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HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

H.J. Res. 997

MARCH 31, 1966

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EMERGENCY FOOD FOR INDIA

THURSDAY, MARCH 31, 1966

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

The committee met, pursuant to notice, at 10:10 a.m., in room 1301, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Abernethy, Abbitt, Jones of Missouri, Hagen of California, Stubblefield, Purcell, Olson, Matsunaga, O'Neal, Foley, Resnick, Stalbaum, Vigorito, Mackie, Redlin, Bandstra, Greigg, Callan, Dague, Belcher, Teague of California, Quie, Mrs. May, Harvey of Indiana, Findley, Dole, Walker, Hansen of Idaho, and Resident Commissioner Polanco-Abreu.

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

The CHAIRMAN. The committee will please be in order.

We have with us this morning the Secretary of Agriculture, the Honorable Orville L. Freeman.

We are very glad to have you here, Mr. Secretary.

As you know, we have been considering legislation dealing with hunger around the world. I introduced a bill on the 19th of January and the President sent up a food for freedom message later, and then I introduced the administration bill on the 14th of February. We have had extensive hearings. We have concluded the hearings and we are now in executive session to consider the problems involved.

This committee is very much concerned about the situation in India and we will be very glad to hear from you now, to speak about the resolution which I introduced yesterday which deals with this problem of hunger in India.

(H.J. Res. 997 follows:)

[H.J. Res. 997, 89th Cong., 2d sess.]

JOINT RESOLUTION To support United States participation in relieving victims of hunger in India and to enhance India's capacity to meet the nutritional needs of its people

Whereas the Congress has declared it to be the policy of the United States to make maximum efficient use of this Nation's agricultural abundance in furtherance of the foreign policy of the United States;

Whereas the Congress is considering legislation to govern the response of the United States to the mounting world food problem;

Whereas critical food shortages in India threatening the health if not the lives of tens of millions of people require an urgent prior response: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress endorses and supports the President's initiative in organizing substantial American participation in an urgent international effort designed to:

(a) Help meet India's pressing food shortages by selling to India under Public Law 480 agricultural commodities to meet India's normal import needs plus added quantities of agricultural commodities as the United States share in the international response to the Indian emergency.

(b) Help combat malnutrition, especially in mothers and children, via a special program;

(c) Encourage and assist those measures which the Government of India is planning to expand India's own agricultural production;

That the Congress urges the President to join India in pressing on other nations the urgency of sharing appropriately in a truly international response to India's critical need.

The CHAIRMAN. Mr. Secretary, we are honored to have you with us this morning and we will be glad to hear from you now.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE; ACCOMPANIED BY C. R. ESKILDSEN, ASSOCIATE ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, AND LESTER R. BROWN, STAFF ECONOMIST, OFFICE OF THE SECRETARY, U.S. DEPARTMENT OF AGRICULTURE

Secretary FREEMAN. Thank you very much.

We are very grateful for the promptness with which this committee, under your call, is responding to consider the request that the President made in his message of yesterday. That message is, I think, quite self explanatory, but with your permission, I will make just a very few brief remarks.

I might state at the outset that I am joined at the witness table by Mr. Clarence R. Eskildsen, to my left, the Associate Administrator of the Foreign Agricultural Service, who was in India quite recently, particularly reviewing the logistics implications of as heavy a movement of food as this, and to my right is Dr. Lester Brown, who has visited India frequently and has served as special assistant to the Secretary, helping me to keep current on those developments as they have gone forward in India.

Mr. Chairman, as you are well aware, and the members of this committee, too, the forces of nature are endangering millions of lives this year in India. The current drought, the worst of this century, brings the threat of famine.

This year's monsoon came late and left early. Rainfall was light and spotty, not enough to bring crops to maturity in large areas. Food shortages exist in the countryside as well as in the cities.

Throughout most of history, severe droughts in India have been followed by widespread famine. The last famine in India, occurring during the wartime year of 1943, claimed nearly 2 million lives.

The President is determined that the 1943 experience will not be repeated. Famine belongs to the past.

Mr. Chairman, the American people are fortunate that we are able to concern ourselves with what we will eat—rather than whether we will eat. We, therefore, are in the position of numbering ourselves among those who are free from hunger, and having been so blessed, we bear a heavy obligation, as contained in the President's message, to help less fortunate people wherever they may be. And this, I feel, places upon us in very bold emphasis a heavy obligation to help less fortunate people wherever they may be.

The loss of life through lack of food is tragic. Today it is intolerable. Fortunately we and the world have the resources to avoid what, at an earlier time in history, would be an unspeakable tragedy.

As the world becomes smaller, the tragedies of one nation become the concern of all. The obligation to assist a neighbor in distress extends to every member of the community of nations.

There is no nation on earth far enough from India to be immune from hunger there. There is no great and rich nation on earth that can sustain its claim to greatness if it cannot find some way to assist its neighbor in this emergency.

We cannot stand idly by. Thanks to the productivity of our farmers, we can respond. And never before in history has the food-producing capability of one nation been so largely committed to the welfare of the people of another nation as is now the case with the United States in India.

Might I add, also, that we join the Government of India in its efforts to expand its own agricultural production. I have met with the Minister of Agriculture of India on several occasions. We have worked with them in the development of a plan which has given agriculture number one priority in the economic development of India. That plan, which has many sides, is now going forward. Its implementation, when accomplished, will, I believe, put India on the road to food self-sufficiency. And that effort continues strong at the same time this effort of mercy to meet this emergency situation takes place.

Mr. Chairman, this Nation and the world will be strengthened if famine is prevented in India. And I hope that you and this committee will address itself both to the President's request to join with him in taking this action.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Secretary.

I have noted that the members of the committee who attended the White House Conference on India were very favorably impressed with the President's presentation of the problem, and if I understand our position at the moment with reference to this resolution, we will be approving the President's message to aid India.

Is it your understanding that some outright donation will be made to India to relieve the suffering there?

Secretary FREEMAN. There are programs underway, under both title II and III that are donations. Those programs will continue and they will be strengthened. The component of dry milk that is involved in this particular package of food commodities would move it through title III under the established grant program.

The balance of the package would move under title I which, of course, is for the sale for Indian rupees which then are deposited to the credit of the United States in India.

The CHAIRMAN. Would you have any objection to amending this resolution by striking out the word "selling" and inserting "make it available to India" under Public Law 480?

Secretary FREEMAN. I think that we would have no objection to that change, Mr. Chairman.

The CHAIRMAN. Mr. Quie?

Mr. QUIE. Are we going to sell it to them?

The CHAIRMAN. We said that we would give some of it to them and we would sell some of it to them. We are trying to do something to help the suffering of humanity. We know that we have a right to sell them under Public Law 480. I would like to take out the word "selling" in the resolution.

Mr. QUIE. I have indicated my feeling on this. Are we trying to give the impression to people in the world that we are giving it to them when we are, actually, selling it to them? Why give the impression that we are doing it differently? If we are going to give it to them, maybe we ought to say so, but if we are going to sell it to them, for money, let us not give anybody the impression that we are giving it to them. And that it is magnanimous on our part.

Secretary FREEMAN. It is clearly understood, practically firmly established, that these rupees are, in turn, made available for the use of the Indian Government and the Indian people so that, for all practical purposes, this constitutes a donation and a gift to the Indian people.

It is conceivable that sometime down the road—it is something to have in mind, that they could perform the purpose of returning to the United States in gold or in trade, but that is not likely for an extended period of time. Therefore, it seems to me that we ought to have language that would encompass both such as the term—or my suggestion of striking out the word “selling” and inserting “make it available” and of course I want to make one observation and that is that I think Public Law 480 in its entirety is being magnanimous. I think that it was intended to be so.

Mr. QUIE. To the extent that we have no use for which to spend the Indian money. It is just as if I sold you some food and you paid me with your money, which I may not think is worth anything, but you, undoubtedly, would think that it was worth something, and if you think that money is worth something, that is, to yourself and, if I turn around and say, “You can use that money for something else,” I would be giving you money, not the food.

That is the case from your point of view, I would think.

If we are going to take their rupees and build a steel plant or a fertilizer plant, we are giving them a steel plant or a fertilizer plant and we are not giving them food.

If we give them some medicine, or some help for their schools, if we give them education and medicine, I think that these are comparable to food, and I would like to see written into legislation a limitation then, something to the effect that we will tell the world that we are using the money derived from this solely for education and health care for the Indian people.

The CHAIRMAN. Mr. Abernethy.

Mr. ABERNETHY. Mr. Secretary, could you give us the means whereby these rupees would be made available? As you say—now, to the Indian Government, I mean?

Secretary FREEMAN. There is no specific document that applies to these particular rupees at this point. The arrangement under which this move will be negotiated as a part of the normal title I, Public Law 480 program. As a part of that, the details of how much of it might go to the U.S. use—how much would be loaned to India for economic development—whatever that will be—would be worked out at that time. Those details have not actually been worked out yet.

We do have, however, as you are well aware, a very handsome number of rupees in our account currently. The action which the President has taken in negotiating this foundation, which has been sent to this committee, will involve about \$300 million worth of rupees for a permanent foundation, patterned after the same kind of foundations and trusts that we have here in the United States.

Additional usage for these rupees are contemplated on the part of the U.S. Government as contained in the President's message where it talks about an agricultural training course, and when it talks about short courses of the kind that we have in the United States. And we are in the process of staffing that out, to see how we can stimulate their agricultural development.

Mr. ABERNETHY. Pardon the interruption. Then do I understand that the grain will be exchanged for rupees and then the rupees will be banked to the credit of the United States and that they will be plowed back into the Indian economy as a result of the negotiations between our Government and their Government?

Secretary FREEMAN. That is correct.

Mr. ABERNETHY. There are no specific objectives in mind as to how and when they will go into the economy?

Secretary FREEMAN. That is correct.

Mr. ABERNETHY. At what rate will the wheat be exchanged for rupees—what will be the consideration, say, per ton, per bushel, or has that been worked out?

Secretary FREEMAN. It will be sold at the world market price to the private trade as we normally sell wheat and move it under Public Law 480.

Mr. ABERNETHY. And the title to the wheat will be taken by the Indian Government?

Secretary FREEMAN. That is correct.

Mr. ABERNETHY. And then the wheat will move down through the channels of trade in India to the Indian people?

Secretary FREEMAN. It will move to the Indian people—some by sales, primarily, through the fair trade shops at a very low price in relation to the overall market price.

Mr. ABERNETHY. Who will fix the price?

Secretary FREEMAN. The Indian Government.

Mr. ABERNETHY. How do we know that the wheat will reach those who did not have the price to pay for it? That is where the famine is—that is where the starvation is.

Secretary FREEMAN. The wheat will reach the people who cannot afford to pay for it through the program for reaching the destitute in India which has been particularly highly organized, recognizing that this drought was coming, and there are far-ranging work programs, for example.

Mr. ABERNETHY. I don't seem to be following you right now.

Is this the wheat that we will be making available to them free?

Secretary FREEMAN. The work that the Indian Government is financing will provide work for destitute Indians who will either be paid part in wheat and part in money, or in some places, it will be paid in money so that they can buy the wheat at the fair trade shops at low prices.

Mr. ABERNETHY. With this specific program that we are talking about now in the President's message, and in your testimony this morning, would it contemplate any direct gift, an all-out grant of wheat to the Indian Government?

Secretary FREEMAN. Yes.

Mr. ABERNETHY. Or is it all to be sold?

Secretary FREEMAN. The development of that program, of course, is one which the Indian Government is carrying forward, and one

which we have worked with them in developing—one which we have reviewed from its inception and which seems to meet the needs of the people who otherwise would die of famine, so that they will get this wheat either through the fair price shops or by way of work projects, or by way of donations, if the occasion requires.

Mr. ABERNETHY. For every ton of wheat, however many there might be, how many will we sell under this specific program and how many tons will be given—what is the ratio between the selling and giving?

Secretary FREEMAN. I do not know that I can answer that question.

Mr. ABERNETHY. But there will be both?

Secretary FREEMAN. There will be both.

Mr. ABERNETHY. There will be both?

Secretary FREEMAN. Very definitely. I have been assured by the Minister of Agriculture of India that they have developed a far-reaching distribution program designed to counteract the shortages and to meet the needs through a variety of methods. And how they do that and the administration of that, to reach hundreds of millions of people is, of course, something that the Indian Government will handle and we do not have the people to do that, and should not.

Mr. ABERNETHY. Just one more question.

I am not saying that this is my view. Why do we just not give it to them outright?

Secretary FREEMAN. I would say this. First, I think it is very useful to say very bluntly, that these rupees should be available for investment in Indian agriculture so that we will not have to do this again.

Mr. ABERNETHY. Is there any way by which the rupees might be broken off in order to check their inflationary trends?

Secretary FREEMAN. Let us look at it this way, we have, certainly an inflation with an increase of 30 to 50 percent in food prices, and for the wheat that we will put into that country, it would be tripled. If it were not for the low-priced shops—

Mr. ABERNETHY. I have a feeling, and I think that it is widely shared among the members, that we might just give them a tremendous amount, pass it on down to their poor and let them know where it came from, and that by so doing we might benefit really more. At least, there will be the satisfaction, I think, to the American people of knowing that they have made a charitable grant.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Poage?

Mr. POAGE. I want more or less to speak to what might be a point of order. I think that we are getting off of what we have before us here this morning. This resolution is to do something while we are considering the permanent legislation. As I understand it, what was suggested by Mr. Quie and by Mr. Abernethy went to the validity of the public concept of Public Law 480 or this food for freedom program.

I personally feel that we have a pretty good concept of Public Law 480. I think that it is desirable to have the opportunity to make gifts of commodities for the needy. Public Law 480 and the food for freedom program both provide for gifts to needy people under emergency conditions. It is contemplated that we will make some of those gifts but no country on earth can very well stand to have somebody come in and simply hand out food and make paupers out of a whole group of

their population. I do not think that ought to be the question before the committee this morning.

It sounds real good in headlines right now to talk about what we are giving, but, as a practical matter, it does not make much sense to make paupers out of 400 million people. There are not 400 million people starving in India. It is not going to be anything like that number of people in need—people with no ability to pay anything, and, I think we should try to maintain the commercial system of food distribution for all who can pay.

We are talking in terms of, as the Secretary pointed out, the great famine of 1943 when there were 2 million people who starved. We are, by this resolution, going to give food to those who are starving but we are not proposing to destroy or socialize the whole economy of a great country. We are not proposing to socialize India's food system, and that is exactly what you do when you undertake to feed all of the people without any payment on their part. You strike down the private enterprise system and set up socialism or communism and I am not in favor of that.

I am in favor of selling this food to all of the people who can buy it, and that is about 99.5 percent of the people of India. Where individuals do not have the funds to buy food, as the Secretary explained, we are setting up programs to put those people to work. The Indian Government is providing them with the means of buying through the market and maintaining the free enterprise system.

It seems to me that is a whole lot better than trying to put on red robes and white stardust around our head and calling ourselves Santa Claus.

This resolution is, it is true, going to give some food away, but it will not establish a free food economy for the next 5 years as some of our friends would have us do.

The hearings we have been having on Public Law 480 and the food-for-freedom program do contemplate a longtime program. And that is the place where we should try to change it if our policy of seeking the maintenance of free enterprise is wrong. I don't think it is.

This resolution is not permanent legislation. It is merely asking to take care of the present emergency situation which I think should be taken care of, but that does not involve settling all of these economic questions now.

I hope that we can confine ourselves to the resolution before us.

The CHAIRMAN. I thought that the Secretary cleared it up when he answered my first question and that was, that there would be grants, loans, and credit, as well as free gifts, is that not what you said?

Secretary FREEMAN. Yes.

The CHAIRMAN. The question here is whether we will endorse the offer of the President to alleviate the suffering in India. That is the resolution before us.

Secretary FREEMAN. Could I add something that might shed a little light on this? As a practical matter, in responding to this, I think we are seeking to meet an immediate need and a pressing need. The job of distributing this amount of food to the needy people is a very difficult one. I do not think that it could conceivably be done in any other way than through the normal commercial channels of distribution in India, and I do not think that we could meet that kind

of a demand in this country through the donation channels. It is tough, hard, and difficult to give food away, as I can attest in terms of our direct distribution program. There are a host of problems.

So in this instance, India contemplates distributing it through the normally developed methods with supplemental efforts in cases where the people do not have any money at all. And I think that if we made an effort to urge them to do otherwise, that we are not being really very practical, because there is just really no other way that it can actually be done.

The CHAIRMAN. Mr. Belcher.

Mr. BELCHER. If we are going to consider this resolution, very well. I understood that was the purpose of the hearing this morning as stated by Chairman Cooley. We all know what the purpose of it is. The President has every authority in the world that this resolution would give him. The only purpose of this resolution is to put every member of this committee on record, so that when you go back home, if you catch the devil for it, you are going to have to defend yourself. That is all there is to it. It does not add or detract a single thing from the law the President already has, and that which has already been passed.

Mr. POAGE. Only if you vote for it. You can, of course, vote against it.

Mr. BELCHER. I do not think that it means anything.

The CHAIRMAN. The President conferred with us, he advised with us. He is prepared to act. The language in the resolution is perfectly plain, that the Congress endorses and supports the President's initiative in organizing substantial American participation in an urgent international effort.

Mr. QUIE. As I understand it, the United States is going to give some wheat to India. As I listened to the Secretary answering Mr. Abernethy's questions, he did not explain in any way how the wheat would be given to India. He explained the system of the Indian Government, that the Indian Government would use their rupees to do this and that. It is the Indian Government doing this, not the United States.

Secretary FREEMAN. He made the point that there would be quantities of these various commodities that would be moving under titles II and III. Under title I this involves all sales for rupees to the Indian Government and they would then be distributed as is done normally under title I.

Mr. QUIE. You have no plans now, under titles II and III for the distribution of wheat to Indian, other than it will have to be a gift under title II.

Secretary FREEMAN. No.

Mr. QUIE. And in answer to Mr. Abernethy, you could not even say the amount that you expected to be sending and the quantities nor an explanation of why we have to sell it to them, instead of giving it to them. This may be the right thing to do, to sell it to them, but I think that we ought to say that the resolution is doing that right now, and be honest in the resolution, that we are selling it to India.

Secretary FREEMAN. I think that is very unrealistic because the truth of the matter is that we know at least 80 percent of these rupees will be given to the Indians. They know it. We know it. The world

knows it. So why should we accentuate the selling part of it, so that some people might be misled when, really, it involves a gift to India? Why not make it available, which would be much more accurate?

Mr. QUIE. I still beg to differ with you. There is not anything accurate about that. Also, they claim that this would produce communism or socialism, to give food to the Indian people, to the Government of India. What about when we give the rupees to them for a socialized steel mill or a socialized fertilizer plant? This is not private enterprise. This comes closer to communism and to socialism than giving food, if you finance certain types of operations in the country.

The CHAIRMAN. Mr. Findley.

Mr. FINDLEY. Mr. Secretary, one of the criticisms I have heard most often in regard to the food-for-freedom program with India is that the people of India have to buy the grain we in effect donate.

Would you have any objection to an amendment to this resolution which would read as follows; and this would be at the end of the resolution:

The Congress expresses the hope that substantial amounts of the food that is provided will be made available without charge by the Government of India to destitute people in that country.

The CHAIRMAN. Did you not say exactly that that was the way it would be handled—that it would be made available to the destitute people, at the low-cost stores, and that they could work it out and get the rupees and buy the food?

Mr. FINDLEY. It does not say without charge, though.

Secretary FREEMAN. Substantial amounts will be made available—was that it?

Mr. FINDLEY. That the Congress expresses the hope that substantial amounts of the food that is provided will be made available without charge by the Government of India to destitute people in that country.

Secretary FREEMAN. I really think that would not be very well advised. I think that to the extent that the Indian Government can arrange work projects, to the extent that they can put money out to give people a chance to earn money, that they can buy this food, why we ought not to discourage that. And, really, that ought to be their own decision, as to how this should be distributed and how it should relate to the development of their own economy.

For us to say that no one should have to work for that food in India, and that anything we send over there should be automatically given to them and not related to any effort on their part, I do not think would be consistent with our own American principles. And I doubt if it would be the proper kind of thing that we would want to advise any nation to do.

Mr. FINDLEY. But yet this resolution is justified on the basis of an emergency, of famine that is imminent and existing in that country. It is obvious to the American people that many people in India have no money with which to buy food. I think that this amendment would express the sentiment of the American people quite well even though it would, obviously, not be binding upon the government.

Secretary FREEMAN. If it were said—something to the effect that in those cases where people did not have any money to buy any food,

that it was the intent of the Congress, that this would be made available in such a situation, that needy people would be able to get it without paying that would meet the problem and I think that is a legitimate way for people who may not have any money.

In my own mind, I am confident, they have set up that kind of machinery to reach those people who could not buy at all. But if Congress wanted to say that they hoped that they would take that step, I think that could be useful.

Mr. FINDLEY. Even though the word "selling" is omitted, and the words "made available" is put in in its place, that would not say clearly to anybody on this side of the ocean or the other side of the ocean, that any of this food will actually be made available without charge to destitute people.

Secretary FREEMAN. I would, certainly, see no objection to saying that it was the expressed wish of the Congress in this respect that those people who have no resources could buy food in the fair price shops and that they should be given consideration, and this availability for them should be arranged as well through the normal channels of distribution. I see no objection to that.

The CHAIRMAN. Would you not take care of all of that in your agreement anyway?

Secretary FREEMAN. Yes; it would be a matter of consideration in the agreement.

The CHAIRMAN. I understand the whole purpose of this is to feed the starving people. It was simply that in the President's message.

Secretary FREEMAN. It is that.

Mr. FINDLEY. Mr. Secretary, would the gift or sale of tobacco remain as a part of the agreement with India?

Secretary FREEMAN. I know of no arrangements made with the Prime Minister of India. The items that could contribute to alleviate the present situation were discussed with some members of our staff and we knew what they were, in any event.

Mr. FINDLEY. Does the present plan contemplate that?

Secretary FREEMAN. To include tobacco?

Mr. FINDLEY. Is tobacco included in the package?

Secretary FREEMAN. Yes.

Mr. FINDLEY. I was wondering how tobacco fits into the language at the bottom of the page that recognizes that India is threatened with health hazards. Will tobacco help to meet the health problems of the Indian people?

Secretary FREEMAN. Yes, the availability of this tobacco, which, otherwise, would tax some of their other resources, freeze up some of the Indian foreign exchange programs, I think is consistent with the health and nutritional problem.

The same, incidentally, can be said about cotton. I think that it contributes to their economy and if it does it contributes to their health.

Mr. FINDLEY. But cotton products have no health warning on their packages.

[Laughter.]

Secretary FREEMAN. I am glad that you are becoming a sharp advocate of cotton.

[Laughter.]

The CHAIRMAN. Mr. Olson.

Mr. OLSON. I will try to frame my questions so as to not to ask you to reveal any specific portion of the conversation that was held with the Prime Minister of India when she was here, but I would like to ask you if at any time you felt that she, in representing her country, expressed a desire to have this agreement made in another form.

Secretary FREEMAN. Not to my knowledge.

Mr. OLSON. In other words, she did display confidence that in the face of the famine threatening India, their system can meet that challenge and that they will not be charged with letting people starve to death if we provide food assistance?

Secretary FREEMAN. To the contrary, I was not privy to the direct conversations with her about that—which the President conducted. He and the Prime Minister reviewed the various matters in the conferences but they were private, for the most part. But in long discussions with the Minister of Agriculture and with her on other occasions, it is their judgment, one that we have verified, that with the 11 to 12 million tons of food, if it is made available, India will be able to survive this year without famine and starvation.

Mr. OLSON. I am led to believe that the only logical conclusion on my part would be that the Prime Minister of India, the Government of India, has indeed a greater concern about their people facing starvation this year than even we have. And if they are satisfied with the method in which we propose to grant them this assistance, all right. But if they are not, they would have asked for what they thought they could do the job with.

The CHAIRMAN. Mr. Teague.

Mr. TEAGUE of California. Mr. Secretary, we have had some testimony here 2 or 3 weeks ago from a man who is purported to know, to the effect that about 25 percent of India's own grains is consumed or destroyed by rats. I would hope that we would encourage the use of some of these rupees to do something about those rats, to buy rat-traps or rat poison or something like that. That is quite an item.

Secretary FREEMAN. It certainly is. This is a very grave problem. Steps are being taken to try to meet it.

The CHAIRMAN. Mr. Jones.

Mr. JONES of Missouri. Mr. Secretary, actually so far as helping the Indian people, the President does not need this resolution to do any of this. He can come to the Congress to get our approval of the action, which action has already been taken, and the commitments have been made.

Secretary FREEMAN. I was not there but the President is asking the endorsement of the Congress and, to my knowledge, he has certainly made no commitments either as to additional amounts, though he has the power to do so.

Mr. JONES of Missouri. He has the power to do it if he so desires, that is right.

Secretary FREEMAN. That is correct.

Mr. JONES of Missouri. Without this resolution?

Secretary FREEMAN. That is correct.

Mr. JONES of Missouri. We are talking, as I understand it, about a billion dollars.

Secretary FREEMAN. The range will actually be—of the total program—about a billion dollars. The amount which remains to be shipped under this program would be about \$500 million.

Mr. JONES of Missouri. Which remains to be sent. That means, in other words, in addition to the commitments which were made by the Vice President?

Secretary FREEMAN. It means the amount that has been committed and authorized and shipped already. In other words, about 6½ million tons of food have already been authorized, purchased, and are in the process of moving. That, roughly, is half a billion dollars. The balance now, which includes another 3½ million tons of grain, plus the additional items of which you are informed, constitutes, roughly, the balance of the \$1 billion package.

Mr. JONES of Missouri. Then when we get into the business we are working on now, the food for freedom program, that will be in addition to what is being given under this resolution that we are talking about this morning?

Secretary FREEMAN. As the chairman pointed out that will look to the future and future programs. This is a special effort on the current Public Law 480.

Mr. JONES of Missouri. You mentioned the fact that 80 percent of that would be given back to India to carry on certain programs that was the amount, was it not?

Secretary FREEMAN. Yes.

Mr. JONES of Missouri. Those programs would, of course, be for the benefit of the people in India and the Indian Government. What happens to this other 20 percent? How will that money be spent and to what extent will the U.S. Government have an opportunity to influence the spending of this 20 percent?

Secretary FREEMAN. Well, roughly, that 20 percent—and these are approximations of which I am sure you are well aware—would be for U.S. uses, for bearing the expenses of our Embassy, for all of the other purposes such as market development and other uses for which we use the rupees that are accumulated under title I, and which as of January 1 there was a balance of about \$180 million plus an additional \$88.5 million from repayments of 104(e) and 104(g) loans and lapsed funds returned to the Treasury.

Mr. JONES of Missouri. That could come up—be used for spending, for sending in additional people. We have talked about sending specialists over there to help train them. In other words, that money could be used for that?

Secretary FREEMAN. It could.

Mr. JONES of Missouri. To pay for their maintenance over there?

Secretary FREEMAN. That is right.

Mr. JONES of Missouri. Of course; although that would still be for the benefit of the Indians?

Secretary FREEMAN. That is correct.

Mr. JONES of Missouri. The thing that has been worrying me about this whole program is the fact that while this food would be made available to what you call the normal channels of trade and at these low-cost stores, the impression I have of the people living in India is that there are possibly several million people who do not have any money with which to go to those stores to buy this food. What I cannot understand is why, when we are making these arrangements, that we do not have some commitment that a certain portion of this food will be distributed to these people who do not have money to buy from the stores.

Is there any portion of that agreement which does provide for the free distribution of food to those people who do not have money?

Secretary FREEMAN. There is no such agreement yet. The details of the agreement itself will be negotiated. I would like to say that I would be happy to request in those negotiations the feeling of some of the members of this committee that some specific arrangement might be made by the Indian Government in connection with the problem for which you express deep concern here. I believe that the relief programs to India, in fact, the relief programs of the United States, are designed to get the food to people that need it, so that nobody starves.

They tell me that no one is starving in India. There are many homeless, many itinerants, and many wanderers, but they say there is no one starving and they will not be under this program and that the relief program for the needy will reach those people who have no money with which to buy food.

I have been in no position to tell them that they are not telling the truth or that they do not know what they are talking about.

My observations are that they do have an organized relief system for this purpose. It may not be as efficient, it may not be as generous as ours. So I do not know that we are in a position to dictate to India that x amount of this should be earmarked and isolated and distributed free.

When they already claim that there is a relief program to reach the needy. That, I think, is the kernel of our problem.

Mr. JONES of Missouri. Still, in this resolution we say that this food shortage in India is threatening the health and the lives of tens of millions of people.

Secretary FREEMAN. Of course, that contemplates, you see, that there would not be enough money—not enough food—to sell at the low prices, in the fair-priced stores. They just simply would run out of food and would close up shop and it would all go on the black market. That is the danger that there would be inflation which would be growing. And of course food prices would double and triple. And then millions of people could not get the food because it would not be there, but in the normal channels of distribution of relief and commercial distribution through the fair-trade system, if they function, we are assured and believe we have confirmed that there will be no starvation in India.

Mr. JONES of Missouri. The thing about it is that I think that where we fail to realize that the people of this Nation, I think, basically are very generous and I think that, too, the many organizations that we have that are carrying on programs to help the needy people of the world, still at the same time I know that my people want to believe that the United States is going to get, at least, some acknowledgment—or that the people in India will have some knowledge that it is through the generosity of the people of this Nation that they are getting some of this help.

I know that it is a problem that we have to meet because the people say, "Well, how do those people in India know that the United States is actually helping them in this disaster?"

During disasters that we have, we have our organizations, the Red Cross and others, going in, and they see that it is the American people's generosity that is relieving their suffering but on a program like this,

there is no way, as I see it, for the people who need the help and who hope that we will give it to them and that they will receive the help, will know the source of the help.

Secretary FREEMAN. Now, this is a problem. I think it is a fair criticism that title I help to these countries around the world has not gotten the recognition that it should have.

May I say to you, Congressman Jones, that one of the reasons that this matter is before the Congress right now—one of the reasons that the President has asked that this resolution be sent to the Congress is so that it might be dramatized to the people in India.

Mr. JONES of Missouri. It is being dramatized to the people of the United States, but it is not being dramatized to othe people of India. That is what I think we are losing, our communication.

Secretary FREEMAN. Not as much perhaps here, but I can assure you that the fact that I am here this morning will be on the front pages of the papers of India.

Mr. JONES of Missouri. I would like to see—frankly Mr. Chairman, if this program gets underway and I have no doubt but that it will—whether we pass the resolution or not, I would like to see some members of this committee be there in India at the time that this program is being implemented.

The CHAIRMAN. Do you want to go?

Mr. JONES of Missouri. I will go, yes.

The CHAIRMAN. All right.

Mr. JONES of Missouri. I think it is necessary that we do that. If not, I am wondering—I have been in India on three or four occasions. It is not the most pleasant place in the world that I want to go to. I think it is important, however, that we actually have some people there who are willing to take the responsibility for seeing that this program will be carried out as some of us visualize it can be.

The CHAIRMAN. I agree with you. We had one transaction with India that involved \$2,200 million and we did not send anybody over there to supervise the distribution of that. We gave them 45 percent of it and loaned them 45 percent of it and we are sending Public Law 480 relief to hungry nations all over the world, to over 100 million people. I agree with you that some supervision would be desirable, but I do not know how in the world we can supervise a program going to 100 million people.

Mrs. MAY. Mr. Secretary, I find myself somewhat in disagreement with the vice chairman when he said that we are getting into two areas here, that we should be talking only about this resolution which concerns itself with a potentially very serious famine condition in India. I believe there are implications applicable to the food for freedom bills. And I am in disagreement with the vice chairman on some features of that long-term program. However, by the very virtue of this resolution being based on an emergency famine program, I find myself in agreement with those members of this committee who have expressed concern as to the identity of this food when it goes to India. I do not have the same concern that it will look like we are making Socialists or Communists out of every Indian because we are talking care of an emergency famine situation on a donation basis.

In relation to the questions that we are asking here today, I believe if this resolution is to have strength and to be sold to the Congress

after passage here, these are the questions that will be raised on the floor of the House and we should have the answers here in the record to those questions.

Just to carry that a little further, I would like to ask another question for the record.

You have said, Mr. Secretary, that under this particular resolution, we are contemplating a half billion dollars for the program which includes 3½ million tons of wheat, and additional foods. As I understand the need in India, a more practical figure would be about 7 million tons of wheat. We are hopeful that this extra tonnage of 3 million will be provided by other countries. Is that not true?

Secretary FREEMAN. That is right.

Mrs. MAY. That is a part of the resolution on page 2. Could you tell us for the record at this time just what our prospects are of having some other countries help with the provision of 3 million tons, or another one-half billion dollars worth of help for India?

Secretary FREEMAN. You will note that the President's message, and the resolution, speaks in terms of "equivalents." So what we are hoping is that the nations that do not have actually food grains will put in fertilizer, machinery, and other elements that are important to the Indian agriculture and its people.

It is a little difficult to be sure in connection with the grains, but Canada has made a generous offer here of 1 million tons. That is one. So we have remaining 2½ million tons left to go.

Mrs. MAY. Under what terms, by the way, did Canada make this 1 million tons available?

Secretary FREEMAN. I am not familiar with the details of the Canadian arrangement.

I think part of it was an outright gift and part of it is on a long-term sale basis, not unlike our title I arrangement or title IV arrangement.

Mrs. MAY. When Canada makes an outright grant, a gift to India of these grains, how does she handle her distribution problem in India—the same way that we do?

Secretary FREEMAN. Yes.

Mrs. MAY. Have they identified it as Canadian wheat?

Secretary FREEMAN. No.

Mrs. MAY. That is, the grain?

Secretary FREEMAN. No.

Mrs. MAY. You cannot follow the identity of it?

Secretary FREEMAN. No.

Mrs. MAY. Because it goes through the fair trade shops?

Secretary FREEMAN. And it is a bulk item that you cannot just identify every kernel of the grains.

Mrs. MAY. It is a gift from the United States—that is, it was made available by the United States or Canada—but it is not so identified or titled?

Secretary FREEMAN. No.

Mrs. MAY. How widespread—I have never been in India—Mr. Secretary, are these fair-trade shops, are they through all parts of India?

Secretary FREEMAN. There are over 100,000 of them and they are widely spread throughout all of the country.

Mrs. MAY. That is the second problem, distribution. Here, again, in your discussion with the Secretary of Agriculture of India, what

discussion did you have as to the distribution problem over there from the port to the interior, to the fair-trade shops and other areas where the food is needed?

I understand that they have transportation problems within the country.

Secretary FREEMAN. We sent a party headed by Mr. Eskildsen, and we can go into detail if you desire, but he reported that the volume contemplated in the shipments could be handled if the ports function efficiently. We have a man on the way there now for that purpose, to check the internal transportation and distribution system.

And if it operates as effectively as it has, why there is no problem of internal distribution.

Mrs. MAY. We have heard some stories—I do not know how credible they are—that there are many occasions where India has food piled up at the dockside for various reasons. Is India doing more about this problem?

Secretary FREEMAN. Let me answer it and then you can get more detail, if the committee wishes.

Initially, when this came up and Mr. Eskildsen went to India, it was the general impression that the maximum the ports could handle would be about 800,000 tons a month. He reported back that this could be revised upward to about 1 million or 1,200,000 tons a month.

We have some questions about the internal transportation, as mentioned a moment ago. We felt that this could be changed. The truth is that India's economy is lagging right now. This has freed transport that might otherwise be used, and at the moment transport is reasonably plentiful.

Mrs. MAY. What period of time, based upon the figures that you have given, would we anticipate getting this to India?

Secretary FREEMAN. We contemplate that it will reach India this calendar year.

Mrs. MAY. Within the calendar year?

Secretary FREEMAN. Within the calendar year.

This is the target that has been set.

Mrs. MAY. One point to make has to do with our own transportation facilities. We have been having boxcar shortages and having difficulty getting our grain to the proper ports for export. Have you had consultation at all with other agencies of the Government about this?

Secretary FREEMAN. We have consulted with the Interstate Commerce Commission, the Association of American Railroads, and with the carriers themselves. May I say if this committee and Congress acts more expeditiously—so that we can plan ahead, we will relieve the boxcar shortage.

Mrs. MAY. We will always try to do our part.

Thank you.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. O'Neal.

Mr. O'NEAL. Mr. Secretary, we have mentioned wheat and cotton and tobacco. I wonder if the Indian people enjoy peanuts when they get a chance to eat them?

Secretary FREEMAN. The Indian people are rather large peanut producers themselves. Let me ask my colleague here about that. There may well be some peanut oil as a part of this vegetable oil component, may there not?

Mr. ESKILDSEN. There is no legal reason why there should not be. As the Secretary pointed out, they are big producers of peanuts.

Mr. O'NEAL. Of course, I would not advocate sending them the low calorie peanuts we have here under these circumstances.

Secretary FREEMAN. I want to thank you for some. I need it. I can get along with the low calorie peanuts.

Mr. O'NEAL. I would like to take this opportunity to call attention to the fact that these peanuts that we are enjoying today are made possible by recent developments of your department, the U.S. Department of Agriculture. But I would like to stimulate the flow of peanuts to India, if they need them. They do raise wheat to some extent, but still not enough, and if they do not raise enough peanuts, I would like to see peanuts included in this program.

Secretary FREEMAN. This was not one of the items that they indicated was needed, but we will look into that matter. There might be some Indians like the Secretary of Agriculture who need a low calorie peanut.

[Laughter.]

The CHAIRMAN. Mr. Hagen.

Mr. HAGEN of California. Mr. Secretary, I am interested in the mechanics of the obtainment of currencies. Do the Indians raise their rupees by taxes or do they print rupees—what is the situation there?

Secretary FREEMAN. I am not an expert on the fiscal policy, the monetary policy of the Indian Government. I am sure that they print the money as we do. They have a Central Bank as we do. I am sure that a substantial percentage of their banker transactions are by checks as ours are. I think in this instance, the remittances would be made into the Central Bank and it would be just an addition and a credit to the drawing account of the United States of x million of rupees.

Mr. HAGEN of California. To the extent that they increase the amount of currency involved, is that not inflationary per se?

Secretary FREEMAN. If we should take all of these rupees and should expend them in the economy, it could have an inflationary effect. Their use, perhaps, could be moderated in accordance with the current situation, or to the nature of the expenditure, so that it would not have the kind of inflationary effect that you refer to.

Mr. HAGEN of California. I understand that the Canadians are shipping flour. Are we shipping flour or are we just shipping whole grain?

Secretary FREEMAN. We have some flour involved in this, do we not?

No, I understand that we do not contemplate shipping flour. We will be shipping the wheat.

Mr. HAGEN of California. Why would the Canadians ship flour and we not ship flour?

Secretary FREEMAN. I do not know.

Mr. HAGEN of California. It would provide employment here if we shipped flour rather than the wheat grain.

Secretary FREEMAN. This, also, is more expensive.

Mr. HAGEN of California. Are you going to observe the cargo preference law in connection with these shipments?

Secretary FREEMAN. Yes, we are.

Mr. HAGEN of California. With respect to all of it?

Secretary FREEMAN. The requirement which we seek to inaugurate is set down by the Congress, the cargo preference law and we will continue to apply this policy in this case.

Mr. HAGEN of California. One final question.

As I understand it, from an article that I read recently, the Indians do not permit bulk unloading at ports. Apparently they want to keep their dock workers employed. What is the situation in this respect? Is this a part of the problem of supplying India with merchandise, that it is impossible to require bulk unloading of grains and so forth? Do you have any comment on that?

Secretary FREEMAN. They have their port problems as we have our port problems. But, in the main, they have rationalized the port procedure quite extensively and quite dramatically in recent years.

I would say that the volume that they can handle now is almost doubled in the last year and we expect no serious problems.

Mr. HAGEN of California. It would be a more or less continuous flow of shipments. As I understand it, they do not have adequate storage facilities, and the rats eat it up. But this will be almost a continuous flow that you contemplate?

Secretary FREEMAN. For the moment it would have to be, because the need will be so great. On the other hand, it will flow into these trade centers in almost a continuous stream. They do have considerable storage which has recently been provided and our commodities can go into those, and they do not have the same predatory problems. The primary problem with the predatory animals is with the grain that starts on the farm and moves up to the markets. The central terminals at the ports do have better storage facilities, and our grain gets to the consumers without anything but a very minor loss.

Mr. HAGEN of California. Do you contemplate making some of the shipments through the west coast or are you going to ship them all through the gulf ports or some other area?

Secretary FREEMAN. There are some loadings taking place on the west coast right now.

Mr. HAGEN of California. Thank you.

That is all, Mr. Chairman.

Mrs. MAY. Just one further question.

Just how is the wheat sold at the fair trade shops? Is it sold in the wheat grain form and then they take it home and pound it into flour that is usable?

Secretary FREEMAN. Yes.

Mrs. MAY. How much is milled in India? In the flour mills?

Secretary FREEMAN. I do not know.

Mr. ESKILDSEN. I could not answer as to the number of the flour mills but they have a very extensive and fairly modern flour milling industry which at the moment is working at far below capacity because of the very urgent need for food all over India. They have had to cut the allocations of wheat to the flour mills very much lower than it has been in the past.

Mrs. MAY. In other words, the time lag delay of milling it into the form of flour enters into the question?

Mr. ESKILDSEN. That is part of the problem. They have lessened the consumption in the large cities by urging the people not to eat so much so that the flour mills which primarily mill for city use have

tended to be reduced in volume for these reasons, below what it would have been in normal times.

Mrs. MAY. Thank you.

The CHAIRMAN. Mr. Dole.

Mr. DOLE. Mr. Secretary, the President's message talks about the Indo-United States Foundation. Is there a grant of rupees contemplated for that—has a figure been determined as to how much we will grant to the Indo-United States Foundation?

Secretary FREEMAN. The figure is about \$300 million as the capital fund of the foundation. That is what is in mind.

Mr. DOLE. The reason that I asked the question is so that we might make a record as to section 104(e) of the present Public Law 480 law, which indicates that no agreement or proposal to grant any foreign currency is to be used pursuant to the appropriation act for loan repayments under this section, that is, that they shall not be entered into and carried out until the expiration of 30 days following the date on which such agreement or proposal is transmitted by the President to the Senate Committee on Agriculture and to our Committee on Agriculture.

There is no specific reference to any amount in the resolution. I was just wondering as a matter of legalistics, about that.

Secretary FREEMAN. There will be submitted a separate instrument on the Foundation. This is not encompassed in the resolution.

Mr. DOLE. In other words, section 104(e) will be followed?

Secretary FREEMAN. It will be before this committee according to the procedure set down in the law.

Mr. DOLE. One further question. Do you know now what effect, assuming that you do carry out the President's commitments, it will have on the wheat carryover?

Secretary FREEMAN. Yes: I would say that if we shipped the amount contemplated here, we would have, by next July, about 600 million bushels of wheat carryover, about our reserve level. So contemplating $3\frac{1}{2}$ million tons of food in the balance of this calendar year, it would leave us in that position. To the extent that there might be stronger demands again in that year, it would, of course, have to be revised.

Mr. DOLE. In other words, the farmers who read about this should not get any ideas about unlimited production the next crop year?

Secretary FREEMAN. No, they should not, in the amounts involved here. You are well aware, however, there is a possibility, when all of the facts and figures are in, that the allotments might be revised upward for the next crop year in wheat, although we do not have all of the facts upon which to make a judgment as yet.

Mr. DOLE. Then under the repayment contracts that are negotiated with the Indian Government on any sale, what about the interest rates to cover that, so as to keep down the inflation, would it stay about the same in this area?

Secretary FREEMAN. Well, there is no escalator clause to compensate for inflation and deterioration of the value of the money. It is one of the reasons why I think the Foundation provides for that, by getting this money to work.

Mr. DOLE. And the longer we hold—

Secretary FREEMAN. The longer we hold it, the more it tends to depreciate, that is correct.

Mr. DOLE. I think the President said something like 9 percent right now.

Secretary FREEMAN. Something like that.

The CHAIRMAN. Let us go off the record.

(Discussion off the record.)

The CHAIRMAN. Mr. Foley?

Mr. FOLEY. Mr. Secretary, what is the dollar cost of these shipments that are anticipated in the President's message—the dollar cost to the United States in transportation?

Secretary FREEMAN. Including the transportation?

Mr. FOLEY. Excluding the cost of the product itself at the world price, what is the cost of the transportation?

Secretary FREEMAN. The internal transportation, we would feel that the cost of wheat, for example, is about \$67 a ton laid down at the U.S. port. The cost to India at the port would be \$59. The ocean transportation cost is paid by the Indian Government except to the extent that we have to pay the additional for going on American bottoms.

Mr. FOLEY. What does it represent in terms of our additional cost over the cost of the Indian Government?

Secretary FREEMAN. What does what represent?

Mr. FOLEY. What does the cost of the movement represent?

Secretary FREEMAN. You mean the cost on the American bottom?

Mr. FOLEY. Yes. We are paying that in addition to the other costs.

Secretary FREEMAN. We are paying that addition on this volume. Can I—do you have those numbers?

Mr. ESKILDSEN. I would estimate on this \$1 billion figure, if we can use that as a base, that it might run on the order of \$50 to \$60 million of U.S. costs over and above the world market price that the Indians would pay, but I would like to be able to correct that in the record after I have had a chance to examine it.

The CHAIRMAN. You may do so.

Mr. HANSEN.

Mr. HANSEN. Mr. Chairman, I feel that we should preserve the dignity of India and that of its Prime Minister, Mrs. Ghandi. And that we should do something about the word "selling" in here. I would like to ask you this, Mr. Secretary: Is there any reference—or what language specifically is provided in this legislation to provide for the needy?

Secretary FREEMAN. Well, as a matter of fact, there is no language in the resolution in that regard. There is none because we are satisfied that the Indians are conscious of, and have developed a distribution relief program to meet that purpose.

Mr. HANSEN. Well, now, Mr. Secretary, would you then oppose an amendment to this legislation that would dignify our hope, not our demand, in that matter?

Secretary FREEMAN. I would have no objection to that.

Mr. HANSEN. I would then at this point desire to have you look at a refinement of Mr. Findley's amendment which is very brief.

The CHAIRMAN. Let us move along. We will go into that in executive session. We will talk about it then.

Are there any other questions?

Mr. Resnick?

Mr. RESNICK. Mr. Secretary, we have been reading about the food riots down in the State of Keralas because of the shortage of rice. Will this program relieve that situation in any way?

Secretary FREEMAN. Those riots are politically agitated riots. They are promoted by the Communists and they are not related to food shortages except that they want rice instead of wheat. They are agitated with the contention that they are not getting rice in that area as much as in some other areas within India. Not that they are not getting food, but rather that they are not getting rice. It happens to be a politically sensitive area, does not represent a food shortage at this time.

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

We will now go into executive session.

Secretary FREEMAN. Thank you, Mr. Chairman.

(Whereupon, at 11:30 a.m. the committee proceeded into executive session.)





