	7	256	----------	----------	----------	----------	----------	----------	----------	----------	7	256
Tobacco ... pounds	84, 247	59, 356	52, 296	35, 238	34, 430	25, 513	41, 162	30, 014	42, 068	31, 120	22, 164	15, 095	276, 367	196, 336
Dry edible beans hundredweight	----------	----------	41	275	2	17	331	2, 740	114	885	----------	----------	488	3, 917
Seeds ... do	----------	----------	10	394	----------	----------	----------	----------	----------	----------	----------	----------	10	394
Rice ... do	2, 530	16, 113	18, 127	114, 709	5, 094	34, 304	3, 767	23, 012	9, 961	52, 521	5, 595	28, 846	45, 074	269, 505
Total value	----------	511, 829	----------	908, 923	----------	658, 924	----------	725, 484	----------	825, 396	----------	510, 965	----------	4, 141, 521
Total quantity thousand metric tons	4, 508. 51	----------	7, 944. 61	----------	6, 786. 10	----------	8, 526. 91	----------	10, 476. 66	----------	5, 990. 79	----------	44, 233. 58	----------

[1] Quantity is based on tonnage shown on ocean bills of lading. Value is estimated export market value, basis U.S. port of export. Estimates are revised to reflect actual amounts financed by CCC when this information is obtained for completed P.A.'s. These revisions account for most differences from amounts shown on previous reports.

Mr. TETRO. I would like to repeat, in closing, Mr. Chairman, that we have reached the end of our ability to negotiate new agreements. If there is a programing gap at this time, while it will not immediately affect the movement of these commodities, within a relatively few months this programing will stop and we will have a reduction in commodity disposition.

So there is a serious need for this $2 billion authorization.

Senator JOHNSTON. That would not take much time, would it, to get this, because we are not asking for something in the future but we are asking for something of what you have done in the past.

Mr. TETRO. No, sir. This we will be very happy to furnish.

Senator JOHNSTON. You see my point there? Of course, we can only judge the future by the past, and for that reason we just want to know in what fields this has gone and what has happened with this money and just exactly what has become of it.

Mr. TETRO. Yes, sir.

(The information is as follows:)

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

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

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

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

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

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

Country	Total amount in agreements (market value including O.T.)	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 equivalents	*Thousand dollar equivalents*	*Thousand dollar equivalents*	*Thousand dollar equivalents*	*Thousand dollar equivalents*	*Thousand dollar equivalents*
Argentina	64,100			8,250	36,500	19,350
Austria	42,940				26,328	16,612
Brazil	214,420	2,000			178,547	33,873
Burma	40,700		6,000		26,550	8,150
Ceylon	26,100		4,340	6,540	9,580	5,640
Chile	71,900	100		850	56,330	14,620
China (Taiwan)	55,500	30,550		8,600	2,300	14,050
Colombia	70,890	80		11,270	41,180	18,360
Ecuador	10,940			710	7,660	2,570
Finland	44,735			3,165	25,454	16,116
France	60,440			13,989		46,451
Germany	1,200					1,200
Greece	86,000		7,470	5,945	47,350	25,235
Iceland	10,270			765	7,374	2,131
India [3]	1,345,203		369,875	112,634	667,708	194,986
Indonesia	164,300		21,900	13,600	91,895	36,905
Iran	32,446	5,763		1,557	15,605	9,521
Israel	168,554		4,200	25,827	111,537	26,990
Italy	152,900			6,250	100,500	46,150
Japan	150,800	700	600		108,850	40,650
Korea	201,000	162,910		3,500		34,590
Mexico	28,200			7,100	13,600	7,500
Netherlands	275					275
Pakistan	396,870	79,366	57,592	41,712	135,392	82,808
Paraguay	3,000				2,250	750
Peru	37,280	100		4,962	21,523	10,695
Philippines	14,400	3,100		1,000	5,200	5,100
Poland	365,300					365,300
Portugal	7,100				3,400	3,700
Spain	456,130	9,910			228,730	217,490
Thailand	4,600				2,050	2,550
Turkey	232,265	67,739		18,230	48,092	98,204
UAR (Egypt)	198,800			37,450	113,400	47,950
UAR (Syria)	28,200			5,200	16,900	6,100
United Kingdom	48,150					48,150
Uruguay	46,400			11,550	23,300	11,550
Viet Nam	20,500	10,228		5,100		5,172
Yugoslavia	408,530		114,290		213,091	81,149
Total	[4] 5,311,338	372,546	586,267	355,756	2,388,176	1,608,593
Uses as percent of total	100.0	7.0	11.0	6.7	45.0	30.3

[1] Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.

[2] Agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Includes are uses specified under subsections 104 (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), and sometimes (d) insofar as specified in agreements.

[3] Includes only the amounts to be financed during the 1st year of the 4-year agreement signed May 4, 1960.

[4] Amounts shown in this column may differ from amounts on table I, which reflects purchase authorization transactions.

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

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
	Million dollars equivalent	*Million dollars equivalent*	*Million dollars equivalent*	*Million dollars equivalent*
Argentina	64.1	33.4	30.6	11.1
Austria	42.9	40.1	40.1	30.1
Brazil	214.4	155.2	157.0	68.6
Burma	40.7	36.8	36.7	6.1
Ceylon	26.1	16.4	17.1	6.5
Chile	71.9	38.8	38.9	32.6
China (Taiwan)	55.5	35.1	39.5	23.2
Colombia	70.9	46.0	43.2	23.8
Ecuador	10.9	8.4	8.4	6.8
Finland	44.7	48.7	38.4	24.8
France	60.4	33.4	31.9	17.7
Germany	1.2	1.2	1.2	1.1
Greece	86.0	69.5	69.9	57.4
Iceland	10.3	7.7	8.3	6.0
India	1,345.2	821.5	877.6	143.5
Indonesia	164.3	121.2	132.7	15.8
Iran	32.4	12.5	12.4	10.9
Israel	168.6	144.7	151.7	95.8
Italy	152.9	143.3	144.2	109.8
Japan	150.8	141.4	146.4	133.0
Korea	201.0	160.9	154.3	144.1
Mexico	28.2	25.2	25.2	17.1
Netherlands	.3	.3	.3	[1].5
Pakistan	396.9	246.1	300.9	154.6
Paraguay	3.0	2.9	2.9	2.4
Peru	37.3	25.1	25.2	19.1
Philippines	14.4	13.0	13.8	10.4
Poland	365.3	38.9	236.0	1.0
Portugal	7.1	7.1	7.1	5.2
Spain	456.1	363.6	395.5	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
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

[1] Disbursements exceed collections because of conversions from other currencies.

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

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

[1] Includes small amount for other 104(f) uses. Defense also uses currencies for 104(k) scientific activities, totaling less than $50,000 through Sept. 30, 1960.
[2] Includes $720,000 disbursed in nontitle I countries.

Senator JOHNSTON. Do you have any other questions?

Senator YOUNG of North Dakota. No. That is all. Thank you.

Senator JOHNSTON. We certainly thank you for coming before us this morning and giving us this information.

I am glad to know we are expediting the disposal of the commodities that are in surplus at this time. However, I believe in surpluses. I think we ought to thank God for our surpluses.

If we were like some countries that didn't have any surpluses then we would realize how thankful we ought to be.

Senator YOUNG of North Dakota. We do have some decided surpluses. The situation would be far worse if it had not been for this Public Law 480 program though.

Senator JOHNSTON. Oh, yes.

Senator YOUNG of North Dakota. It would have really been impossible.

Mr. TETRO. Thank you, sir.

Senator JOHNSTON. The next witness is Mr. Homer L. Brinkley, executive vice president of the National Council of Farmer Cooperatives.

We are glad to have you with us.

STATEMENT OF HOMER L. BRINKLEY, EXECUTIVE VICE PRESIDENT, NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. BRINKLEY. Mr. Chairman and Senator Young, it is a pleasure to be here to discuss with you some of the things that we have in mind with respect to this program. To begin with, I would like to quote the following policy statement or resolution that was adopted by the members of our organization at our annual meeting in 1959 which is currently in effect:

> The National Council of Farmer Cooperatives will support and seek legislation extending Public Law 480 with sufficient funds provided to do an adequate job of moving U.S. agricultural commodities and effectively implementing the objectives of the Agricultural Trade Development and Assistance Act.

We wish to state our support of S. 1027 which will authorize additional funds for the continuance of the effective Public Law 480 program during the balance of 1961.

In our opinion the act has—

1. Promoted economic development in underdeveloped countries by increasing payrolls and purchasing power, diversification, and economic balance.
2. Conserved dollar exchange both here and abroad for industrial purposes and other uses.
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 and, if this is continued, will develop a permanent effective demand for more 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.

These are notable achievements, and we submit that if conditions in recipient countries are such as to indicate the possibility of reasonable expansion from time to time, the possibility of the attainment of desired long-term objectives should be given great weight.

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.

This alone would seem to be sufficient evidence that the title I activities under Public Law 480 might be relied upon to a greater extent than has been contemplated, and we would judge that this fact, together with the apparent growing desire for our agriculture products, are primary forces in the need for an expansion of the funds which are desired for the balance of 1961.

It is our view that Public Law 480 has been one of the most practical and constructive efforts put forward by our Government to thaw the postwar frozen foreign exchange situation and stimulate foreign trade generally around the world.

We believe 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 that these loans 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 cooperating 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.

Much valuable experience is being gained in this field, and such work will prove to be our best argument against state trading and government-to-government transactions in the years ahead. 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.

We suggest also that increasing emphasis be placed on the greater use of local currencies for both short- and long-term loans rather than grants, and that they be directed to specific and agreed economic development purposes of both short- and long-term nature.

We propose, too, that continued action be directed to the development of currency convertibility, which is such a vital component in the maximum use of the trade promotion and market development programs and in expanding world trade.

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 USDA, 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 economic policy.

That concludes my prepared statement, Mr. Chairman.

Senator JOHNSTON. I notice you have seven things that you have set out here.

Mr. BRINKLEY. Yes, sir.

Senator JOHNSTON. I would like for you to expand on them a little more.

Now, I notice No. 1 here is "Promoted Economic Development in Underdeveloped Countries by Increasing Payrolls and Purchasing Power, Diversification, and Economic Balance."

Just how did this program bring that about? I am just asking these questions for the record.

Mr. BRINKLEY. Well, that is a very broad area of economic activity. I think that a narrow interpretation of Public Law 480 would say that we merely want to get rid of surpluses and I would question whether such an area of interpretation could win support of a term of years and be the effective instrument of foreign economic policy that it has been and can be if it were just directed to that particular purpose.

It must have an end purpose. I think that end purpose is in this area of promoting balanced economic development in these underdeveloped countries and by increasing jobs, earning opportunities, diversification, and economic balance.

So many of the economically underdeveloped countries of the world are what I call one-crop countries. Many of them are actually dependent on one crop and usually it is a raw material that fluctuates up and down with the demand situation and with the prices of competing commodities and so on.

So there is a very serious need. If these underdeveloped countries are ever to be brought up to a basis where they can be the great markets of the future, as I envision them, they must be helped in many ways to develop a balanced economy.

I don't mean by that that Cambodia should develop steel mills, but they ought to be building bicycles and doing other things that the people can provide for themselves.

I think the currencies and the commodities themselves properly used under Public Law 480 can be the foundation for that kind of economic development.

It is slow but it is certainly sound.

Senator JOHNSTON. Don't we have another fund that goes into that field more fully?

Mr. BRINKLEY. Yes, sir. There are other funds.

Senator JOHNSTON. Other governments go in together with us on the program. That is what I was thinking. They kind of enter into another field there though.

Mr. BRINKLEY. Yes; there are many others. I tried to confine it merely to Public Law 480.

Senator JOHNSTON. I see.

Mr. BRINKLEY. It would seem to me that, with the knowledge and experience that has been gained through the administration of Public Law 480, our agricultural commodities themselves might be put to very much better and more constructive use in connection with some of these other programs and in connection with similar operations by other governments.

I think that we must bring other governments into this world problem of bringing about a balanced development of underdeveloped countries.

Senator JOHNSTON. I agree with you that probably we ought not to look at it with a view of just getting rid of our surpluses, but that is one of the main things, I think, that we were driving at under 480.

If we didn't have the surpluses, of course, we would not have the problem of their disposal.

Mr. BRINKLEY. Of course; yes.

Senator YOUNG of North Dakota. I think, Mr. Chairman, that was probably the major objective, when the bill was first enacted by the Congress, but it has become more and more a part of our foreign-aid program and foreign policy, and I think rightfully so.

Senator JOHNSTON. I agree with you there. I have been against foreign aid as foreign aid because I think it has been misused and it has given us more headaches than anything else, but the 480 program is all right, I think.

We could do more in this field and less in the other in my opinion, and it would be better.

Mr. BRINKLEY. I think that is the point that I would like to convey, Mr. Chairman, because more effective use of these commodities rather than dollar grants and dollar loans would more nearly meet the actual needs of the great mass of people in these countries than some of the programs that we do have.

Senator YOUNG of North Dakota. India is a good example. The food we have given to India has done more toward making them better friends of ours than anything we could have done.

Mr. BRINKLEY. Yes.

Senator YOUNG of North Dakota. I think it has helped a lot with Yugoslavia.

Senator JOHNSTON. I think when a man is hungry and he gets fed, he is going to remember that. But if you pour in money to a country and pour it in the top before he gets it, he doesn't know where it is coming from and I do not think it does too much good.

Senator YOUNG of North Dakota. I have noticed in my many travels in various parts of the world that people everywhere when they find out that you are a Member of Congress will thank you for the food we made available to them.

This is the average person you see in the store and on the street, but I have yet to hear one of them thank us for all of the billions that we gave them in cash. Our foreign-aid program has helped them a great deal, I am sure, but the average person does not understand that program as well as when they get some food.

Mr. BRINKLEY. I think that is entirely correct, Senator.

Senator JOHNSTON. I think you see by our questions and by what we have had to say that we approve of the 480 program.

I think that if we are going to have relief, this is the kind of relief that we ought to have as much as possible.

Mr. BRINKLEY. I think we should use effectively those things in which we have proved to be very good, and one of them is agricultural production. It is the most efficient and productive system of agriculture that the world has ever seen.

Senator YOUNG of North Dakota. Do you have anything more?

Mr. BRINKLEY. No; that is all I have.

Senator YOUNG of North Dakota. Off the record.

(Discussion off the record.)

Senator YOUNG of North Dakota. Your testimony, Mr. Brinkley, was up to your usual good standards.

Mr. BRINKLEY. Thank you, sir.

Senator YOUNG of North Dakota. The next witness is Mr. Reuben L. Johnson.

STATEMENT OF REUBEN L. JOHNSON, ASSISTANT DIRECTOR, DIVISION OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. I appreciate very much, Mr. Chairman, the opportunity to appear before this subcommittee. We have appeared here on a number of occasions in the past years in support of the Public Law 480 program.

The need for additional funds at this time has been clearly established by the testimony of the Department of Agriculture before the House Agriculture Committee last week and before this committee today.

We support the increase in funds provided in S. 1027 and urge prompt action in order that title I agreements in process of negotiation will not be unduly delayed.

We are in complete agreement with the objective of the President in making Public Law 480 an important arm of the food for peace program. We will appear later before the committee to express in greater detail the views expressed by delegates to our convention last week here in Washington.

We would like for the record on S. 1027 to show, however, that we strongly believe that farmers in the United States are rendering a distinct service to our Government in being able to produce food and fiber essential to other areas where the battle for democracy is being fought.

We are gratified that we now have a positive policy to use food and fiber to combat malnutrition and hunger and to promote economic development. Farmers have always recognized our food and fiber stocks as a national asset. But at the same time they have not been happy with past conditions under which total farm exports have increased while net farm income declined.

Farmers want to produce the food and fiber needed to fill oversea commercial markets and to meet the needs of the developing nations but not at the sacrifice of the income they need for an American standard of living. Accordingly, we continue to support the President in his stated intention of holding a world food conference patterned after the Hot Springs, Va., conference of 1942.

It would be our hope that this conference could consider an international food policy.

Such a policy among nations with food and fiber stocks and those in need of food and fiber stocks would be most helpful, we believe, in assuring farmers in major agricultural producing countries that food going into government-sponsored programs to assist developing nations would be programed only after consideration of what constitutes a fair return to farmers.

Senator YOUNG of North Dakota. I agree with you that this is a good program, but I think you will agree with me that it would be more desirable if we could charge the cost of, at least, this part of it which has become part of our foreign policy, to some other department of the Government rather than agriculture.

Mr. JOHNSON. Mr. Chairman, let me say that we are very pleased with the attitude and work that your committee has displayed in support of this program. I will certainly support the point that you just made.

Senator YOUNG of North Dakota. Well, we on this committee, and on the Appropriations Committee, have been trying to work out some method whereby the cost of all of this program would not be charged as a subsidy to farmers. The cost of this appears in the total budget to the Department of Agriculture and the average person, reading that, thinks that the farmers are actually getting a check for it.

The Commodity Credit Corporation is reimbursed for a part of it, but when you ask for this budget now, this will be charged as a part of the agriculture program as a subsidy to agriculture.

Mr. JOHNSON. Senator, if agricultural net income had actually increased, while this program was in effect, perhaps it would be correct to say that it was a subsidy to agriculture.

But, if you look back over the historical profile you will see that the total net export of farm commodities has very little positive effect in raising total net farm income.

Now it would be fair also, on the other side of this question, to ask: Just where would farm income have been if we had not had a program like this? We in the Farmers Union are inclined to look more and more at where we are going and what our objectives are. We feel that to continue to produce, on a rather haphazard basis, commodities which are stored and then ultimately used in support of our total Nation's foreign policy effort, is not the most ideal way, from the standpoint of giving fair income to producers, to conduct this kind of program. And that is essentially what we have been doing.

I just mention this because I think it is a matter that needs to be studied, and if we are going to need this food over a very long period of time, as it appears that we will, then we ought to try to get something worked out so that the cost will be charged against the proper program. At the same time we should try to develop a program whereby the Government will guide the farmer as to the proper level of production and assure him of a fair return.

Senator YOUNG of North Dakota. I think if we, as a nation, only had guns and dollars to export to other nations of the world and no food, our standing in the world would be far less than it is today.

I think that the critical situation in Laos today is a good example. Here is a country that does not need food. We have been giving them an awful lot of money, perhaps more per capita than any other nation in the world, and we have been giving them guns and ammunition but we don't have too many real friends there.

If this was a country that was in need of food I think we would be able to influence them much more.

Mr. JOHNSON. Well, I think that we need to place much greater emphasis on the fact that our food is an asset in our total effort in this area.

I believe that the support which Congress is now giving to this program is evidence of the fact that the public generally understands the great contribution that our agricultural abundance is making toward our effort in other parts of the world to help developing democratic governments, to preserve the dignity of the individual, and to maintain existing democratic institutions.

Mr. Chairman, another subject which is extraneous to the one which we are discussing:

I would like to commend this committee for the very fine contribution made in assuring the enactment of the new feed grains program which the Secretary and his staff are explaining in the field this week.

This committee worked diligently and we appreciate very much the product which resulted from your efforts.

Senator JOHNSTON. Are there any other questions?

Senator YOUNG of North Dakota. I have nothing.

Senator JOHNSTON. We have a statement here to file from the American Farm Bureau Federation, from Mr. John C. Lynn, legislative director. I ask that this be made a part of the record.

(The letter referred to follows:)

WASHINGTON, D.C., *March 24, 1961.*

Hon. OLIN D. JOHNSTON,
Chairman, Senate Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The administration has requested in S. 1027 an additional authority of $2 billion for foreign currency sales during the remainder of calendar year 1961 under title I of Public Law 480, the Agricultural Trade Development and Assistance Act. We understand that all the authority for title I sales has been committed, and the administration now feels that this increased authorization is necessary if the surplus disposal program is to be continued.

Farm Bureau policies for 1961 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."

Since enactment of Public Law 480 in 1954, the United States has signed agreements to export tremendous quantities of agricultural surpluses to various foreign countries. Through foreign currency sales, grants, and barter, we have moved over $12 billion worth of surpluses. Title I foreign currency sales have accounted for about $9 billion worth of commodities. Despite the magnitude of these foreign movements, apparently plans are being made to expand the present rate of Government programing. Such a decision carries with it a serious responsibility not to disrupt the commercial markets of friendly foreign nations who also produce for the world market and not to displace our own commercial sales. If this program is carried forward, increased vigilance is mandatory if we are not to be accused of irresponsible dumping and indeed, be guilty of such a breach.

We understand that the intention is to enter into additional multiyear programs and that negotiations for such agreements are now underway with Pakistan and Brazil. Of course, current authority is necessary to enter into an agreement even though shipments may come 3 or 4 years hence. Three- and four-year agreements with countries capable and desirous of using substantial quantities of our agricultural surpluses are sound in principle and may prove beneficial if they are carefully administered. However, extreme care is essential, especially with countries such as Brazil, to insure that we do not seriously curtail our opportunity to export for dollars.

Authority under titles I and II of Public Law 480 will expire December 31, 1961. We understand the administration plans to request extension and changes in this authority. Farm Bureau will want an adequate opportunity to present its policies and recommendations when such legislation is considered. Since such legislation will undoubtedly be considered before the end of this session of Congress, we would earnestly recommend that any additional authorization provided in S. 1027 would be subject to review at that time.

We respectfully request that this letter be made a part of the hearing record.

Sincerely,

JOHN C. LYNN,
Legislative Director, American Farm Bureau Federation.

Senator JOHNSTON. I certainly thank you for coming before us.

Mr. JOHNSON. Thank you very much, Mr. Chairman.

Senator JOHNSTON. I notice we have another witness here. Generally it is an organization or someone to speak for them who appears, but Mr. David Whatley is here and he says he wanted to make a statement.

Do you represent yourself?

STATEMENT OF DAVID WHATLEY, BETHESDA, MD.

Mr. WHATLEY. Mr. Chairman, as you know, I represent no organization, and receive no remuneration for my work on legislation.

I have studied this program and have advocated various changes in it since it was first considered by the Congress, most of which changes I am happy to say the Congress has adopted in enacting and amending Public Law 480.

I endorse the pending bill, and propose an amendment.

I call your attention, however, to a grave impediment in the present law resulting from an amendment adopted by the conference committee considering Public Law 86-341, in 1959, which was the last amendment to title I of Public Law 480.

That conference, attended by both yourself, Mr. Chairman, and Senator Young, as you may recall, dragged on for several sessions. At the last of these sessions there was added a restriction which has effected a result that was not, I am satisfied, intended by any of the conferees, because it went counter to the sentiment expressed by the Congress in the previous year in its unanimous adoption of a directive included in the conference report of 1958, that more foreign currency generated under title I should be used to promote "the development of human resources," particularly programs of health and education.

This restriction, imposed in the 1959 act and effective only at the beginning of this fiscal year, has reversed the mandate that the use of title I currencies allocated to the recipient countries for health and education programs should be facilitated by grants rather than loans, when necessary—enunciated in a unanimous vote of the conferees in the conference report of 1958—and has in this fiscal year, for the first time, practically prohibited the use of these currencies which are allocated to the foreign countries, the beneficiary countries, for their own health and education programs.

This is an obscure matter but it is so important I feel constrained to call it to your attention. I regret exceedingly that I am the only witness to propose any amendments to the bill. I regret to impair this unanimity that exists on the policy of the executive branch that there should be no amendments offered to this bill.

But, Mr. Chairman, if this amendment is not adopted to this bill and deferred for later enactment, in the months that will elapse, a great many people will die of malaria, particularly, that would not die of it. There is an extreme need for these Public Law 480 currencies in health programs, particularly the program of malaria eradication, particularly in India, Indonesia, Brazil and many of the South American countries that do not have adequate counterpart funds but have only Public Law 480 funds, and are either in the middle of the malaria eradication program or, like Pakistan, are about to embark upon it.

If this amendment were deferred for another 6 months, hundreds of thousands of people will unnecessarily die of malaria for the very simple reason that the program of full eradication in some countries would be deferred that long.

As you know, the mutual security program carries funds for the dollars required for the U.S. contribution to this great program, a small amount, less than 1 percent of the total mutual security bill, and it cost the United States less than 10 cents per capita in most of the countries where the program is being expanded. Local costs are usually borne by the recipient country.

But in several countries that have Public Law 480 currencies, it is absolutely financially and fiscally impossible for those countries to proceed with the program without this amendment.

Therefore, I appeal to you for the people who will undoubtedly die otherwise, that you rectify the error that the conferees made in 1959.

In 1958, after I testified before this committee and the House Committee on Agriculture, the House committee adopted an amendment which sought to facilitate the use of these currencies for health and education programs and used the language that I had proposed, "The development of human resources and skills."

This amendment was revised because it was subject to a point of order and deleted from the bill in conference, but the conference report stated:

> The committee of conference was in complete agreement on the objectives of this section (malaria eradication, public health, and related uses), and emphasizes its view that more liberal use should be made of the authority now existing in section 104 of the act for financing non-self-liquidating projects for the development of human resources and skills. Experience has demonstrated that many such constructive projects—for example, in education, malaria eradication, and public health—are not suitable for financing on a loan basis. We are convinced that there are frequently cases of this sort where use of foreign currency sales proceeds on a grant basis can serve a higher priority development need than would be possible through their use on a loan basis. The conference committee deemed the application of section 1415 of the Supplemental Appropriations Act, 1953, to grants in such instances to be inappropriate and urges the President to make more liberal use of his authorities under this act than has been the case in the past.

The past record indicates that before fiscal year 1958, less than $1 million of the vast sums allocated to the foreign country uses for loans and grants had been used for any health programs and less than $1 for education programs before this conference report set the new policy. Subsequent to that, in fiscal years 1959 and 1960, the amount allocated to health and education was a reasonable figure, but beginning in this fiscal year, because of the limitation that the conferees included in 1959, there can be no foreign currencies which are loaned or granted to the foreign countries, aggregating approximately $600 million a year on an average, used for any health or education program.

Some of these programs, particularly sanitation projects, can be financed on a loan basis but they cannot be financed under the existing provisions because of this restriction. The detailed justification for deleting this vexatious amendment is included in an excellent statement prepared by a group of lawyers in the Department of State, ICA, and the executive branch last year and presented to the Senate Appropriations Committee by Mr. Douglas Dillon, and I shall ask your permission to insert that statement in the record. It is brief.

Senator JOHNSTON. Yes.

(The information referred to follows:)

STATEMENT EXPLAINING NEED TO AMEND FINAL PROVISO 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. *The 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 Senate Appropriations Committee did not accept the amendment because it would have been subject to a point of order as legislation on an appropriations bill.

The executive branch at the moment is not pressing for this amendment in this bill because it is the general understanding that there will be no amendments to the bill lest it would delay action. I submit that this technical amendment would not delay action on the bill and if the Senate should see fit to add it to the bill, that the House, I believe, would accept because the House committee last year enacted in a bill amending Public Law 480 generally, a similar amendment that I had proposed.

Therefore, the House Agriculture Committee already having acted on this last year—but not this year because of the general agreement that there should be no amendments, and because it was hoped that the House would enact the bill under suspension of the rules requiring no amendments—I believe the House would accept this simple amendment in either of the two forms in which Mr. Dillon proposed them or in the form in which I proposed it last year and in which was reported by the House Agriculture Committee.

The amendment is technical and I will, therefore, merely leave you this statement, if I may, and ask also permission to insert in the record a brief excerpt from a letter written by the then Director of the International Cooperation Administration to Senator Humphrey, dated February 18, 1960, in which the need for this amendment is further delineated.

(The material referred to is as follows:)

Excerpt from the letter of February 18, 1960, from Mr. Riddleberger to Senator Humphrey follows:

* * * * * * *

"It may be noted that a similar situation exists with regard to education programs in general and also health programs, both of which are being carried out extensively under sections 104 (e) and (g) as contributions to economic development. The addition to section 104(k) in the last session of Congress of new language specifically authorizing the use of foreign currency for health and education programs, together with the final proviso in section 104 prohibiting allocation of currency after June 30, 1960, under any provision for purposes described in section 104(k) except in amounts specified in appropriation acts will, it appears, prevent ICA after June 30 from agreeing with recipient countries that currency available to promote economic development may be used for health or education purposes, unless amounts for such purposes have been specified in appropriation acts.

"Since these agreements, as pointed out above, 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 may seriously handicap the United States in its efforts to influence the country's decisions toward increased emphasis on health and education.

"Under these circumstances, in view of the special appropriation requirement imposed on use of Public Law 480 currencies for health and education activities in furtherance of development, foreign countries may well prefer 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. The United States would thus be deprived of an opportunity to influence the amount and content of such health and education programs, with the end result not only of less health and education activities financed with Public Law 480 currency but also possibly of decreased emphasis on health and education altogether.

"ICA considers it unfortunate that this special requirement has been imposed which we anticipate will result in decreased participation, though use of Public Law 480 currencies, in health and education activities (including activities using audiovisual techniques) in furtherance of economic development abroad. Our concern was reflected, at the time Congress was considering enacting section 104(r) and the new language in section 104(k), in the letters of September 8, 1959, from the Secretary of Agriculture to Senator Ellender and Representative Cooley. In those letters it was indicated that the executive branch would not regard the proposed addition of language to section 104(k) (authorizing health and education activities) and the addition of new section 104(r) (authorizing the financing of audiovisual materials) as limiting its existing authority to carry out such activities under other provisions of Public Law 480 unless Congress clearly indicated a contrary intent. Congress, it appears to us, did indicate a clear contrary intent by enacting the last proviso of section 104 and more specifically by the statement in the Senate Agriculture Committee's explanation of the conference report (see Daily Congressional Record for Sept. 11, 1959, p. 17530) that the last proviso was enacted in response to the executive branch letter as the clear expression of congressional intent referred to in that letter. ICA therefore is inclined to accept these limitations as the expressed will of Congress with regard to health, education, and audiovisual activities.

"In the face of this explicit and recent statement of congressional intention, we see little alternative but to attempt to proceed, with respect to developmental health and education activities under title I of Public Law 480, within the requirements and limitations imposed by the legislation enacted last year."

* * * * * * *

Mr. WHATLEY. I hope that the executive branch will not oppose this since they proposed it last year and I believe it would not hold up the bill.

Senator JOHNSTON. Since they have already testified, we will try to find out their wishes in the matter and the subcommittee will be glad to look into it further.

Mr. WHATLEY. I expect that their reply in that respect, Senator, would be that they would have no objection to the amendment since this has been proposed by the executive branch last year, but that they would prefer that it be deferred until later in the year. But this amendment may very well get lost in the general bill amending Public Law 480 later in the year, because it is my understanding that the executive branch will propose extensive amendments to section 104 or even a complete rewrite of title I.

Senator JOHNSTON. Well, we thank you——

Mr. WHATLEY. I am very grateful for your time.

Senator JOHNSTON. For coming here and giving us this testimony.

Now, I am not formally closing the hearing. The chairman and other members may have something that they want included in the record, and for that reason I am holding open the hearing and will take the matter up with the chairman. The staff can see the other members and find out their wishes in this matter.

(Information submitted by the chairman is as follows:)

DOLLAR LOSSES RESULTING FROM INEPT FINANCIAL TRANSACTIONS WITH FOREIGN GOVERNMENTS

(From report by Senator Ellender on U.S. foreign operations)

We cannot do business with foreign governments as we have in the past without going bankrupt. We are a wealthy country, and within limits, we can afford to render assistance to underprivileged countries and peoples of foreign lands who are faced with disaster. But we cannot permit business agreements to turn into charities, which we have been doing, and survive. When we enter into business transactions witn foreign governments, even though our objective is the economic development of such countries, our transactions should be businesslike; otherwise, in addition to suffering huge losses, we gain only disrespect.

* * * * * * *

Under Public Law 480, title 1, the United States subsidizes the export, through private channels, of agricultural products excess to our needs, by paying the difference between the U.S. price of the commodity at dockside and its price on the world market. The exporter receives U.S. dollars, but the commodities are paid for in the currency of the importing country, which currency is deposited in a U.S. Treasury account in a bank of the importing country to be allocated and used in accordance with the provisions and objectives of the act, and the provisions of the specific sales agreement negotiated in connection with each sale, or series of sales.

I have selected certain sales of agricultural commodities made under Public Law, 480 to four of the countries I visited, that is, Poland, Spain, Turkey, and Yugoslavia. They are set forth below in schedule form. For obvious reasons, I did not choose the best sales. It should be noted that listed on the schedule are the date of each of the contracts, the rate of exchange agreed upon between the United States and the foreign country for the particular sale or sales, the amount of foreign currency generated by such sales, as well as the U.S. dollar equivalent, the free market rate of the particular country's foreign currency in relation to the U.S. dollar at the time of the sale, and the market exchange rate as of June 30, 1960.

Unreported losses on 11 Public Law 480 sales due to unrealistic exchange rates

Country and currency	Agreement date	Collection exchange rate, foreign currency to $1	Market rate foreign currency to $1 at the time	Market rate as of June 30, 1960	Total collections to date: Units of foreign currency	Total collections to date: U.S. dollar equivalent	U.S. dollar equivalent at market rate of exchange
Poland (zloty)	June 7, 1957	24 to $1	55 to $1	55 to $1	1,534,745,428.80	$63,947,726.20	$146,546,872
	Feb. 15, 1958	24 to $1	55 to $1	55 to $1	1,692,159,665.16	70,506,652.71	161,577,744
	June 10, 1959	24 to $1	55 to $1	55 to $1	1,864,646,884.56	77,693,620.19	178,047,879
Spain (pesetas)	Jan. 27, 1958	42 to $1	57.40 to $1	59.85 to $1	4,439,171,228.52	105,694,553.10	150,614,738
	Jan. 13, 1959	49.721 to $1	62.30 to $1	59.85 to $1	4,254,307,633.83	85,563,445.55	107,210,200
Turkey (lira)	Mar. 12, 1956	2.8252 to $1	9.37 to $1	9 to $1	42,611,023.09	15,082,480.21	50,025,500
	Nov. 12, 1956	4.0321 to $1	9.39 to $1	9 to $1	236,459,862.81	58,643,967.24	136,570,700
Yugoslavia (dinar)	Jan. 5, 1955	300 to $1	600 to $1	750 to $1	36,096,732,699.00	120,322,442.04	240,644,884
	Nov. 3, 1956	475 to $1	600 to $1	750 to $1	50,912,753,018.00	107,184,743.02	135,391,254
	Feb. 3, 1958	475 to $1	600 to $1	750 to $1	30,036,733,569.00	63,235,228.26	79,876,077
	Dec. 22, 1958	525 to $1	600 to $1	750 to $1	49,962,785,707.00	89,452,925.02	102,231,914
Total						857,327,783.54	1,488,737,762
Approximate loss							631,409,979

It will be noted that in these few sales to these four countries, the United States received in foreign currencies the U.S. dollar equivalent of $857,327,783.54 for the commodities sold, but that the exchange rates which prevailed, or were negotiated in connection with these sales, bear little relation to the free market rate of exchange existing at the time. If the United States had received the commercial market rate of exchange for the commodities sold, the U.S. dollar equivalent of $1,488,737,762 would have been generated from such sales, rather than the $857,327,783.54 listed as the proceeds, a difference of $631,409,979 just on these particular sales to these four countries. This situation is not unique to the agreements in the countries I have cited, but prevails throughout the program as too common a practice. In many countries where we are accepting an import rate less than the going rate of exchange, we are at the same time spending U.S. dollars to buy foreign currencies to pay for the U.S. programs in those countries.

I have been unable to obtain any intelligent justification as to why such unrealistic exchange rates were used in the sales of these commodities to the great financial loss of the United States. The startling thing about these transactions is that while the cost of subsidizing the sales of these commodities at the world market price is reported in detail to the Congress, no mention can be found anywhere as to the losses sustained by accepting an import exchange rate well below the commercial rate prevailing at the time of the sale.

Actually, the above cited example is only one type of a series of unbusinesslike practices and administrative abuses which flow from these commodity sales, resulting in huge dollar losses to the United States in this program, which is supposed to be carried on in a businesslike manner. Others are as follows:

1. As the portion of Public Law 480 sales proceeds which is to be loaned to the foreign government is placed in a special account in a bank of the foreign country, it becomes a part of that country's economy. In view of this, some countries, while signing loan agreements for this money, do not borrow it and it lies idle in the foreign country's bank, not bearing interest and depreciating to the extent that the country's currency may depreciate in relation to the dollar. Some idea of the extent of this practice may be reflected by the fact that, as of June 30, 1960, of Public Law 480 loan agreements in the dollar equivalent of $1,881,049,900.91, only $828,743,927.31 was actually disbursed.

2. Although a Public Law 480 commodity sale may have generated only one-half of the proceeds it should have, because of the acceptance of an unrealistic import rate, it is not uncommon that the loan agreement calls for a different rate, which almost invariably, is more favorable to the borrower and further shrinks the proceeds of the sale. The Treasury status report on Public Law 480, title 1, operations, dated June 30, 1960, reflects a net loss of $28.9 million due to loan agreement exchange rates less favorable than the import collection rates which generated the loan proceeds. Further, most of these loan agreements can be changed at any time without the knowledge of the Treasury or the Congress, and they, too, frequently deteriorate into something resembling a gift rather than a loan. The loose practices prevail not only with respect to Public Law 480 loans, but to all mutual security loans under the supervision of ICA, and the June 30, 1960, aggregate of such loans was $5.5 billion.

3. Many of the loan agreements provide that they can be repaid in U.S. dollars or in the currency of the borrowing country. However, the premium which is offered for paying in dollars is a 1 percent difference in interest (3 percent if paid in dollars and 4 percent if paid in the currency of the country).

4. In the sale of surplus commodities under Public Law 480, an interdepartmental committee consisting of representatives of the various Government agencies that have an interest in, or will be users of, a portion of the sales proceeds, determines the percentage of such portion that will be used for the various purposes in the importing country. These committees are sometimes referred to as "buzzard committees." From an examination of a number of the contracts, it might appear that each agency tries to obtain the largest possible percentage of the sales proceeds for its use, while the State Department seemingly tries to obtain all it can for the foreign country involved, and one can only wonder who is present representing the United States and the taxpayer. Seemingly, agencies are allocated funds far in excess of their real or immediate needs, which funds are then frozen in bank accounts in foreign countries and are subject to depreciation through inflation of the currency of such foreign countries. At the same time that these special allocations are accumulating in foreign banks, the U.S. Treasury is going into the commercial market and buying the same currencies with U.S. hard dollars. The June 30, 1960, balance of these foreign currencies in agency accounts aggregated the equivalent of $1.276 billion in U.S. dollars.

In my opinion, the above-outlined practices present a fantastic picture of waste and fiscal irresponsibility which may amount to billions of dollars in losses to the United States. They should be terminated immediately. The rate of exchange at which commodities are sold should be the market or Treasury selling rate of exchange. All losses resulting from exchange rate adjustments should be made a matter of record and reported to the Congress. Regulations should be in effect regarding the rates of exchange used on all mutual security loans. The same Treasury controls should be exercised over foreign currencies accrued by the United States or its agencies as are exercised over U.S. dollar accounts.

Foreign currencies generated by the sale of commodities pursuant to Public Law 480, title 1, should be managed in a more positive manner. Foreign countries which are the recipients of the loan portions of such sales proceeds should be required to take timely disbursement on such loans or the money should be withdrawn from such use. A greater portion of the U.S. use portion of the currencies generated by such sales should be available for general Treasury use and not frozen in particular agency accounts.

The Public Law 480, title 1, program has unlimited potential for assisting in the economic development of other countries and in providing currencies for U.S. use abroad, if it is placed on a businesslike basis.

* * * * * *

Exchange rates for title I, Public Law 480, transactions and U.S. dollar equivalent of anticipated total foreign currency collections computed at December 1960 market rates, June 1, 1959, to Mar. 11, 1961

Country	Agreement date	Currency unit	Collection rate [1]	December 1960 market rate [2]	Amount of agreement		U.S. dollar equivalent at market rate
					In U.S. dollars	In foreign currency	
					Thousands	*Thousands*	*Thousands*
China (Taiwan)	June 9, 1959	New Taiwan dollar	39.752	40.00	13,356	530,928	13,273
Poland	June 10, 1959	Zloty	24.00	55.00	43,796	1,051,104	19,111
Argentina	June 12, 1959	Peso	83.211	82.45	1,227	102,100	1,238
Korea	June 30, 1959	Hwan	543.29	650.0	33,000	17,928,570	27,582
Yugoslavia	July 9, 1959	Dinar	525.00	750.00	440	1,123,500	1,498
UAR (Egypt)	July 29, 1959	Pound	[3] .424066	.444864	58,475	24,797	55,741
Peru	Sept. 25, 1959	Sol	24.514	26.75			
Indonesia	Oct. 1, 1959	Rupiah	44.611	45.00	11,266	502,588	11,169
Colombia	Oct. 6, 1959	Peso	6.6859	7.23	31,600	4,726	654
Vietnam	Oct. 16, 1959	Piastre	[4] 35.0	72.77	4,894	171,290	2,354
Iceland	Nov. 3, 1959	Krona	29.084	38.00	375	10,906	287
Poland	Nov. 10, 1959	Zloty	24.00	55.00	13,258	318,192	5,785
India	Nov. 13, 1959	Rupee	4.7707	4.735	239,315	1,141,700	241,119
United Arab Republic (Syria)	Nov. 14, 1959	Pound	3.585	3.95	9,886	35,441	8,972
Uruguay	Nov. 16, 1959	Peso	[5] 4.11	11.00	3,936	16,177	1,471
India	Nov. 23, 1959	Rupee	4.7707	4.735	17,670	84,298	17,803
Uruguay	Dec. 1, 1959	Peso	[5] 4.11	11.00	21,007	86,339	7,849
Turkey	Dec. 22, 1959	Lira	9.0252	9.00	35,079	316,595	35,177
Greece	Jan. 7, 1960	Drachma	30.15	30.00	6,341	191,181	6,373
Israel	do	Pound	1.80	1.80	30,170	54,306	30,170
India	Jan. 8, 1960	Rupee	4.76	4.735	32,817	156,209	32,990
Uruguay	Jan. 13, 1960	Peso	[3] 4.11	11.00	5,850	24,044	2,186
Pakistan	Jan. 28, 1960	Rupee	4.8571	4.73	24,473	118,868	25,131
China (Taiwan)	Feb. 11, 1960	New Taiwan dollar	40.03	40.00	6,014	240,740	6,018
Poland	do	Zloty	24.00	55.00	40,306	367,344	17,588
Peru	Feb. 12, 1960	Sol	27.11	26.75	12,000	325,320	12,161
Vietnam	Feb. 13, 1960	Piaster	[4] 35.0	72.77	1,259	67,356	926
India	Mar. 21, 1960	Rupee	4.76	4.735	8,069	38,408	8,112
Finland	Mar. 23, 1960	Finnmark	320.776	319.00	4,561	1,463,059	4,586
United Arab Republic (Egypt)	Mar. 26, 1960	Pound	[5] .38767	.444864	14,943	5,793	13,022
Iceland	Apr. 6, 1960	Krona	38.10	38.00	2,038	77,648	2,043
Pakistan	Apr. 11, 1960	Rupee	4.8571	4.73	16,326	79,297	16,765
Do	do	do	4.8571	4.73	73,236	355,715	75,204
India	May 4, 1960	do	4.7600	4.735	319,000	1,518,440	320,684
Finland	May 6, 1960	Finnmark	320.776	319.00	100	32,078	101
Pakistan	May 27, 1960	Rupee	4.8571	4.73	520	2,526	534
Chile	June 2, 1960	Escudo	1.053	1.051	3,050	3,212	3,056
Yugoslavia	June 3, 1960	Dinar	[6] 525.00	750.00	18,849	9,895,725	13,194
Spain	June 22, 1960	Peseta	60.15	59.85	64,137	3,857,841	64,458
Israel	June 30, 1960	Pound	1.80	1.80	7,558	13,604	7,558
Vietnam	do	Piaster	[4] 35.0	72.77	847	45,315	623
Poland	July 21, 1960	Zloty	24.00	55.00	130,028	3,120,672	56,739
Iran	July 26, 1960	Rial	76,50	76.00	8,099	619,574	8,152
India	July 29, 1960	Rupee	4.7600	4.735	41,600	198,016	41,820

United Arab Republic (Egypt)	Aug. 1, 1960	Pound	.38767	.444864	58, 530	22, 690	51, 004
United Arab Republic (Syria)	Aug. 9, 1960	do	3.585	3.95	17, 473	62, 641	15, 858
Chile	Aug. 12, 1960	Escudo	1.053	1.051	350	369	351
China (Taiwan)	Aug. 30, 1960	New Taiwan dollar	40.03	40.00	14, 200	568, 426	14, 211
Korea	Sept. 16, 1960	Hwan	[6] 650.0	650.00	810	526, 500	810
Uruguay	do	Peso	[3] 11.03	11.00			
United Arab Republic (Syria)	Sept. 17, 1960	Pound	3.585	3.95	1, 618	5, 801	1, 469
Pakistan	Sept. 23, 1960	Rupee	4.8571	4.73	10, 300	50, 028	10, 577
India	do	do	4.7600	4.735	17, 151	81, 639	17, 242
Iran	Sept. 26, 1960	Rial	76.50	76.00	10, 751	1, 021, 887	13, 446
Ecuador	Sept. 27, 1960	Sucre	15.15	17.45	1, 000	15, 150	868
Ceylon	Sept. 30, 1960	Rupee	4.7589	4.7275	5, 100	24, 270	5, 134
Uruguay	Oct. 14, 1960	Peso	[3] 11.03	11.00	3, 294	36, 333	3, 303
Iran	Oct. 20, 1960	Rial	76.50	76.00	1, 217	93, 100	1, 225
Vietnam	Oct. 28, 1960	Piaster	[4] 35.0	72.77	7, 500	401, 250	5, 514
France	Nov. 4, 1960	Franc	4.9062	4.9026	2, 532	12, 422	2, 534
Indonesia	Nov. 5, 1960	Rupiah	56.25	45.00	16, 149	908, 381	20, 186
Greece	Nov. 7, 1960	Drachma	30.15	30.00	13, 761	414, 894	13, 830
Chile	Nov. 8, 1960	Escudo	1.053	1.051	28, 900	30, 432	28, 955
Korea	Dec. 28, 1960	Hwan	[7] 650.00	650.00	35, 100	22, 815, 000	35, 100
Brazil	Dec. 29, 1960	Cruzeiro	[8] 226.54	204.00	34, 415	4, 094, 699	20, 072
India		Rupee	4.760	4.735	957, 000	4, 555, 320	962, 053
Turkey	Jan. 11, 1961	Lira	9.045	9.00	14, 000	126, 630	14, 070
United Arab Republic (Egypt)	Jan. 16, 1961	Pound	.38767	.444864	4, 600	1, 783	4, 008
China (Taiwan)	Feb. 9, 1961	New Taiwan dollar	40.03		3, 600	144, 108	3, 603
Iceland	Feb. 27, 1961	Krona	38.10	38.00	75	2, 858	75
Indonesia	Mar. 2, 1961	Rupiah	56.25	45.00	3, 700	208, 125	4, 625
India	Mar. 9, 1961	Rupee	4.760	4.735	35, 100	167, 076	35, 285
Pakistan	Mar. 11, 1961	do	4.8571	4.73	5, 400	26, 228	5, 545
Do	do	do	4.8571	4.73	4, 100	19, 914	4, 210
Grand total, June 1, 1959–Mar. 11, 1961					2, 718, 497		2, 516, 440
Difference between agreement amount in U.S. dollars and U.S. dollar equivalent at "market" rate							202, 057

[1] In countries where a fluctuating rate exists the single rate listed represents the average weighted deposit rate.

[2] Market rate refers to the exchange rate at which the U.S. disbursing officer sells or disburses the foreign currency for purposes authorized by legislation. Market rate reflect exchange markets where these exist in the country concerned; otherwise, the market rate is determined by the Treasury Department in relation to the laws governing the currency.

[3] The rate of 0.44934 applied only to commodities during the period Apr. 25 to Sept .1, 1959, while the rate of 0.41445 applied to freight. From Sept. 1, 1959, to Jan. 5, 1960, the rate applicable to both commodities and freight was 0.44934; from Jan. 5 to July 4, 1960, 0.42291 and from July 4, 1960, 0.38767.

[4] Under the amendments of Feb. 13, 1960, and June 30, 1960, and the agreement of Oct. 28, 1960, the Government of Vietnam is required to make supplemental one-time deposits of 11.011, 8.124, and 72.2 million piasters, respectively. These amounts are to be paid in full at the time of the 1st regular deposit of piasters, under each agreement or amendment thereto and gives the U.S. uses share a total number of piasters equivalent to the free-market rate.

[5] On and after July 1, 1960, the rate of exchange to be applied to deposits in paymens for commodities purchased and their ocean transportation shall be the free selling rate of the Uruguayan peso prevailing for the dollar on the date of dollar disbursement. This amendment to the earlier sales agreement changed the deposit rate without changing the value of the agreement.

[6] The unification of the exchange rate at 750, effective Jan. 1, 1961, solves the exchange rate problem for future agreements.

[7] To Jan. 1, 1961, the rate of exchange was 650; from Jan. 1, 1961, to Feb. 2, 1961, the rate was 1,000; and a further increase to the rate of 1,300 after Feb. 2, 1961, has been announced although final instructions to make it effective have not taken place.

[8] 85 percent of deposits are made at the official export rate of 100 cruzeiros per dollar and the remaining 15 percent at the free-market rate. The recent announcement of an intended reform of the exchange system may eliminate the necessity for differential rates in future agreements.

Source: U.S. Department of Agriculture, Foreign Agricultural Service, International Monetary Branch, Mar. 21, 1961.

NOTE.—The prior data reported by the department to the committee, referred to by Senator Russell, appears in the hearings on H.R. 7978, the supplemental appropriation bill, 1960, p. 842.

Unrecovered losses on foreign currencies resulting from differences in collection rates and market rates

[In thousands]

	Amount of agreement in U.S. dollars	U.S. dollar equivalent at market rate	Difference
Total, Nov. 15, 1954, to May 29, 1959	$3,547,682	$3,153,526	$394,156
Total, June 1, 1959, to Mar. 11, 1961 (corrected totals from p. 725 of Senate hearings on 3d supplemental appropriation bill for 1961)	2,718,497	2,516,440	202,057
Combined grand total from Nov. 15, 1954, to Mar. 11, 1961	6,266,179	5,669,966	596,213

Senator JOHNSTON. If there is no further testimony then, we will consider the hearing concluded and be ready to take the matter up in executive session.

I will just hold the record open until I can find out what other information should be included.

The subcommittee will adjourn subject to the call of the Chair.

(Whereupon, at 11:45 a.m., the subcommittee was adjourned, subject to the call of the Chair.)

(Additional statements filed for the record are as follows:)

WASHINGTON, D.C., *March 28, 1961.*

Hon. OLIN D. JOHNSTON,
U.S. Senate, Senate Office Building,
Washington, D.C.

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

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

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

Sincerely,

E. M. NORTON,
Secretary, National Milk Producers Federation.

WASHINGTON, D.C., *March 28, 1961.*

Hon. OLIN D. JOHNSTON,
U.S. Senate, Chairman, Subcommittee on Agricultural Production, Marketing and Stabilization of Prices of the Committee on Agriculutre and Forestry.

DEAR SENATOR JOHNSTON: Because we were not able to be present at the hearing on S. 1027, we respectfully request that this letter in support of the bill be made a part of the hearing record.

The National Grange supports and urges the prompt enactment of S. 1027, a bill which would provide an increase of 2 billion dollars in the title I, Public Law 480 program, which has been recommended by the administration.

Public Law 480 has proved to be an unusually effective legislative instrument, (1) in making possible the sale of U.S. agricultural commodities in areas of the world experiencing a shortage of foreign and dollar exchange; (2) in assisting the development of new and expanding markets for American agricultural products; (3) in strengthening our national economy through the maintenance of export markets for agricultural products; and (4) in making effective use of our agricultural abundance in strengthening and developing the economies of the underdeveloped areas of the free world and in furthering our foreign policy objectives through such measures as "food for peace," etc.

The Grange believes that to the maximum extent practicable, our foreign aid and assistance should be made available through the use of our abundant agricultural supplies. The products of American farms should be recognized as the great national asset they are—assets which are capable of being used to assist the less developed areas of the world and to improve their economies by assisting in their balanced development; to strengthen our foreign policy posture; and to broaden foreign market opportunites for U.S. agriculture. U.S. agricultural products, we believe, can be used as capital assets to serve as the foundation for economic development.

Since the lasting benefit to be obtained for American agriculture under this program is in the development of new and expanded markets both short run and long run, we urge that greater emphasis be given to market promotion and development for the products of American agriculture, in both the commercial market areas and in the other areas of the world which will become dollar markets in the future as the economies of these areas grow and develop.

The great productivity of American farms makes it possible to supply the agricultural export commodities which are needed in many areas of the world. By meeting the needs of the less developed areas today, we are building and strengthening the world of tomorrow.

Since the present authorization has been, or is about to be, exhausted, the National Grange requests the enactment of S. 1027.

Very truly yours,

JOSEPH O. PARKER,
Legislative Counsel, National Grange.

O