

Food  
FOR  
PEACE



# Food FOR PEACE

The hunger of human beings is among the oldest and most compelling problems of man's history. For thousands of years, human conflict and pestilence have stemmed

in large part from man's inability to wrest from the soil enough food to satisfy his needs.

In our own day, the Cold War feeds upon this same failure of food supply. Frequently the titanic struggle between totalitarian and the free worlds focuses upon the simple question: "How can we get bread?"—a query asked with new insistence by millions of fathers and mothers all over the world.

The question is old because hunger, acute and chronic, is an ancient reality. But the accent and insistency are new because the fact of vast abundance in some nations and the possibility to secure sufficiency for all nations are the glad tidings and new promise of our age.

For the first time in history, the capacity now exists to wipe out starvation and its attendant evils in the entire human family. Today's imperative is to so distribute current abundance that it not only feeds the hungry but, along with other worldwide efforts, promotes technical development and economic growth.

This abundance is a blessing. The power to produce more abundantly is a greater blessing still. Instead of viewing our good earth and her hundred-fold fruits as paralyzing perplexities, we must give thanks to God and we must apply our full powers to fulfill His will for all the human family.

Only to preach peace and freedom as Judeo-Christian principles to people still held by hunger, at a time when we have abundance to remove their bonds, is hypocrisy. The living word must give life to deeds. Abstract





justice and charity are not enough. These virtues by themselves cannot teach how best to work the land. They cannot turn waste areas into fields of plenty. They cannot instruct millions of mothers in choosing a rounded diet. Justice and charity become life-giving through laws and programs, agencies and projects, staffs and tools.

Food and fiber, combined with well-coordinated programs of technical and economical assistance, can be used to build a better economic foundation for emerging nations. Long-range commitments of food and fiber can act as a basis for their over-all programs of socio-economic development.

Men who obtain enough food for themselves and their families will readily devote their energies and intelligence to achieving new and better ways of life through education and application to economic activity.

Great strides have been taken in recent years by the technically advanced nations in helping to raise standards of life in developing areas of the world. But much work needs to be done.

Roughly three-fourths of the people in the developing nations are engaged in agriculture. Still, they do not produce enough to feed themselves. They do not harvest enough variety to provide their people with nutritious diets. Many of our neighbors are still using primitive tools, and applying ancient farming methods. Frequently, prolonged drought and other natural catastrophes destroy much of the already meager harvest. Disease often wipes out livestock in wide areas.

A beginning has been made to make available to needy nations the kinds of food which more nearly meet the requirements of a health-giving diet. Donor nations might well encourage their farmers to grow more of the foods rich in protein and convert more of the starchy foods into meat and fats. A contribution of such foods would be vastly more beneficial to the people of the developing nations.

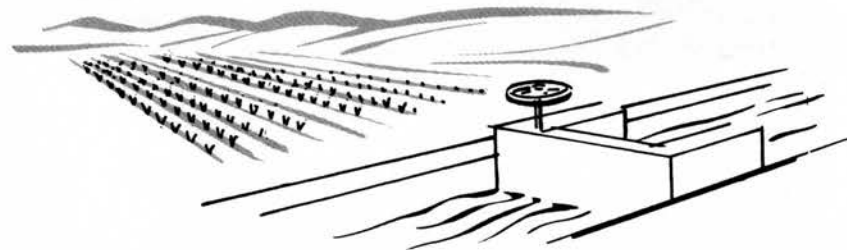
Token technical assistance to date demonstrates what can be done. A program of the Food and Agriculture Organization has made an attack upon rinderpest, for years the greatest killer disease of livestock. An English doctor with a simple serum, used widely in advanced nations, stopped the spread of the disease among the food animals of Thailand. The disease had killed virtually all the animal life in some sections of the country the year before.

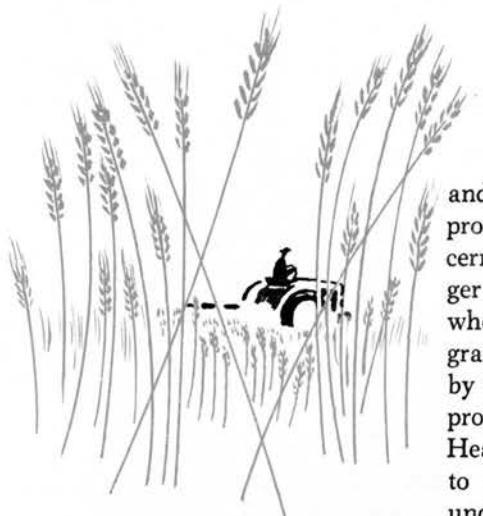
Instruction in conservation and the use of fertilizer has already doubled the harvest in some regions. More than a third of the earth cannot be put to effective use because lack of rainfall makes it difficult, if not impossible, for plants, animals and men to survive. The Arid Zone Research jointly engaged in by FAO and UNESCO is reclaiming land for productive use as fast as research can be applied to actual programs. The construction of dams, reservoirs and irrigation ditches has already turned some desert lands into productive fields in parts of Africa and the Middle East.

But mankind has only begun to utilize the productive potential of the earth. He has only begun to rejuvenate the soil of the tired old earth.

Much machinery is already available to bring technical assistance to developing nations. Some western countries, working individually, have initiated aid programs on a small scale. Through the United Nations and voluntary organizations, advanced nations have joined together for a combined effort.

The FAO of the United Nations is working in many ways to improve farm production and distribution of food and fiber throughout the world. Improved land use and tenure, vaccination and cross-breeding of animals,





and nutritional diets, are just some of the provinces in which the organization is concerned. Through its new Freedom from Hunger Campaign, it is alerting people everywhere to the need for national action programs seeking to free the world from hunger by means of increased production and improved distribution. UNICEF and the World Health Organization (WHO) are working to distribute food and improve diets of under-nourished peoples.

The International Federation of Agricultural Producers (IFAP) brings together farm leaders and farm organizations throughout the world. IFAP has long worked for progress toward an international food policy to be subscribed to by the governments of IFAP member organizations, and the emerging nations as well.

CARE, CROP, The Heifer Project, Catholic, Protestant and Jewish relief services, agricultural missions, and other church and lay programs are making significant voluntary efforts. These agencies, however, are working with limited budgets. Other major steps have been proposed and are needed. Among these is a proposal for a World Food Board, including an international food and fiber reserve. Such a food "bank" could make possible effective distribution from areas of abundance to areas of need. The Food for Peace program of our own government is doing much and, with an increased understanding among the American people, can accomplish vastly more to make meaningful use of our tremendous productive capacity applied to the food needs of hungry people.

The long-range effect of all such programs, however, will depend upon the immediate distribution of world abundance where it is needed, in workable ways that will not disrupt or harm the economies of the receiving countries. Most developing nations cannot afford to import commercially the food and fiber they need. What some nations do import is usually purchased at the expense of other programs, such as schools, hospitals, and irrigation and drainage systems.

A great obstacle to the development of nations stems from the fact that much of their manpower is tied up in agriculture. Commitments of food and fiber, coupled with technological assistance, can free more of the working force for industrial development, increase the social services, and serve to implement improved production techniques in agriculture. These developments, in turn, would provide jobs and income for more people, bringing the economy of the nation as a whole into better balance.

To assure maximum benefit from our American abundance, programs of social and economic assistance should be entirely separated from defense or security projects. Our food and fibre are tools for peace.

As citizens of the United States, we particularly commend our Food for Peace program, currently receiving new impetus. This great demonstration of the American people for the hungry of the world conforms to our moral responsibilities and demands our continuing support.

This is the promise and the challenge of today. Free nations are preparing the soil for peace rather than war. The seeds of peace are being planted in the fertile soil of advanced nations as the product of the fields is applied to needs of the human family.

Can we nourish these seeds more rapidly than the seeds of war growing now in farflung fields of underdeveloped nations?

There can be no enduring peace and freedom with half the world enslaved to hunger. There is no more compelling a master.

The free nations of the world spend billions each year for protection against war. We still spend so little for peace.

We, the undersigned, impelled by our religious convictions, are determined to strive for real peace within the human family, peace where there is no hunger or poverty.





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by George D. Aiken,  
US Senator  
from Vermont

Condensed from a Com-  
mencement Address at  
Goddard College

*Food for Peace!*

# Food . . .

Since time began, war has been waged incessantly on earth, first animal life against the elements, man against animal, man against man, tribe against tribe, race against race and nation against nation. Now, having reached the acme of our extra territorial possibilities on earth, we are vaguely weighing the possibility of a conflict between planets.

There is no reason to believe that war will now cease. The question we must ask and answer is "What kind of wars?" Will they be the sort where man seeks to kill off those of his own kind? Or will wars of the future be directed by man against his most inexorable enemies, poverty, hunger, disease, illiteracy and intolerance?

Over the ages these enemies have inflicted more casualties and suffering than all the more spectacular battles of land, sea and air combined.

To wage war, it is necessary to have weapons, defensive and offensive. In this field man has pro-

gressed from the stone hatchet to the spear, the bow, the crossbow, the musket, the repeating rifle and the machinegun to the guided missile and the death ray.

Paradoxically, with the refinement of weapons for exterminating one another has come the development of better weapons with which to forestall our major enemy, death itself.

From the days of sulphur and molasses, peppermint and camomile, we have seen the development of vaccines, blood plasmas, anesthesia, antibiotics and many unpronounceable discoveries of medicine and surgery all intended to postpone the day of Gabriel's reveille.

Of all the weapons used in war, however, one is utterly indispensable. That is food. We have always been told that an army travels on its stomach. Be that as it may, it is an indisputable fact that no people become strong and successful either in peace or war if they are undernourished or in ill health. Well fed, healthy people are the prime ingredient of a strong nation. The United States is a strong nation today because of our agricultural productivity.

## Corn For Yugoslavia

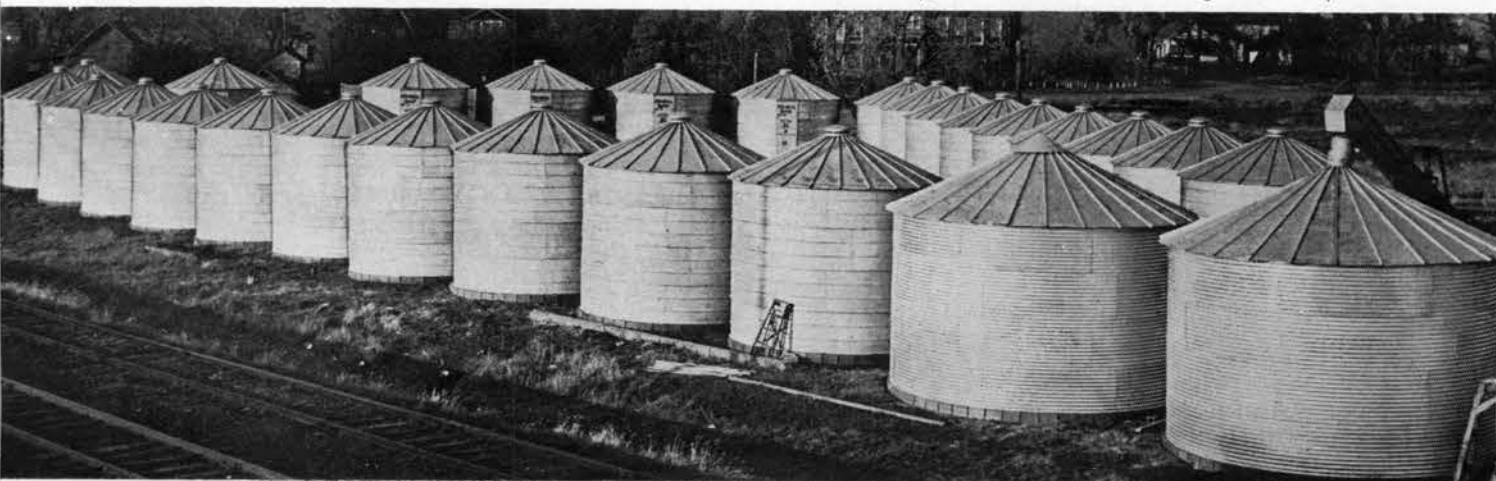
The summer of 1950 was a cool season in Yugoslavia. The corn crop was a near failure. There would be none to export and not enough even for home use. The prospects were indeed desolate. Stal-

## . . . America's most

in's forces had stripped many industrial plants of whatever useable equipment had been left after the war.

America had corn in excess of our needs. Although Yugoslavia was a Communist state and considered by many to be irrevocably committed to the Soviet Bloc, our country, true to its tradition, gave to this Balkan nation some \$38 million worth of food, principally corn. This food was distributed to the people under the direction of CARE. The Yugoslav government cooperated fully in advising its people as to the source of this assistance.

The public cost of maintaining a bountiful food production is less than 10% of the cost of maintaining our military defenses.





Although Yugoslavia today is a full-fledged Socialist state, it does not participate in the world movement of forcing this ideology on other nations. Had it not been for the timely help given by the United States, it is unlikely that Yugoslavia would be a free nation today.

### Drouth in Pakistan

From time immemorial, drouth has been one of the scourges of mankind. A single year's onslaught by this formidable enemy has been known to weaken strong nations. Pakistan has been a perennial victim of this scourge. In 1952 and 1953, drouth struck Pakistan. The country was desperate. Threatened by traditional area enemies from without and by inflation and starvation from within, it looked as if this young nation might have to give up the ghost before it achieved maturity.

I was chairman of the US Senate Committee on Agriculture in 1953. One day we received a message from the White House. The President requested an immediate grant of wheat for Pakistan. Just 2 weeks later at Baltimore, I participated in ceremonies at the sailing of the first shipload of wheat for Karachi. The shipload was the forerunner of millions of tons of wheat which our nation has since made available to the people of Pakistan.

What did we get out of this deal? Well, not much money I admit. We loaned the money received from that part of the wheat that was sold back to Pakistan

## potent weapon

to be used on irrigation developments and for other purposes. The chronic fear of famine and inflation in that country has been mitigated.

We have been helpful to both India and Pakistan in reaching an agreement relating to a division of water from the Indus watershed so that each can make more progress in fighting their common enemy, drouth. We have gained a friend among the nations. During my term of service at the United Nations last fall, I learned that Pakistan was one of three Asian nations that almost invariably was found by the side of the United States.

The two examples I have given illustrate the manner in which United States food has contributed to the strengthening of our relations with other people. Our records are replete with other instances. Since the Korean War, billions of dollars worth of American corn, wheat, vegetable oils, milk and other commodities have gone to all corners of the earth. The fear of famine and inflation has not been fully erased, but it no longer holds the stark terror which it used to have for half the world's population.

Although our largest cooperative programs are now with nations like India, Brazil and Pakistan, there is hardly a country on earth but what plans more confidently and rests more securely because it knows that, should disaster strike, American food and aid would be promptly available.



Without our food, emerging nations may give up the ghost before they achieve maturity.

### Task Ahead

The Foreign Agricultural Service has estimated that the world's food shortage today in calories and protein alone if reduced to terms of common commodities would amount to 35% of the annual US milk production, 40% of our peas and dry bean production and 120% of our annual wheat production. Even in our own hemisphere there are several countries where the people are living under a dietary deficit of more than 500 calories per day.

Why should this concern us greatly? Aside from humanitarian considerations, we should be concerned with the effect of malnutrition on the ideology of a people. There are those who say we should give food only to those whose national philosophy agrees with ours. I have heard it said that we should withhold food and assistance from a people until they revolt against totalitarian masters. I have never known this method to work. People cannot be starved into democracy. They can be starved into accepting dictatorships.

If I have now described for you the value of food as a weapon to be used in ideological or social conflicts, I would be remiss if I did not warn you that we are in danger of losing that weapon. In spite of foreign sales and contributions our excess production has continued to mount until today we have considerable more wheat and feed grain than is required for normal safe reserves for all purposes. This situation has provoked public resentment. The taxpayer objects to paying storage costs. The trader protests government being in the grain business at all. The consumer who has probably been the principal beneficiary of the programs gets taken in by voluminous propaganda and joins the chorus shouting "throw the rascal out."

*continued on next page*

Yielding to pressure, our government has proposed measures to appease this public clamor. Already, over my protest, the Congress has approved and the Executive Branch has put into effect a program under which 26% of our corn and feed grain land will not be planted this year.

If the yield is reduced proportionately, we shall produce in the US less feed grain than we shall consume this year. The Administration has already asked to have this program extended another year. Also similar requests have been made for wheat.

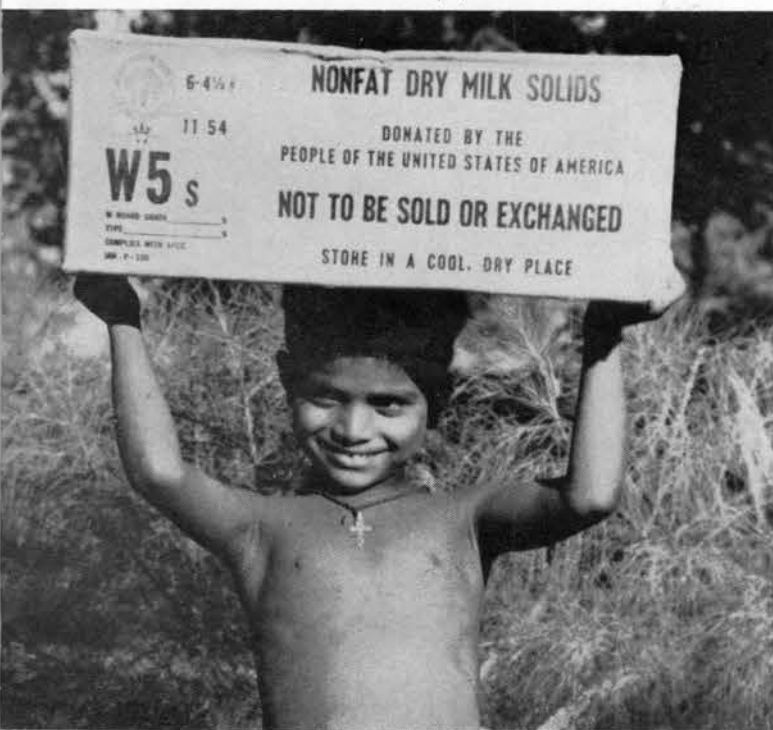
In the meantime, while the Department of Agriculture seeks drastic reductions in production, the State Department asks for authority leading to long-term commitments to foreign nations. Somebody in Washington had better do some coordination and do it soon.

I have repeatedly urged that the solution of excess farm production does not lie in compulsory restrictions upon the farmer but rather we should concentrate upon the development of new outlets.

These new outlets may well be in a world which is chronically scourged by malnutrition and disease and continually threatened by war. America's stock in trade at the international bargaining table will be reduced proportionately as we curtail our agricultural output. The public cost of maintaining a bountiful food production is less than 10% of the cost of maintaining our military defenses at home and abroad.

Without minimizing the importance of strong security measures to be used in the event of an armed attack upon our country or upon democracy at large, I can say in all sincerity, that as of today in the war against poverty and disease, intolerance and despotism or even in a war between conflicting ideologies, food is America's most potent weapon.

Famine no longer holds the stark terror which it used to have for half the world's population.



## Multi-Purpose Food

Food makes more friends than bombs and costs less. Here's a shipment of Multi-Purpose Food, made from fortified soy-bean cake, headed for hungry Koreans. MPF supplies a high-protein meal for 3c (most countries can produce their own starchy foods—the crying need is for protein). MPF shows the way to adequate nutrition for everyone simply by turning such non-food products as oilseed meals and citrus pulp into high-protein, low-cost dietary supplements that make efficient diets out of deficient diets. For full information, write to Meals for Millions Foundation, 215 W. 7th St., Los Angeles 29, Cal.

## A STATEMENT ON BEHALF OF WORLD PEACE



A statement signed by more than 100 Catholic, Protestant, and Jewish leaders calling on all Americans, and all peoples to use world abundance and technological capacity to destroy the causes of war in the world, so that our children, their children, and all the people to come may live in a world at peace.

*Price of this significant statement in booklet form: 10 cents each, 500 or more in bulk, 5 cents.*

*Educational Materials Service*

*National Farmers Union*

*1575 Sherman Street*

*Denver 1, Colorado*

[June 7, 1960]

REMARKS  
IN THE SENATE OF THE UNITED STATES  
BY  
HUBERT H. HUMPHREY

Mr. President, I introduce for appropriate reference a bill that would broaden the provisions of law governing the distribution of our surplus agricultural commodities to the needy in foreign nations.

I ask unanimous consent that the full text of the proposal appear at this point in my remarks.

Mr. President, nonprofit voluntary agencies are eligible under Title III of Public Law 480 to receive CCC-owned food commodities for use in administering relief feeding programs abroad. Under Section 308 of that Title, the Commodity Credit Corporation is authorized to pay ocean freight charges to transport the donated food from United States ports to designated ports of entry abroad.

This section of the law has been interpreted to mean that the payment of transportation costs must be limited to ocean freight charges only. The result of this interpretation is that frequently the voluntary

agencies are faced with a financial problem in transporting the food to certain landlocked countries, such as Laos, Paraguay, and Bolivia, which have no seaports. These countries are most frequently very poor ones that are in great need of the food distributed by the voluntary agencies.

I am confident that it was not the intent of Congress to place landlocked countries in a less benefited category than countries with seaports in the administration of this program. The proposed language in this amendment would clarify the intent by striking out the words "ports of entry abroad" and inserting instead "points of entry into the nation where the commodities are to be used."

The second changed proposed in this bill would make more effective social and economic use of American abundance. Under the present understanding of the regulations, all food supplies donated to the voluntary agencies under Title II must be distributed to the needy without exacting any form of recompense. There is no intention on the part of anyone that these poor recipients should make a financial payment for the donated commodities. However, many agencies are interested in



projects of public value, such as the building of schools, small roads, drainage ditches, dikes, bridges, and other public works that would improve the local communities and the lives of the residents. Those who have experience in working with the feeding programs abroad feel that the people of underdeveloped countries could be induced to engage in beneficial community efforts if the donated food could be used as compensation for their labors.

This, Mr. President, would seem to be a very worthwhile change in the existing regulations. Besides improving the daily lives of these people by relieving hunger, our food supplies would be improving their future lives in a lasting fashion.

The third change proposed in this bill would permit the voluntary agencies to use some of the donated food commodities as payment for its conversion into other food products. Under present laws, the food must be distributed in the form in which it is received, or its conversion must be paid for by someone other than the recipient. In effect, this means that if adequate resources are not available to the voluntary

agency operating the feeding program or to the local cooperating groups, the program is limited in its usefulness. For example, wheat flour must sometimes be distributed simply in the form of flour. In areas around the world occupied by the United States Army after the last war, part of the food supplies available were used to pay for their conversion into more useful foods. The operation of Title III programs would be greatly improved if the actual work of converting foods into other products could be paid for with part of the food supplies. For instance, bakers could be paid in flour for the baking of bread or the making of noodles. This would result in the distribution to the needy of food that could be eaten at once. In addition, it would familiarize them in many cases with new types of food that would provide more nutritious diets than they now have.

To implement these last two worthy purposes, the bill I introduce today would amend the present legislation by adding this sentence to the end of Section 416 of the Agricultural Act of 1949: "For the purpose of clause (4) food commodities shall be considered to be used

in the assistance of needy persons if they are used (1) for recompensing persons employed in projects for the construction of public works which are constructed on a community effort basis, or (2) for compensating persons in the nation where the food commodities are to be used for processing such commodities into a more readily usable form."

June 7, 1960

[1960]

IN THE SENATE OF THE UNITED STATES

Mr. Humphrey

introduced the following bill; which was read twice and referred to the Committee on

A BILL

To broaden the provisions of law governing the distribution of our surplus agricultural commodities to the needy in foreign nations.

—(Insert title of bill here.)

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 That the third sentence of section 203 of the Agricultural  
4 Trade Development and Assistance Act of 1954 (7 U.S.C.  
5 1723) is amended by striking out "ports of entry abroad"  
6 and inserting in lieu thereof "points of entry into the nation  
7 where the commodities are to be used."

passed already

8 SEC. 2. Section 416 of the Agricultural Act of 1949  
9 (7 U.S.C. 1431) is amended by adding at the end thereof  
10 the following new sentence: "For the purpose of clause (4),

1 food commodities shall be considered to be used in the assist-  
2 ance of needy persons if they are used (1) for recompensing  
3 persons employed in projects for the construction of public  
4 works which are constructed on a community effort basis,  
5 or (2) for compensating persons in the nation where the  
6 food commodities are to be used for processing such com-  
7 modities into a more readily usable form."

passed

not passed



(NOTE.—Fill in all blank lines except those provided for the date and number of bill.)

----- CONGRESS }  
----- SESSION } S. -----

## A BILL

(Insert title of bill here)

By Mr. -----

-----, 19-----—Read twice  
and referred to the Committee on

January 9, 1961

Memo to Jack

From Senator

*mark file*

I want to share with you some recommendations that have been made concerning the immediate steps designed to implement the Food for Peace program. This has been gone over very carefully now with Governor Freeman, George McGovern, Chester Bowles, Murray Lincoln and myself.

It has been agreed that we should strengthen the Food for Peace Administrator's office with an executive order. The executive order has been rewritten -- it is simple and to the point. It places authority for the administration of a Food for Peace program in George McGovern. He would be a White House appointee, separate from the Department of Agriculture and the Department of State. He would be housed or located in the Department of State, but not under the jurisdiction of that Department. It seems to me wise that his geographical location be in the Department of State since Food for Peace ought to be a part of our total economic aid program and within the general confines of the overall foreign policy of this country.

The Peace Food Administrator would be able to call upon any Department of government for assistance and he would be in charge and lay down the overall directives and guidelines for the program and would indeed be able to coordinate the activities of the several departments.

The bill I introduced a couple of years ago, I believe it is S. 1735, outlines the type of administration we need. That administration will be followed by executive order if our plans go through.

A second item was suggested that President-elect Kennedy appoint a task force at once to go to Africa and survey the food needs in that area. I think that is good. Freeman is in support of it

and both Freeman and I suggested to McGovern and Bowles that this be pressed at once.

IMMEDIATE STEPS DESIGNED TO IMPLEMENT THE "FOOD FOR PEACE" PROGRAM

File  
Food FOR PEACE  
PROPOSAL  
1961

1. Executive Orders.

- A. Create a "Food for Peace Administrator" with office in the White House and with staff for preliminary operations pending the adoption of Food for Peace legislation. Provide the Administrator with authority to make final decisions on the Food for Peace Program.
- B. Create a high level Advisory Committee which would serve as 1) advisor to the President on Food for Peace and 2) as an advisory body to a Food for Peace Administrator. The committee appointed by Senator Kennedy October 30, may be enlarged with the addition of a few names to round out the membership, but the consultative committee should be kept small enough to actually meet with the President and the Food for Peace Administrator as required.
- C. Authorize the processing of soy beans to provide fats and oils for relief programs of voluntary agencies overseas and famine and disaster relief by the federal government (legislation authorizing this action has already been passed by the Congress but never used.)
- D. Authorize the immediate implementation of Congressional authority which provides for sale of agricultural surplus for local currency to be repaid over a ten-year period as a loan (this also has been authorized by Congress but never used).
- E. Authorize the processing of cotton to produce cotton sheets and pillowcases for use in hospitals, orphanages, old people's homes, and other institutions for programs initiated by voluntary agencies overseas or famine and disaster programs of the federal government



(it is believed this program could be initiated on a modest scale under the President's emergency powers, but legislation would be required for a long-term program).

- F. Direct the full cooperation of the federal government with the United Nations Food and Agricultural Organization on its Freedom from Hunger Campaign. This cooperation could include: creation of a high level U.S. Advisory Committee for work with the FAO; a national conference for rallying support on non-governmental organizations for the Freedom from Hunger Campaign; provide funds for transportation and incidental expenses for implementing contributions made by U.S. industry and non-governmental organizations to assist in the campaign. (For example, large scale contributions of seeds, fertilizers, outboard motors (for fishing fleets) and other contributions have already been made but funds are not available to transport them to their point of use. Specialists would be made available by the industry to advise on the use of these items if travel expenses could be made available.)
- G. Direct the International Cooperation Administration to supplement the foodstuffs now available in agricultural surplus with the purchase of other foodstuffs in the market for distribution for relief and disaster programs, school lunch programs, and other projects in the Food for Peace Campaign.

## 2. Legislation Required.

- A. Enactment of the Food for Peace Act, introduced by Senator Humphrey and others and adopted by the Senate at the last session of Congress. This legislation should be reintroduced for immediate passage. The Bill should be in the form reported out of subcommittee after hearings

and before substantial amendments were made cutting back the program.

A few amendments could be added to the Food for Peace Act to round out the program. These would include:

- B. Add processing of cotton to the authority now vested in the Department of Agriculture for the preparation of surplus commodities for distribution overseas.
- C. Determine the place in government for the Food for Peace Administration. (This could well be an agency in the White House. Alternative possibilities could place it in the Department of Agriculture, State Department, or ICA, but the program is of such importance that the White House would be the preferable place. Another alternative is to create an Undersecretary of Agriculture responsible for Food for Peace administration. This becomes more practical now that the new Secretary of Agriculture is a person very enthusiastic for implementing the Food for Peace program.)
- D. Authority from the Congress to put surplus wheat, seeds, and other commodities at the disposal of the UN Food and Agricultural Organization for use in countries agreed on by the FAO. This would be a program smaller than U.S. Food for Peace program but would supplement it with a multi-lateral program and at the same time strengthen U.S. participation in the FAO.
- E. Appropriate funds for the Food for Peace program as a part of the U.S. economic aid program. This would assure a broader concept of the program and provide that the full cost of Food for Peace would not be charged to the Department of Agriculture but to the Foreign Economic Aid program where it more properly belongs. Such action

would also make it possible to supplement the surplus commodities currently in stockpiles and would also give a value and priority use for commodities purchased from the Commodity Credit Corporation.

- F. Centralize administration of the program and management of local currencies created through the sales or loans of agricultural commodities.

3. Immediate Action by the Secretary of Agriculture.

- A. Direct the processing of soy beans to provide fats and oils for the Food for Peace program, supplementing existing agriculture surplus.
- B. Direct the immediate use of the ten-year loan procedures in the disposition of agricultural surplus now available under Public Law 480 but not yet used.
- C. Direct full cooperation with the UN Food and Agricultural Organization in its Freedom from Hunger Campaign.
- D. Direct the processing of cotton for bed sheets, pillowcases, and other commodities for hospital and institutional use under the Voluntary Foreign Aid and Disaster Programs. (Temporarily it would be necessary to start this program under the President's emergency powers.)

JUSTIFICATIONS

- 1. Executive orders of the President, as enumerated above, are essential to U.S. security in authorizing the use of existing agricultural surpluses and other resources as part of an overall Food for Peace Campaign. Existing stockpiles of surplus could be changed from a debit to a credit by making active use of these commodities in the assistance of the U.S. allies and uncommitted nations whose welfare is co-existent with the continued welfare of the United States. These executive orders are

designed to transform the agriculture surplus program to a positive program of Food for Peace by supplementing the available surplus with such commodities as are necessary to provide a well-rounded program of welfare and relief, supplementing the sales of agricultural products abroad. Use of our resources in this fashion will create new markets for American agricultural products as well as removing existing surpluses which might destroy the effectiveness of domestic agricultural programs.

2. The legislation outlined above is built primarily around the Food for Peace Act which was adopted by the Senate of the United States during the 86th Congress but failed adoption in the House. Several clarifying and perfecting amendments are also proposed which would make the program achieve its maximum effectiveness. The Food for Peace Act would transform the existing agricultural surplus disposal program into a constructive foreign economic program designed to increase American security by assisting our allies and the uncommitted countries throughout the world.
3. The Secretary of Agriculture is authorized to undertake certain specific actions in connection with the Food for Peace program and to aid American agriculture by the disposal of agricultural surplus thereby relieving the pressure of existing surpluses on the market. These actions, however, are also part of an overall program which takes cognizance of the fact that the problems of American agriculture cannot be solved by purely domestic actions but can be solved only in the context of world peace and security. Such actions will create additional markets abroad which will also strengthen the position of American agriculture.

March 28, 1961

MEMORANDUM FOR

THE PRESIDENT

The attached report is my evaluation of the past operations of the Food-for-Peace Program and my recommendations for improvement.

I believe there are substantial opportunities to expand exports of our agricultural abundance under the Food-for-Peace Program. The programs for concessional export sales can be increased ten to fifteen percent annually. Our grant programs, particularly school lunch programs and work projects using our food as wages, offer truly challenging opportunities for expansion. I believe these programs can be doubled within a short time and tripled or quadrupled over a longer period.

A summary of my major recommendations follows.

  
George McGovern

Attachment



RECOMMENDATIONS FOR IMPROVEMENTS  
IN THE FOOD FOR PEACE PROGRAM  
(First two pages constitute a summary)

A. Legislative Action

- (1) Existing authority to enter into Title I (foreign currency) sales is almost exhausted. Therefore, legislation to increase the authorization by \$2 billion for the current calendar year should be enacted promptly.
- (2) Long-term food supply commitments to foreign countries under Public Law 480 should be encouraged. In support of such a policy, the existing Title I (foreign currency) and Title II (grant) programs should be extended from their present expiration date (December 31, 1961) until December 31, 1966, with a total Title I authorization for that period of \$7.5 billion, with shipment in any one year limited to \$2 billion; and with a Title II authorization of \$1.5 billion.
- (3) To encourage the establishment of food reserves abroad, a food reserves amendment to Title I should be enacted.
- (4) The use of the Title IV (long-term dollar credit) program should be encouraged by clarifying existing policy so as to enable CCC to obtain reimbursement through regular appropriation for Title IV transactions.

B. Administrative Action

- (5) The "phase out" policy under Titles II and III should be sharply modified and every effort made to expand existing programs under these titles, particularly in those countries with the most serious nutritional deficit.
- (6) The staff needed to carry out our new Title II and III programs should be provided.
- (7) The procedure of interagency clearance should be streamlined by having the Food For Peace Director exercise the authority previously vested in policy committees.

- (8) P. L. 480 foreign currency and foreign aid funds should be used to improve facilities for the unloading, storage, and internal transport of food supplies.
- (9) The help of the Peace Corps should be enlisted to assist in strengthening our food programs abroad.
- (10) Greater use should be made of readily available non-price support commodities such as poultry meat.
- (11) I strongly support an expanded role for FAO in the utilization of agricultural commodities.
- (12) Public advice and support for the Food For Peace Program and for the FAO Freedom From Hunger Campaign should be fostered by the formation of a widely representative citizens' advisory committee, possibly including a few government representatives.

SUBMITTED BY:

George McGovern  
Special Assistant to the President  
Director, Food For Peace

## REPORT ON FOOD FOR PEACE

### I. THE PROBLEM

#### A. U. S. Agricultural Capacity

American agricultural surpluses, in a world in which malnutrition, hunger, and even starvation continue to be ever present problems, remain one of the great paradoxes of our time. This Administration has pledged itself to a systematic and vigorous effort to find ways by which American capacity to produce agricultural commodities can be used to meet world needs for food and fiber without disturbing existing commercial markets. The purpose of this report is to review existing Federal programs for the distribution of surplus agricultural commodities, analyze the strengths and weaknesses of such programs, and to make recommendations for the course to be followed by the Administration in its Food For Peace effort.

Existing Federal programs for the shipment of agricultural products to countries unable to pay for them in hard currency were originally oriented toward surplus disposal. Our primary concern, at the outset, was to find an outlet for existing surplus commodities without major consideration either to world food needs or the relationship of food shipments to American foreign policy. This Administration proposes a close coordination of our agricultural abundance

with foreign policy objectives and world food needs. It is particularly important that we exhaust the various possibilities of improving nutrition and promoting economic growth in the developing nations. This shift of emphasis has important implications as far as the long-range policies to be followed by our Government are concerned. Recognizing that any food utilization program must be planned with our existing surpluses and surplus-producing capacity well in mind, we should also act on the need (1) to modify our agricultural production to provide more needed protein in the form of meat, poultry, milk, or (2) encourage protein deficit nations to use more United States feed grain for producing protein foods.

It is therefore appropriate, irrespective of the proposed shift in emphasis of the program, to examine our total agricultural production and, more particularly, our surpluses. Such an examination presents the picture shown in Table 1.

American agriculture is still undergoing a revolution in its organization and technology. Production has expanded nearly 25 percent in a decade, a rate of expansion more rapid than in the non-farm economy. The structure of agriculture has changed, with a sharp drop in labor used, an increase in the volume of capital, and little change in the acreage utilized.

TABLE 1

U. S. Agricultural Production and Surpluses  
1951 - 60

Year	Index of farm production calendar yr. (1947-49 - 100)	Size of annual surplus in percent of production	Investment CCC in Farm Commodities June 30 (millions)
1951	104		\$ 1,767
1952	108	6.3	1,437
1953	109	10.8	3,476
1954	109	8.8	6,006
1955	113	9.6	7,020
1956	114	7.5	8,095
1957	124	8.7	7,195
1958	124	9.0 est.	6,808
1959	126	11.0 est.	8,579
1960	128 est.	n.a.	8,473



There is no indication that the revolution in technology and organization has run its course; in fact, under 1960-type programs, further increases in annual surpluses were predicted.

### B. World Food Needs

In sharp contrast to our agricultural abundance are the statistics on world food needs. The annual world food deficits are shown in the following table.

TABLE 2

#### World Food Deficits - 1958

Net additional imports required to raise calorie and protein content of present diet to standards for broad nutritional improvements compared with CCC stocks and average annual U.S. production

	World Deficits	Net Addition to CCC inven- tory 1958-59	CCC Stocks 11/30/60	Annual U.S. production 1949-58
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(thousands of metric tons)

Animal protein in terms of non-fat milk solids	1,647	18	137	541
---	-------	----	-----	-----

Pulse protein in terms of beans and peas	352	20	0.3	888
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Other protein and calories in terms of wheat	40,665	9,770	30,967	29,515
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Note: Projected deficit is about 8% larger for 1962 and about 15% larger for 1965.

What this table shows is that large as our agricultural surpluses may be, world food needs are still larger. Even in the case of a commodity such as wheat, our largest surplus, we can meet only 75 percent of the world needs (if transportation, storage, and distribution facilities were adequate, which they are not). In other commodities our surpluses are dwarfed by the needs of countries in which large sectors of the population suffer from malnutrition.

## II. U.S. FOOD EXPORTS

### A. In General

Against the background of American agricultural abundance on one hand and world food needs on the other, what has been our contribution to the solution of world food problems? To answer this question in broad terms, we must distinguish among three categories of agricultural exports:

- (1) Commercial exports without Government assistance;
- (2) Commercial exports with Government assistance;
- (3) Exports under Government concessional sales or grants. (Primarily P. L. 480)

An analysis of these categories over the past decade presents the following picture: SEE TABLE 3.

As can be seen from the foregoing tabulation, our commercial unassisted exports have been moving within narrowly circumscribed

TABLE 3

United States agricultural exports: Commercial exports with and without Government assistance and exports under specified Government programs, year ending June 30, 1953-60

Exports	1953	1954	1955	1956	1957	1958	1959	1960
Commercial ex- ports (dollar sales) <u>1/</u>	(billions of dollars)							
Without govern- ment assistance	1.8	1.9	1.9	1.6	1.7	1.6	1.6	1.9
With govern- ment assistance (est.) <u>2/</u>	0.6	0.4	0.4	0.5	1.1	1.2	0.8	1.3
Exports under specified govern- ment programs (Primarily P.L. 480)	0.4	0.6	0.8	1.4	1.9	1.2	1.3	1.3
Total	2.8	2.9	3.1	3.5	4.7	4.0	3.7	4.5

1/ Includes commodities bought with loans from Export-Import Bank and credits extended by the Commodity Credit Corporation

2/ Commercial exports assisted by export payments in cash or in kind or by sales from CCC stocks at less than domestic market prices.

limits for many years, varying from a low of \$1.6 billion to a high of \$1.9 billion. Since 1954, however, substantial additional amounts of commodities have been exported with the direct or indirect help of the Federal Government.

Export subsidies are government payments made to exporters as they ship commodities abroad. They are calculated to make U.S. farm products fully competitive in the world market. Though they contribute government support for food shipments, they have not been considered part of our Food For Peace effort. That designation has generally been applied to our wholly government-financed food export program which therefore requires close examination in the context of this report.

#### **B. Government-financed Export Programs**

Our existing "Food For Peace" program is embodied in the separate titles of the Agricultural Trade Development and Assistance Act (Public Law 480) and Section 402 of the Mutual Security Act. Actually there has been no unified, comprehensive Government-supported food export program. Instead, there have been a series of separate programs, carried on with only very limited reference to

each other. In analyzing them, we can distinguish broadly between

(1) Concessional Sales, and (2) Grants.

(1) Concessional Sales

(a) In General

Concessional sales of food and fiber are export transactions undertaken by the Government of the United States in which the United States receives compensation for our exported agricultural commodities in a form other than immediate dollar payments. Such compensation takes the form of

- (i) foreign inconvertible currency
- (ii) strategic materials for our stockpiles or materials needed in off-shore construction or military assistance
- (iii) dollar payments on long-term credit

As shown by Table 4 (page 19), the foreign currency transactions constitute the greatest bulk of our present Food For Peace effort. They are, at present, carried out side-by-side by two different agencies operating under separate provisions of law and separate appropriations, namely, the Department of Agriculture, working under Title I of Public Law 480, and ICA, operating under Section 402 of the Mutual Security Act.

Sales of American agricultural commodities for strategic materials or materials needed for off-shore defense procurement



are known as "Title III - barter transactions." Primary responsibility for passing on these transactions rests at present with the Secretary of Agriculture. Though the program is far smaller than the Title I program, it has been subjected to criticism on the ground that many of the transactions tend to displace ordinary commercial transactions of either the United States or of friendly countries engaged in the export of agricultural commodities.

The program of sales on long-term dollar credit is relatively new, having been added in 1959 as Title IV of Public Law 480. No transactions have been carried out under this Title, though several are being negotiated. Here, too, responsibility has been vested in the Secretary of Agriculture.

(b) Impact on the United States

The concessional sales contract is by definition one in which the United States receives value for its exports. It must be noted, however, that under foreign currency sales we appear to receive much more than we actually do. While foreign currency is credited to accounts maintained in the name of the United States and may be expended for certain stated purposes, the economy of the importing countries often cannot afford the expenditure by the United States of the currency amounts credited to us. As a result, in

some cases we are permitting these amounts to accumulate, without reasonable expectation ever to expend all or most of them. Many of these transactions, though generally assumed to be sales, will probably, in their true effect on the United States, turn out to be largely grants.

In the case of barter, many of the commodities the United States receives have little prospect of being released from the supplementary stockpile for actual use.

(c) Impact on Recipient Country

Whether these transactions are sales or grants in their ultimate impact on the American taxpayer, they certainly appear as purchases to the average citizen of the recipient country. Food acquired from the United States enters the country through the usual commercial channels and is placed on sale in the same manner as agricultural commodities produced in the country in question or imported in some other way. Individual citizens purchase the products in the usual way from the retailers. The net benefit of the transaction is spread over the entire population but in an indirect manner not apparent to the individual citizen. Specifically, the net effect of any transaction of this kind is to keep food prices down, thus helping all income classes. As food expenditures contribute by far the largest share of total expenditures among the lower income groups,

low food prices are, of course, most beneficial to them. Furthermore, as higher prices might cause groups at the lower end of the income scale to curtail their purchases below reasonable minimum standards, the effect is to reduce hunger in these lowest groups. At the same time, it must be noted that concessional sales do not reach those groups of the population which are so very low on the economic scale that they have insufficient funds for the purchase of food. 1/

While the benefits of a foreign currency sale may not be apparent to any particular consumer, the total benefit accruing to the importing country may be quite substantial. As long as the currency paid to the United States is not expended for U. S. uses, it enables the foreign country to engage in economic development, capital-forming activities without subjecting its population to privation or incurring inflation. This is particularly true for the urban population which often constitutes a highly significant element in influencing the political course of an underdeveloped country.

(d) Impact on World Trade

There is one other aspect from which to view concessional sales: their impact on ordinary commercial transactions, both of

1/ Furthermore, unless proper administrative measures are taken by the recipient country to protect the local farm economy, Title I imports can have a depressing effect upon local food production.

the United States and foreign countries engaged in food exports. As indicated, our barter program has been criticized from that point of view. Up to 1957, there was also sharp criticism of certain Title I sales. Since then, increased emphasis has been placed on full consultation with friendly food-exporting countries before a concessional sales transaction is carried out. Criticism of barter, however, has continued.

(e) Financing

Except for a small amount of commodities not subject to price supports, shipping costs, and other minor expenditures, concessional sales require no additional outlays on the part of the Government of the United States. The commodities have either previously been bought and paid for by the Commodity Credit Corporation or would be if not disposed of concessionally. However, for bookkeeping purposes, the following financial transactions take place:

Title I: Subsequent appropriation to Department of Agriculture to reimburse CCC.

Title III: Barter - Subsequent appropriation to reimburse CCC for material turned over to supplemental stockpile. If CCC acted as procurement office for other agencies of government, immediate reimbursement.

Title IV: CCC carries obligation until reimbursed by annual repayments from receiving country.

Section 402: Funds appropriated for foreign assistance are used. The sales serve as a means of converting the dollars to local currency for expenditure in the foreign country.

The net effect of the foregoing bookkeeping transactions is to help preserve the liquidity of the CCC, postponing in each instance the time when its money would run out and the CCC would require additional borrowing authority to finance further purchases of surplus commodities.

(f) Statutory Limits

A final word must here be said concerning existing statutory limits on concessional sales programs. Title III and Title IV transactions are in effect limited only by the availability of the agricultural commodities to CCC and, in the case of barter, by the willingness of the United States Government to accept bartered materials.

By contrast, Title I is subject to a dollar and time limit. Congress authorized Title I agreements totaling \$3 billion by June 30, 1957, another \$1 billion by June 30, 1958, \$2.25 billion by December 31, 1959, \$1.5 billion by December 31, 1960, and another \$1.5 billion by December 31, 1961. Total authorizations to date have thus amounted to \$9.25 billion. The authorization is now almost exhausted. A request for a further authorization of \$2 billion is presently pending in Congress.



Section 402 of the Mutual Security Act is phrased so as to require that not less than a fixed portion of the Mutual Security appropriation be spent on agricultural commodities. The requirement for the current fiscal year is the expenditure of not less than \$175 million of the appropriated funds, a decrease from nearly \$500 million in 1954-55.

(2) Grants

(a) In General

Outright gifts of American food are authorized by Title II and Title III of Public Law 480. 2/ They have taken the form of

- (i) emergency relief in famines and disasters (Title II)
- (ii) school lunch programs (Title II)
- (iii) food assistance to support specific economic development projects (Title II)
- (iv) donations through voluntary agencies (Title III)

Over the years, grants of food have contributed a relatively small part of our government-financed food export programs, usually not exceeding 25 percent of the total, and now amounting to about 15 percent. Within the grants category almost two-thirds has been expended through voluntary relief agencies, and about one-third on government-to-government programs (items (i) - (iii) above).

2/ They are also authorized by Section 402 of the Mutual Security Act, but that section has never been used for grants.

Responsibility for both the governmental and the private programs rests with ICA.

Of the various types of government-to-government grant programs, the emergency relief provision is, of course, self-explanatory. A few comments are, however, appropriate with regard to the school lunch programs and the economic development projects.

Government-to-government school lunch programs under Title II are paralleled by those carried out through private agencies under Title III. To date, the United States has undertaken government school lunch programs in Japan, Italy, and Tunisia. The Japanese program has been taken over by the government of Japan. The Italian program, similarly, is about to be "phased out" with responsibility assumed by the Italian government. Only the Tunisian program is expected to continue to receive an American contribution for some time.

Economic development grants have been given to Tunisia, Korea, and Afghanistan. The most comprehensive program is that carried out in Tunisia, in close cooperation with the Tunisian authorities.

The Tunisian program is a work-relief program which now employs about 120,000 workers (of a total of 300,000 unemployed).

It involves a variety of projects throughout the country, for the construction of small dams, canals, roads, for soil conservation, reclamation, and reforestation. Cash payments are made to the workers by the Tunisian government, such payments being supplemented by a food contribution from the United States.

Programs carried on through voluntary agencies (denominational organizations, plus CARE and two UN agencies) cover school lunch programs, other institutional feeding (orphanages, old age homes), and family feeding programs.

(b) Impact of Grant Programs

As distinct from the concessional sales programs, grants do not result in tangible compensation to the United States. At the same time they reach, if properly administered, the people most desperately in need of help and are clearly identified as gifts from the United States.

Where the gift of food is related to an economic improvement project, as in Tunisia, its benefits are measured not only by the number of hungry people fed but also by the lasting improvements made in the country. In the case of other programs for distribution to the needy, the economic benefits will ultimately derive from the fact that the country's work force is healthier and stronger.

Reaching people with inadequate funds to purchase food, grant programs are least likely to interfere with commercial sales.

(c) Financing and Statutory Limitations

Title II programs are financed on the same basis as Title I programs, by reimbursing CCC for the commodities released by it. Since inauguration of the program, a total of \$1.4 billion has been authorized, of which \$822 million has been used to date. The current authorization expires on December 31, 1961, although present permission to enter into economic development work expires on June 30, 1961.

There is no statutory limit on Title III expenditures, nor is CCC specifically reimbursed for Title III donations. Such donations are treated by CCC as losses and the corporation is reimbursed by appropriation for its annual net loss.

(3) Tabulation and Summary

A summary of exports in dollars and quantities is shown in Table 4. From this tabulation the following generalizations can be made:

(a) Total foreign currency sales of agricultural commodities have been increasing markedly from year to year. Breaking down the totals, we find that the Title I program (Foreign Agricultural

Service) has been sharply on the upgrade and that the Section 402

program (ICA) has been on the downgrade.

(b) The ICA donations program has been relatively stable.

(c) Barter sales grew rapidly through 1956-57 and then declined sharply as new regulations were devised to reduce the displacement of commercial sales. Since then, barter sales have been carefully limited.

### III. APPRAISAL AND RECOMMENDATIONS

#### A. Background

In projecting future government policies, we must distinguish between two basic attitudes toward the utilization of American food abroad: (1) the view that food is no more nor less than a building block in the development of a foreign economy; thus, every substantial food transaction must be part of a tangible improvement program resulting in a clear increase in the recipient country's productive capacity; and (2) the view that while food should be used, wherever possible, as part of a comprehensive economic improvement program, there are circumstances in which the United States should simply feed hungry people in reliance on the fact that economic benefits will ultimately be derived from improved nutrition and more vigorous workers better able to resist disease and fatigue.



TABLE 4

United States Agricultural Exports under Special Programs, 1954 - 60

	1954/55	55/56	56/57	57/58	58/59	59/60
<hr/>						
CONCESSIONAL SALES	(millions of dollars)					
<hr/>						
Title I	73	439	909	660	727	815
Section 402	450	355	394	227	210	167
Barter	<u>125</u>	<u>298</u>	<u>401</u>	<u>100</u>	<u>132</u>	<u>153</u>
Total	648	1,092	1,704	987	1,069	1,135

GRANTS AND DONATIONS

Title II	83	91	88	92	56	65
Title III	<u>135</u>	<u>184</u>	<u>165</u>	<u>173</u>	<u>131</u>	<u>104</u>
Total	218	275	253	265	187	169

CONCESSIONAL SALES (thousands of metric tons)

Title I	839	3,670	7,945	6,786	8,527	10,477
Sec. 402*	<u>2,763</u>	<u>2,734</u>	<u>2,129</u>	<u>921</u>	<u>954</u>	<u>1,163</u>
Total**	3,602	6,404	10,074	7,707	9,481	11,640

GRANTS AND DONATIONS

Title II	717	483	619	572	327	388
Title III	<u>242</u>	<u>546</u>	<u>785</u>	<u>897</u>	<u>849</u>	<u>328</u>
Total	959	1,029	1,404	1,469	1,176	1,216

\* In terms of procurement authorizations

\*\*Excluding barter

My own recommendation is that this Administration engage in both a vigorous program for the utilization of American agricultural resources as part of foreign economic development programs, and the feeding of hungry people, even if the economic benefit is an indirect one. To be sure, we must be concerned about the impact of our food program on friendly exporting countries. We must also consider the interests of local farm producers whose markets or prices may be damaged by overly large U. S. food shipments. We must be aware of the danger that recipient countries might become permanently dependent on our help. We must guard against all possible harmful consequences of our actions, but we must not let fear of such consequences paralyze us into non-action.

This recommendation is the key to my suggestions on future legislation. The broad outlines of the program which this Administration should undertake are indicated below.

B. Concessional Sales

(1) Foreign Currency Sales

Our most significant concessional sales program is that carried on under Title I of Public Law 480. Major responsibility

for the initiation and implementation of Title I agreements rests in the Foreign Agricultural Service (FAS) of the Department of Agriculture. Final negotiations are carried out by the Department of State.

I am of the opinion that the Title I program is carried out by a competent and dedicated staff. It may very well be that in the early years of Title I operations the staff was too aggressive and that errors were committed in the conclusion of agreements. I am satisfied, however, that as time progressed, the FAS staff learned from its experience and that it now operates an effective program.

An important factor in limiting the effect of our Title I programs in the past has been the difficulty of entering into long-term supply agreements. Generally, Title I agreements were limited to one year as a matter of Administration policy. This policy was relaxed abruptly just prior to President Eisenhower's trip to India in February 1960. However, the Executive Branch was and still is restricted by the fact that total obligations under all agreements have to remain within the current total authority. Thus, an agreement to ship, let us say, \$100 million worth of wheat, cotton, corn, and rice annually in 1962, 1963, and 1964 must at present remain within the total authorization for the period ending December 31, 1961.

At this time, we have literally exhausted our authorization with respect to the signing of new Title I agreements. Several requests are not being acted on, involving hundreds of millions of dollars, because of the lack of authorization. Therefore, it is imperative that our request to the Congress for a \$2 billion increase in the Title I authority for the calendar year 1961 be enacted promptly. One of the major reasons that our request for a supplemental Title I authorization is almost twice as large as that requested by the previous administration (\$1.1 billion) is to permit us to sign longer-term supply agreements with several countries.

Another legislative change which I consider most desirable is an amendment of the Title I authority which would permit countries desiring to build reserves of grains and other commodities, to delay payment in their own currencies until commodities are withdrawn for use. This amendment would permit grants of commodities under Title I when they are used to build reserves. Many of the underdeveloped countries of the world are extremely susceptible to drought and other natural disasters which cause wide fluctuations in their crops from year to year. Even those which have storage facilities have found it difficult in the past to fill them with our commodities because they have had problems in financing such purchases. Enactment of this amendment would encourage the creation of badly needed reserves.

(2) Barter

As Table 4 indicates, the barter program constitutes a relatively small portion of our total concessional sales program. Nevertheless, it creates a multitude of policy problems, which may differ from transaction to transaction. Broadly speaking, we can distinguish between shipments of agricultural commodities to the developed dollar-market countries, the relationship of which to Food For Peace may be quite uncertain, and shipments to under-developed countries, where that relationship is clearer. The latter category, incidentally, is by far the smaller in total transaction volume.

What I have found with regard to barter is a lack of an adequate policy to guide in the evaluation of proposed barter transactions. Because of the complexity of the problem, I shall appoint a panel of distinguished citizens to advise in the formulation of definitive policy guides.

(3) Long-term Dollar Credit Sales

As already indicated, Title IV agreements (long-term dollar credit sales) should logically take the place of Title I agreements (foreign currency sales) where recipient countries gain economic strength, as a transition to straight dollar purchases. In addition, there are possibilities for long-term credit sales to a number of



countries which have not participated in the Title I program, but which cannot yet finance all the agriculture imports they can use.

However, Title IV agreements are at present discouraged by the policy which permits CCC to be reimbursed by the Congress for Title I transactions, but not for Title IV transactions. This requires CCC to wait for reimbursement from the borrowing country over a period of years. Since the United States Treasury would benefit from any shifts from Title I to Title IV and from credit arrangements with other countries which achieve a net reduction in government inventories and since such credits are discouraged under present policy, I recommend that reimbursements under Title IV be treated in the same way as they are under Title I. As the legality of such a policy shift is not wholly clear at present, I recommend that Congress be asked to supply the necessary clarification.

### C. Grants

There is no debate relative to the usefulness of emergency feeding programs. They have been carried out in the past and should be carried out in the future in keeping with our long tradition of assisting victims of disaster.

Other grant programs under Title II and Title III of Public Law 480 present a mixed picture. On one hand, such programs as

were initiated have been exceedingly successful as a visible demonstration of U. S. help to hungry people. On the other hand, these programs have been limited in number and volume by an overly cautious U. S. Government attitude and restrictive standards for participation. In some cases it appears that U. S. voluntary agencies have been unable to develop and administer as large programs as appear to be desirable in certain countries. The fact that the variety of foods we have to offer is limited, and that frequently supply commitments are made for relatively short forward periods have also restricted these programs. Finally, unlike the Title I program which has been actively promoted by the U. S. Government, Titles II and III programs have been hampered by a lack of sufficient staff to develop and promote new programs. We are speaking here of economic development projects in which our food is used as wages to put underemployed and idle laborers to work on useful labor intensive projects and of government-to-government school lunch programs under Title II as well as the various donation relief agencies under Title III. It is significant that while the Title II authorization has totaled \$1.4 billion since 1954, only slightly more than half of this total had been committed by the end of last December. These small totals reflect the point of view which prevailed in the past in the U. S. Government that these programs should be entered into only with extreme caution.

The specific principle applied in the past which has most seriously retarded both governmental and private donation programs has been the so-called "phase out" policy. Under it, we apparently expected that recipient countries would agree to take over the burden of our programs in a relatively short period, usually four years. The effect was that few countries in need could qualify.

School lunch programs in Japan, Italy, and Tunisia serve as an example. They have been the only government-to-government school lunch programs in the seven years Public Law 480 has been on the books. Each was initially limited to three or four years. Japan lived up to that limitation. Italy did not, but the U. S. contribution has been reduced. Tunisia is clearly unable to assume full responsibility and will have to obtain extensions. That fact is being lamented in some quarters even though the program has been a great success in bringing food to undernourished children, thereby achieving the direct objective of the Food For Peace program.

Experiences such as those in Tunisia have caused U. S. officials to shy away from school lunch programs in the poorer countries which are unable to take over supply responsibility from the United States within a relatively short period. The phase out policy has also been a limiting factor in the development and expansion of school lunch programs by the voluntary agencies.

This, I believe, is the area in which this Administration should completely change the existing policy outlook. The phase-out policy should be modified substantially. We must be bold and resourceful in encouraging new programs and in enlarging old ones.

By expanding our Title II and III programs, we can reach the people who need our help most desperately. We can thus serve a humanitarian cause most directly and at the same time help to lay the foundation for political stability in the recipient countries. Beyond that, the public improvements created by work projects and the increased school attendance resulting from school lunch programs are exceedingly valuable by-products of our food shipments.

As in the case of the Title I programs, any Title II program expansion requires longer-term supply commitments, not three or six month commitments. To support such commitments, I recommend that Title II be extended for five years with a total new authorization of \$1.5 billion.

At the Administrative end, we have to improve the variety of our food package. Protein food and fat are badly needed.

We need to sit down in frank discussions with the voluntary agencies to find out what further changes, if any, are needed to make their programs under Title III more effective. We must help them

develop truly national programs in many of the needy countries. We must find a way to build programs in some areas in great need, where no food assistance is rendered at present.

With such changes, we can look forward to a large expansion of Title II and Title III grant programs. I believe that within a short time we could double existing programs and ultimately triple or quadruple them. The Peace Corps can help with this job. I can think of no better way to use these dedicated people than to help clear away the problems that restrict these programs in foreign countries. Their services should be made available to voluntary agencies as well as to government.

The programs which should be emphasized are:

(1) School lunch programs on a government-to-government basis or through the voluntary agencies.

(2) The use of our agricultural abundance as wages in economic development projects. In this and the previous case a sincere, sustained effort would bring huge results.

(3) The use of our commodities in connection with agrarian reform and other land settlement projects -- here supplemental food supplies are needed for temporary periods until new producers and their families become self-sustaining.



D. Problems of Administration

Thus far I have limited myself to a discussion of the broad policy issues involved in our various food shipment programs. There are, however, also certain vital problems of both an operational and administrative nature which deserve attention. These are summarized briefly below:

(1) Food Storage and Transportation

I have heretofore discussed the need for food reserves in a number of underdeveloped countries. Where such reserves are established, there will be, in most cases, an attendant need for storage facilities. Furthermore, some of the countries most in need of reserves also have insufficient port unloading and internal transportation facilities. The recent Public Law 480 request received from the Government of Pakistan envisages a substantial improvement in such facilities in that country in order to permit proper handling and storage of the commodities requested. Foreign exchange as well as local currencies are required for such improvements. I recommend that we establish a policy encouraging the use of P. L. 480 local currency for these purposes and that whenever possible, in light of other needs, we also assist with dollar costs.

(2) Foreign Currency Uses

As was explained in an earlier portion of this report, Title I sales result in the creation of foreign currency balances in the recipient countries, which are credited to the United States. The use and non-use of these currencies has created a series of administrative problems. Among them are:

- (1) The accumulation of U. S. funds beyond any foreseeable U. S. needs in several countries of the world;
- (2) The multiplying of statutory U. S. uses which has taken place year by year and which has resulted in the need for complex administrative controls and legislative authorizations;
- (3) The lack of authority to use principal and interest payments on foreign currency loans except for U. S. obligations;
- (4) Differences of opinion as to the amounts of local currency to be made available to recipient countries and whether these amounts should be advanced as loans or grants; and
- (5) The need for changes in program procedures to give better assurance that the timing of currency use is coordinated with the consumption of our agricultural commodities.

I intend to propose specific solutions to some of these currency-use problems in connection with my recommendations for draft legislation to amend Public Law 480. At this time I want to say, though,

that while currency-use problems must be dealt with, we should not lose sight of the fact that our major objective is to encourage the maximum worthwhile use of our agricultural abundance. I will not propose any solutions which are contrary to this objective.

(3) Expediting Administrative Determinations

Most of the determinations in our Food For Peace program require interagency consultation and agreement. In the past, the procedure by which agreement was obtained was cumbersome and has resulted in serious delays, which have weakened the effectiveness of the program. I consider it essential, therefore, that the Administrative machinery under which interagency clearance is obtained be improved.

One of the reasons for past delays was the proliferation of committees to which appeals could be made. Two of these committees in the Executive Office, one dealing with agricultural export programs (the so-called Francis Committee) and the other concerned with foreign economic policy (the so-called Randall Committee), may have served a useful purpose when policy regarding the use of our agricultural products was unclear. But now there is no uncertainty. The President has made it perfectly clear that our agricultural abundance is a positive national asset and that greater constructive use should be made of this

valuable resource at home and abroad. With such a clearcut policy, there is no longer a need for any Executive Office-level policy committee to deal with interagency disputes. When such disputes arise, they should be resolved by the Food For Peace Director. To expedite day-to-day operations, however, I recommend that an Interagency Food For Peace Staff Committee be established which will be chaired by me or my designee.

E. Looking to the Future

(1) Shifts in Agricultural Production

At an earlier point in this report, I have mentioned the need for greater variety in our food package. By this I mean the need to have protein and fat in the package as well as cereals. We can best promote nutrition abroad if we not only have bread and rice but milk for the children to drink, fat as a spread and for cooking, and meat or vegetable protein. In this connection, the steps already taken by Secretary of Agriculture Freeman in connection with 1961 price support programs will be helpful. The changes in support levels for soybeans, cottonseed, and peanuts, and the shifts in acreage as the result of the new feed grain program should make available more edible oil for use by hungry people. The modest rise in levels for milk, with much of the increase being applied to non-fat dry milk solids should result in

more powder for underprivileged children abroad. And the rise in rice price support levels should encourage somewhat larger output of that cereal which is in great demand in our overseas programs.

We have some readily available protein food in the United States, use of which has been restricted by past policies. I am thinking here of poultry meat, the utilization of which has been restricted in the Title I program because it was not in government inventory. I think the restrictive policy was wrong and am pleased to see that Secretary Freeman has removed the limitation.

But no matter what we do in the short run, underdeveloped countries will still be short of meat, milk, fat, poultry, and eggs. We have large supplies of feed grains which can be converted into these products to increase consumption in the underdeveloped countries. We should encourage this conversion under Public Law 480. In doing so, we may have to extend technical assistance as well as physical supplies of feed grains.

## (2) Cooperation with Private Groups

In carrying out the existing program, in expanding it, and in gaining understanding for the need to shift our pattern of agricultural production, it is vital that the Government cooperate fully with interested private groups. In my review, I have been impressed with



the fact that assistance and advice from these groups has been extremely helpful and valuable. I think that many groups have been well in front of the Government in their understanding of and support for a positive Food For Peace Program. But I find there has been no mechanism established to channel this advice and assistance to program administrators. Therefore, I recommend that a widely based committee be established to give us advice regarding the entire Food For Peace effort, and to form a bridge to private groups throughout the nation to foster public understanding of program objectives. Such a committee should include representatives of farm, trade, industry, labor, financial, educational, religious, and philanthropic groups, as well as private individuals who are distinguished in this area. And because of the mutuality of interest and similarity of objectives of the Food For Peace Program and the Freedom From Hunger Campaign of the Food and Agriculture Organization, I believe that this committee could service both programs. With respect to the Freedom From Hunger Campaign, I would hope that the committee could be charged with responsibility for enlisting private U. S. financial support for that very worthwhile effort.

(3) Cooperation with the FAO

The Food and Agriculture Organization is now considering a plan to develop a multi-lateral program for the use of agricultural

commodities in feeding hungry persons throughout the world. I favor this approach. In particular, we should support an expanded role for the FAO -- a role where it will have responsibility for developing and executing a multi-lateral food distribution program. There should not be fear in any operation that a multi-lateral approach will conflict with the U. S. Food For Peace Program. On the contrary, world food needs are so great that there is need for both approaches.

#### IV. CONCLUSION

My basic recommendations are, in summary, that:

(1) We continue to give encouragement to our concessional sales programs, removing existing statutory and administrative handicaps, so as to permit further growth of these programs at a reasonable rate;

(2) We take prompt steps for the rapid expansion of the school lunch, economic development, and voluntary agency programs through imaginative, bold efforts for human betterment, designed to reach those segments of the population of underdeveloped countries who are so poverty-stricken as not to reap any benefit from concessional sales. We can do this by indicating to potential recipient countries our willingness to enter into appropriate agreements, by encouraging the work of the voluntary agencies, and by having the program carried out by a competent and efficient staff, which believes in the program and is eager to see it succeed.

May 19, 1961

OFFICE OF GEORGE McGOVERN, DIRECTOR, FOOD FOR PEACE

Executive Office of the President

(Public Information Officer: John F. Wood, phone NATIONAL 8-1414, ext. 335)

A nationwide Freedom From Hunger campaign is now being launched in the United States to mobilize public opinion behind the attack on world hunger and malnutrition.

Plans for the five-year campaign--reaching people in all walks of life and in every community across the country--were unveiled today by George McGovern, Special Assistant to the President and the Nation's Food For Peace Director.

"Hunger is today the Number One problem for most of mankind," McGovern declared in emphasizing the urgency underlying the Freedom From Hunger campaign which will be conducted in cooperation with the Food and Agriculture Organization of the United Nations.

Already, 18 other member countries of the FAO have joined forces to establish national committees for the campaign which will continue until 1965.

In announcing U.S. participation in the Freedom From Hunger campaign, McGovern said that guidance will be provided by an American Freedom From Hunger committee which will be organized in Washington next month under the auspices of the American Food For Peace Council.

Co-chairmen of the Council are Pulitzer prize-winning author James A. Michener and Mrs. Raymond Clapper, widow of the famed World War II correspondent.

Purpose of the American Freedom From Hunger Committee will be two-fold, McGovern said today. It will: 1) strive to make the American people aware of the nutritional needs of the world population, of which more than half is suffering from malnourishment, and 2) develop action programs to attack world hunger now and the longer-range objective of helping emerging nations develop and modernize their own agricultural production.

Although the Committee will work closely with the Administration's Food For Peace Director, it will be a non-governmental group. Members will be selected from the American Food For Peace Council which is composed of leaders representing broad cross-sections of American life.

"Mankind still struggles for subsistence. We in the United States have conquered that problem. Our main task now is to use our abundance and our skills to reduce hunger and promote peace and freedom throughout the world," McGovern said today in calling for U.S. support for the Freedom From Hunger campaign.

Guiding the world-wide campaign is Dr. B. R. Sen, Director-General of the FAO, who commented today in Rome on the U.S. move announced by McGovern.

Hailing the United States action, Dr. Sen said it will result in new momentum for the campaign on a world front. "One man's hunger and want is neither a true nor a secure freedom until all men are free from hunger and want," he declared in outlining the objectives of the Freedom From Hunger campaign.

# # # #

[May, 1961]

# FOOD FOR PEACE IN THE FIRST ONE HUNDRED DAYS OF THE KENNEDY ADMINISTRATION

(~~Suggested Remarks in the U. S. Senate Prepared for the Honorable Hubert H. Humphrey~~)

Mr. HUMPHREY. Mr. President, at a time when our attention has been directed to global crises, I feel that some of the areas of more positive accomplishments may have been overlooked. For that reason, I think it appropriate to review, and to pay tribute to, the remarkable strides made by the Food for Peace program.

One of the most gratifying records of progress during the first 100 days of the new Administration has been made by the Food for Peace program-- a humanitarian program and a powerful instrument of our foreign policy.

A hundred days is not a long time for giving new impetus and orientation to a world-wide program. Yet, in that short time, George McGovern, Special Assistant to the President and Food for Peace Director, has demonstrated a remarkable ability to implement the President's request of January 24 for vigorous and constructive use of our agricultural abundance. As a result, I am pleased to <sup>note</sup> ~~inform you~~ that more food will be shipped to hungry millions during the calendar year 1961 than has been shipped during any other single year since the enactment of Public Law 480 in 1954. Even more significant is the remarkable shift in emphasis to more constructive uses of food, including the integration of food in the economic development of the recipient countries. This basic shift in concept of the Food for Peace program is supported and acclaimed both here and abroad.

During the first 100 days, approximately 3 million tons, or about one quarter billion dollars worth of food has been shipped under Title I



of Public Law 480. The tonnage and dollar figures are impressive, but it is more meaningful to say that because of the shipments, countless millions of human beings will no longer drag out their lives with hunger as their constant companion.

Also, during the 100-day period, sixteen new agreements have been signed with 12 countries for agricultural commodities with an export value of \$188 million. ~~As you know,~~ Mr. McGovern headed a special mission to Brazil in February. At that time he conducted preliminary negotiations to provide Brazil with 37 million bushels of wheat valued at \$70 million. The success of this initial mission is dramatic testimony to the effectiveness of our Food for Peace Director.


The Food for Peace Director strongly supports the use of food to help the developing countries help themselves. He has therefore placed greater emphasis on Title II operations under Public Law 480 which offers the greatest potential for expending assistance to the hungry and for self-help economic growth. Under Mr. McGovern's direction, the Food for Peace Staff is making every effort to develop school lunch and institutional food programs and self-help programs supported by food as a part of the wage cost.

In this connection, a Title II Agreement has been made with the Government of Morocco to supply 200,000 tons of wheat to finance a \$14.3 million work mobilization program. U. S. wheat will be used to pay about half of the workers' wages and to buy tools and equipment needed to construct roads, schools, hospitals, sanitation facilities, reforestation, and better land development. The Moroccan Food for Peace economic agreement is the largest ever made under Public Law 480 and supports President Kennedy's inaugural pledge to help developing nations help themselves.



I am pleased to add that tentative agreements for similar economic development projects have been made with six other countries--Dahomey, Eritrea, Greece, Indonesia, Iran, and Taiwan. Also, *I have been* ~~Food for Peace Director~~ McGovern advised me that at least 20 other countries have indicated interest in food-economic-assistance programs and every effort will be made to help them.

Another highly significant phase of the Food for Peace Program which is also receiving new emphasis ~~under George McGovern's leadership~~ is the Voluntary Relief Agency program of our churches and CARE under Title III of [Public Law 480. During the first 100 days of this Administration, two and a quarter billion pounds of food have been approved for distribution during the next 12 months. This includes non-fat dried milk, fats and oils, flour, corn meal, wheat, and corn. Distribution of the food will be made by 20 U.S. voluntary agencies and the United Nations' Children's Fund. This distribution of food is benefiting more than 50 million people in 93 countries and territories around the world. At a recent White House meeting, and after consultation with the Secretary of Agriculture, the Food for Peace Director informed the heads of voluntary agencies that they can expect an additional 110 million pounds of non-fat dried milk, making a total of 560 million pounds of non-fat dried milk available to the agencies during the coming fiscal year.

In addition, the voluntary agencies have received assurance that they can expect 100 million pounds of fats and oils not previously available to them during the balance of this calendar year. Bulgur wheat has now been made available to the Voluntary Agencies for the first time. 

~~you know~~, I have long been an advocate of this nutritious product. Not only is it adaptable for wide distribution, but it is one other important use for American wheat.

Another area for which Mr. McGovern has developed plans for emphasis is Section 303 of Title III, Public Law 480, which provides for bartering or exchanging agricultural commodities for useful materials. Such materials include bauxite, chromite, manganese ore, asbestos, and platinum. Since President Kennedy's inauguration, there have been 19 such transactions, totalling \$58,417,885. Even more impressive is word received from the Food for Peace Director that barter offers are now under consideration for transactions with a dollar value of almost \$95 million. This exchange of food for useful material with adequate safeguards of normal marketing is a reasonable and practical program that benefits both us and our friends abroad.

In all ~~of his~~ <sup>this</sup> planning, ~~Mr. McGovern has not forgotten~~ the importance of developing a multi-lateral approach to world hunger through the United Nations Food and Agriculture Organization, ~~Mr. McGovern headed the U. S. delegation to the FAO Advisory Committee in Rome last month.~~ <sup>has not been forgotten.</sup> ~~At his suggestion,~~ <sup>has</sup> President Kennedy <sup>will</sup> announced that the United States ~~would~~ make an initial \$40 million worth of food available to the FAO. This food, combined with contributions from other countries, is to be used to establish a world-wide food reserve and is the most significant action taken by the U.S. Government to strengthen FAO activities since that organization was established--in 1945.

If the Food for Peace Program is to achieve maximum effectiveness, the public must be kept fully informed of its programs as well as its

*In line with this President Kennedy has*  
objectives. ~~With this in mind, Mr. McGovern recommended to the President~~  
*formed an American Food for Peace Council*  
~~that an American Food for Peace Council be organized. President Kennedy~~  
*to be made up to be*  
~~announced on Sunday that the Council will be co-chaired by James A. Michener,~~  
Pulitzer-prize author and Mrs. Raymond B. Clapper, a long-time representative  
of CARE. The Council will assist in developing public understanding of  
world hunger and dramatize both the U. S. Food for Peace program and the  
United Nations' Freedom from Hunger Campaign. Other members of the Council  
include outstanding men and women from all walks of life. In addition, a  
total of 72 organizations have been asked to name a representative to the  
Council.

The Food for Peace Program has all the ingredients for amazing success.  
The outstanding progress of this program during the first 100 days convinces  
me anew of its worth as a humanitarian instrument in the cause of peace and  
freedom. The Food for Peace Program is a tribute to the abundant production  
of the American farmer and the desire of President Kennedy and the American  
people to share that abundance abroad.

Mr. McGovern has ably demonstrated that he is a wise, sensitive, and  
imaginative administrator. The Food for Peace Program, in its first 100  
days, has exemplified the new attitudes and program of action that characterizes  
the new Administration.

In conclusion, I ask unanimous consent that several recent editorials  
on the Food for Peace program be printed in the Record as a part of my  
remarks.

SUMMARY REPORT ON FOOD-FOR-PEACE  
January 20, 1961 - May 1, 1961  
During the First 100 Days of the Kennedy Administration

By George McGovern  
Special Assistant to the President  
Director, Food-For-Peace

Title I - Sales for Foreign Currencies

Approximately 3 million tons of agricultural commodities have been shipped January 20 to May 1 on foreign currency sales made under Public Law 480, Title I agreements. These shipments had a value of about  $\frac{1}{4}$  of a billion dollars.

In addition, 15 new agreements have been signed with 11 countries for sale of commodities with an export market value of \$107 million and ocean transportation costs of nearly \$11 million (Commodity Credit Corporation total cost of \$167 million).

We expect to have an agreement within a few days with Brazil for an additional 1 million metric tons of wheat.

The significance for individual commodities is indicated by the following totals for the 15 agreements signed to date:

	<u>Approximate Quantity</u>
Wheat	24 million bushels
Feed Grains	300 thousand bushels
Rice	1.8 million cwt.
Cotton	300 thousand bales
Tobacco	6 million pounds
Vegetable Oils	67 million pounds
Fruits	4- $\frac{1}{2}$ million pounds

Total Export Market Value - \$118 million  
(Commodity Credit Corp. cost of \$167 million)  
(Including approximately \$11 million for ocean transportation)

Without additional authorization of funds by Congress for negotiation of agreements, it has not been possible to proceed with the large 4-year Pakistan agreement. This agreement would amount to about  $\frac{2}{3}$  of a billion dollars export market value (CCC total cost approximately \$1 billion).

Now that Congress has authorized an additional \$2 billion for local currency sales in calendar 1961, progress can be made on this and several others that had to be held in abeyance.

## Title II - Famine Relief and Other Assistance

This Title of Public Law 480 offers the greatest potentiality for expanded assistance to the hungry and self-help economic development. There are many opportunities to develop (1) school lunch and institutional feeding, (2) self-help housing, road building and soil conservation supported by food as part of the wage cost, (3) grubstaking of land resettlement, and similar projects. The problems to be overcome are three-fold: (1) scarcity of capable, trained administrators and supervisors, (2) lack of local funds for internal expenses, (3) inability to use the food we have in the form in which it is available.

### Morocco

Signing of an agreement with Morocco to supply 200,000 tons of wheat to help finance a work mobilization program is expected momentarily. The latest telegram from Rabat, dated April 28, indicates that the only question now is one of a coordinated announcement between Embassy, Rabat and the White House. In addition to the 200,000 tons of wheat, a request has been received, and approved, for 100,000 tons of barley for feeding livestock of needy owners under Section 201 of Title II.

The Moroccan development program is designed to alleviate increasing unemployment caused by the current disastrous drought and to promote local improvement and development of economic resources. U.S. wheat will be used either directly or indirectly to pay about half of the workers' wages in kind and to buy tools and equipment needed for the projects. The Moroccan Government will finance the remainder of the costs of the program, including the cash wage payment to workers. The labor-intensive projects include construction of roads, municipal markets, schools and hospitals; sanitation and urban rehabilitation; reforestation and land improvement.

Tentative approvals of economic development projects using food as wage payments and to purchase tools in Dahomey, Eritrea, Greece, Indonesia, Iran, and Taiwan are summarized below:

#### A. DAHOMEY

A program of up to 4,000 tons of wheat flour, sorghum or other grains, has been requested by Dahomey and approved in principle. The commodities will be used to alleviate a serious problem of unemployment and underemployment.

#### B. ERITREA

If the approval of the Ethiopian Government can be obtained, it is hoped



that a program can be developed for Eritrea. Grain sorghums, which are a staple in the diet, will be supplied for partial payment of wages and for purchase of tools for development projects, including construction of an all weather road 140 kilometers in length, water impoundment and reforestation. The road is of particular interest since it would open up a large agricultural area.

#### C. GREECE

The U. S. Operations Mission in Athens reports that, while it will take time to develop a program, U.S. wheat and possibly feedgrains might be used to supplement funds provided by the national government and local authorities for small public works projects. The USOM has been encouraged to develop a specific proposal in cooperation with officials of the Greek Government.

#### D. INDONESIA

Approval in principal has been given to a program in Indonesia which will be put into operation when rice becomes available for Title II programming. Rice would be used for part payment for wages in kind to workers employed for work on a diversion canal needed as part of a large river irrigation system. Rice could also be used for this purpose to expand activities on a hydroelectric project to the extent that labor costs cannot be financed from local currency loan funds made available as a result of Title I sales.

#### E. IRAN

The USOM has proposed that up to 15,000 tons of wheat be supplied to help finance agricultural development and reforestation of lands now held by the Crown and in the public domain and for other development projects. About 75,000 people would be employed on these projects although it is not expected that the full number would be employed at any one time.

#### F. TAIWAN

The USOM in Taipei has been directed to proceed immediately to develop firm project proposals for early consideration by ICA.

Programs under Section 201 of Title II providing authority to use agricultural commodities to meet emergency conditions are now under consideration with: Indonesia, Brazil, and Tanganyika. A transfer authorization for 30,000 tons of food to be stored in Northeast Brazil in anticipation of floods is being forwarded to Rio.

The countries in which programs have been underway under this authority are: United Arab Republic, Austria, Ethiopia, Kenya, Tanganyika, Yeman, Cyprus, Greece (Creta), India, Italy, Jordan, Lebanon, Libya, Morocco and Palestine Refugees (UNRAWA) and the Congo.

From January 20 through April 30 a total of 332,764 tons of food was shipped abroad as grants under Title II, 101,073 tons of which was shipped under Section 202, and 231,686 tons under Section 201. This does not include shipments during the last two weeks of April for which figures are not available.

#### Title III - Voluntary Relief Agency Programs

During the period January - April program approvals under Title III, PL-480, for the next succeeding 12-month period have reached a total of 2,247,000,000 pounds of food commodities. These include non-fat dried milk, fats and oils, flour, cornmeal, wheat and corn. These distributions will be made by 20 American voluntary agencies and the United Nations Children's Fund. The foods are distributed to needy persons and the programs include school and child feeding, family feeding, institutional feeding, refugees and other needy groups abroad. These distributions are benefiting roughly 50 million persons in 93 countries and territories around the world.

The total amount approved as shown above will be increased by reason of the following commodity actions initiated by the Director of Food-For-Peace and approved by the Secretary of Agriculture:

- (1) 100 million pounds of fats and oils (not previously available) through December 31, 1961, with an assurance that these commodities will continue to be available for the program thereafter.
- (2) An additional 110 million pounds of non-fat dried milk bringing the total availability for the 12-month period up to 560 million pounds.
- (3) Announcement that bulgor would be made available for this program. This is a wheat product well adapted to the voluntary agencies' relief activities abroad and will increase the use of wheat.

The Director of Food-For-Peace convened a meeting April 20 with all the participating voluntary agencies and UNICEF. The Secretary of Agriculture and other government officials were present. The announcements made at the meeting regarding additional commodities and the new concept of the Food-For-Peace Program were well received by the voluntary agencies. The groundwork has been laid for a major thrust in partnership with these private groups.

A circular message has been dispatched to more than 60 U.S. Operations Missions abroad soliciting their appraisal and recommendations regarding the possibilities for expansion of school and child feeding programs.

This information is being gathered for future program planning purposes and includes possibilities for expansion both through the voluntary agencies and on a government-to-government basis under Title II. A second circular regarding similar expansion under the economic development provision of Title II will be dispatched shortly. This would involve initiating additional works projects and other self-help programs.

Close liaison has been maintained and will continue to be maintained with the Peace Corps to develop the most effective utilization of Peace Corps personnel in Food-For-Peace and related activities.

#### Title III - Section 303 - Barter:

The total number of transactions for the period January 22, 1961 through April 30, 1961 were 19, with a total value of \$58,417,885. The agricultural commodities to be traded under these agreements include wheat, corn, feed grains, rye, cotton, tobacco, milled rice and non-fat dry milk. For the agricultural commodities materials of equal value will be received. These materials include bauxite, chromite, manganese ore, asbestos, antimony, mica, platinum, palladium, and flourspar.

For the period under consideration (first 100 days) pending offers for which transactions have not been consummated have a total value of approximately \$94,324,399. The same agricultural commodities mentioned above are involved in these transactions and the same type of materials listed above will be received in return, with the addition of diamonds, cadmium, ferro-manganese, uranium concentrates, thorium nitrate and celestite.

#### Title IV Programs: Long-Term Supply Contracts

This authority to sell commodities on long-term, low interest dollar loans was added to Public Law 480 in September, 1959. No agreements under the authority have been completed. We are optimistic that an agreement with Lebanon will be completed within the next few days.

#### FAO Activities

The multilateral approach to world hunger was given needed impetus when our U.S. delegation headed by the Food-For-Peace Director proposed to the FAO Advisory Committee in Rome that the U.S. would contribute \$40 million in commodities toward an initial U.N. food reserve of \$100 million. This is the most significant action taken by the U.S. Government to strengthen UN-FAO activities since the organization was established.

#### American Food-For-Peace Council

Final recommendations have been prepared on the membership for a citizens Food-For-Peace Council. Organizations representing agriculture, industry,

labor, church, educational and civic segments will be asked to designate representatives to serve on the Council. The membership list will be submitted shortly for your approval. This Council will: (1) advise the Director on Food-For-Peace matters (2) develop public understanding of world hunger (3) solicit citizen support for the U.N. "Freedom from Hunger Campaign".

#### South American Mission

You have received my report on the program possibilities presented during our visit to the ten countries of South America. I think the progress made both in agreements and present negotiations in addition to the good will engendered by that visit are most significant. Analysis of the current cables relating to our programs there indicates that Food-For-Peace is developing into a major instrument of the alliance for progress.

#### Public Information Activities

If the Food-For-Peace program is to achieve maximum effectiveness, the public must be kept fully informed of our objectives, as well as our progress.

With this in mind, we launched a vigorous and continuing public information campaign designed to make the American public aware of the significance of the program, and the need for sharing our agricultural abundance with the underdeveloped nations of the world.

Following are just a few of the public information activities conducted by this office during the first 100 days of your Administration:

- (1) Freedom From Hunger Campaign of the FAO is being linked closely with our Food-For-Peace information program through organization of the American Food-For-Peace Council which will conduct the campaign in the United States.
- (2) Food-For-Peace Brochure, describing the program, has been prepared for nationwide distribution. An initial printing of 50,000 copies is expected shortly from the Government Printing Office.
- (3) Contest for Food-For-Peace Emblem will be announced soon. All Americans will be eligible to submit designs of an identifying symbol. Half a million entries are anticipated.

THE WHITE HOUSE

WASHINGTON

April 2, 1962



*Jack Flynn*  
*for our Food For Peace*  
*S.P.*

Dear Hubert:

Attached is a copy of my report to the President on our recent Food For Peace global tour. You mentioned earlier that you would like to see this when it was available. I think you will find many of the observations in line with some of the things you have been saying for a long time.

With every good wish, I am

Sincerely yours,

A handwritten signature in cursive script, appearing to read "D. McGovern".

George McGovern

Honorable Hubert H. Humphrey  
United States Senate  
Washington, D. C.



THE WHITE HOUSE  
WASHINGTON

March 29, 1962

MEMORANDUM FOR  
  
THE PRESIDENT

Report on Food For Peace Mission, February 1 - March 7, 1962  
(Hong Kong, India, United Arab Republic, Tunisia, and Western Europe

During the period February 1 - March 7, 1962, I led a special Food For Peace mission to Hong Kong, India, the United Arab Republic, and Tunisia. Discussions were also held with food and agricultural officials in Rome, Paris, Geneva, and London. Arthur Schlesinger, Jr., and Mrs. Schlesinger accompanied me on the Hong Kong and India portion of the trip. Also on the mission were Mrs. Florence Mahoney, a member of the Food For Peace Council, Mr. William McCahon of AID, and two of my staff assistants. Mrs. Schlesinger and Mrs. Mahoney traveled at their own expense.

Mr. Schlesinger's participation greatly broadened the impact of our mission. He turned in a magnificent performance in a series of lectures and press conferences relating to the Kennedy Administration's view of current international forces.

The purpose of the mission was threefold:

1. to review existing U. S. overseas food programs;
2. to discuss constructive new Food For Peace possibilities with U. S. and foreign officials; and
3. to focus public attention on the Food For Peace Program in cooperating countries.

Several general conclusions were reached or reinforced during the course of our survey:

1. Food For Peace is an indispensable ingredient in U. S. foreign assistance. In some countries it is the major component of American aid. Of the \$4 billion in U. S. technical, financial, and food aid that has gone to India in the last decade, 62% has been food. In Egypt, Food For Peace has comprised 75% of our aid in recent years and is currently 89% of our program. Approximately half of our aid to Tunisia is now represented by food. In Hong Kong, one wonders how this crucial outpost could survive were it not for the food being distributed by U. S. voluntary agencies.

Food For Peace is manifesting itself in several ways:

- (a) It is definitely raising nutritional levels.
- (b) It is curbing inflation -- especially in areas of economic development which would otherwise suffer from inflationary pressures on their scarce food supplies.
- (c) It preserves the foreign exchange of developing countries for other necessary imports.
- (d) It is encouraging economic development by giving new energy to workers and students, and by the indirect results mentioned above. It permits a greater degree of industrialization than would be possible if the country were required to produce all of its food.
- (e) Perhaps most important, food assistance, unlike some other forms of aid, reaches broad masses of people with an immediate impact. People may find it difficult to appreciate the impact of such U. S. aid as budget support or development loans for industry. Indeed, it may be a long time before the peasants, the villagers, or the city slum dwellers feel any benefit from these aid programs. But a piece of bread or a glass of milk is understood and appreciated. This is aid that is immediate, concrete, and centered on the neediest elements in the country. It narrows, rather than widens, the gap between the favored few and the needy masses.

In his anniversary roundup story on the Alianza para Progreso (N. Y. Times, March 12, 1962) Tad Szulc writes: "Most of the United States aid to Brazil, which runs into hundreds of millions of dollars, has been directed toward the strengthening of Brazilian finances, an objective that is not readily clear to the masses.... Celso Furtado, director of the Brazilian Government agency in charge of planning for the northeast, said recently that the Alliance had to be brought down from the level of technical groups to 'language and facts that evoke response from the people.' The bread and dried milk are aid that the people, many of whom have never tasted such foods, will understand."

In keeping with Mr. Szulc's view, we observed that the mother who receives a week's rations of flour, cornmeal, shortening, noodles, or milk for her family has no difficulty grasping the meaning of American aid. The father who knows that his child is fed a nourishing noonday meal at school because of the United States is obviously grateful. For millions of children around the world the highlight of the day is noontime when a lunch of American food is served.



2. Because of these factors, Food For Peace is a powerful foreign policy instrument. This fact is highlighted by the widely reported agricultural problems of Mainland China, Russia, Cuba, and the Eastern European satellites. While food is one of the brightest jewels in our system, it may very well be the Achilles heel of the Communists. Walt Rostow has noted that "Marx was a city boy" and Arthur Schlesinger has observed that "where Communism goes, hunger follows." Three-fourths of the people of the world live in a rural environment where food production is the central fact of life. To these people, a flight into outer space is not nearly so impressive as the secrets of food production. This is one of the great American success stories which Food For Peace is telling.

In discussions with President Nasser and his associates, I was especially impressed with the potential power of U. S. food and cotton resources as a diplomatic tool. It is quite clearly the strongest bond we have with Egypt and with many other countries. President Bourguiba talked with me with strong feeling about the appreciation of Tunisia for our food programs.

3. Food For Peace and American voluntary agencies are "getting across" to the public overseas. We saw many indications that the recipients and their officials know the source of food assistance and are deeply grateful for it. U. S. voluntary agencies are giving effective, eloquent testimony for the concern of the American people for the hungry of the world. Aside from a very real material contribution, these people-to-people efforts add a spiritual dimension to Food For Peace.

There is need, however, for a stronger information program both at home and abroad. We must interpret the program to the American people, to the Congress, and to the world, not as a temporary disposal of unwanted surpluses, but as a long-range effort to use food in coordination with other resources to aid developing countries.

It is incredible that for years P. L. 480 was presented to the world as a necessary evil designed to unload our unwanted surpluses. This attitude led many recipients of U. S. food assistance to believe that they were doing the United States a favor to accept our food. This is now the official Communist line on Food For Peace, and our own attitude from 1954-1960 gave them their opening. There are still some persons who hold this view. There is also a surprising number of people, especially in India, who mistakenly believe that the United States is destroying food stocks. It would seem that this false report has been deliberately spread by anti-U. S. interests.

The Kennedy Administration has done much to dispel these negative attitudes. We must strengthen the constructive concept in every possible way. Public statements relative to the currently proposed acreage cutbacks should be worded so that they do not weaken the image of food resources as a valuable asset.

USIA has been giving much more attention to Food For Peace in recent months. Much of our mission was filmed and photographed by USIA technicians and a full-dress documentary film on the total program is being prepared.

There is a need for meaningful, illustrated instruction sheets to be included with food being distributed under our grant programs. Such sheets could make clear how the food is to be prepared for use, as well as its origin in the Food For Peace Program. A special committee of voluntary agency representatives is working on this possibility.

I am pleased to note three constructive trends that will give a more enduring result to the efforts of our voluntary agencies: (a) They are recognizing the desirability of using food as a resource of self-help social and economic development projects; (b) They are moving more in the direction of institutional food programs such as school lunches; and (c) They are trying to distribute food in more edible form, such as noodles, crackers, buns, and liquid milk, rather than large bulk packages.

4. The mission has confirmed my conviction that school lunch programs constitute the most hopeful part of our Food For Peace effort. Some thirty million children in eighty countries are participating in U. S.-assisted school lunches. We visited excellent programs of this kind in the schools of Hong Kong, India, Egypt, Tunisia, and Italy. The results are spectacular in improved school attendance, better academic performance, and, of course, much improved health.

Health and education are the essential human capital that make economic and political progress possible. No program contributes more clearly to both education and health than does a good school lunch program. We ought to give the highest possible priority in our aid planning to the expansion of these programs.

World Health Organization officials, with whom we conferred at Geneva, stress that two age groups of children require special consideration for food. The most critical periods are in the years after the child is weaned until he is 6 years of age and, secondly, the years of puberty. School lunch programs can reach a portion of the second age group, but we need to develop more pre-school and maternal feeding centers.

In Egypt 3 million children are benefiting from an excellent CARE-assisted school lunch program. The UAR Government is giving strong budget support to the program. A modern bakery and dairy in Cairo add great strength to the present and future success of this effort.



In India CARE is cooperating with the state governments in school lunch development now reaching more than three million children. Madras has a program for 1.6 million children. Kerala feeds 1.4 million. Our mission inaugurated a new CARE program for half a million children in the Punjab. The ceremony associated with the new program was a colorful highlight of our mission in which an entire village participated after days of advance preparation.

Under the stimulus of a letter which I sent to Minister of Agriculture S. K. Patil last year, the Indian Government has been investigating the possibility of a much-expanded school lunch program. As matters now stand, approximately 10% of the country's 34 million students are receiving school lunches. The Third Five-Year Plan calls for an increase of student enrollment to 53 million. Of this number the Indian Government is now of the opinion that 18 million can be brought into the school lunch program within five years. The Indians prefer to do this through the states. They are concerned about the continuity of supply -- particularly of milk -- for such a large program. It would require an estimated 180 million pounds of milk annually to serve 18 million students. This is nearly a third of our present milk commitments to Food For Peace.

Since milk is so important a part of child and maternal food needs, I think we should seriously consider building up a larger stockpile of non-fat dry milk. This will reduce the danger of an interruption to an expanded school lunch effort. It would also be helpful if cheese could be made available in our overseas food programs. Perhaps these two suggestions could also relieve some of the domestic political and economic problems associated with dairy products.

5. Although school lunches are the most hopeful priority in Food For Peace, there are two other especially challenging opportunities which our mission investigated:

- (a) Poultry, egg, dairy, hog, and cattle production can be assisted overseas with the use of U. S. surplus feed grains. Protein is the critical food deficiency in the underdeveloped world. We can help meet that problem by offering feed grains on a grant or concessional basis to groups or cooperatives interested in producing the above protein foods. We discussed such a proposal at length in Hong Kong, and negotiations are now proceeding to develop a project. Indian planners also indicated a keen interest in this possibility.
- (b) Food-for-wages work projects are now operating in 10 countries. We carefully reviewed this program in Tunisia and found it to be as impressive as our advance information had led us to believe.



Some 200,000 Tunisian workers are paid a third of their wages in American wheat with the balance in cash from their government. They are building schools, roads, water systems, etc. Although some Indians showed little interest in this formula, we found much enthusiasm for it, not only in Tunisia, but also in Egypt and some parts of India.

6. The new processed wheat, bulgur, is meeting with encouraging acceptance. One voluntary agency representative in Hong Kong told me it was unacceptable to the rice-eating Chinese of Hong Kong. But a few minutes later, we saw it being eaten with obvious relish by Chinese children at another voluntary agency center. Just as the rice-eating children of Madras, India, have learned to enjoy American cornmeal, so do people in other areas demonstrate a capacity to change their dietary habits.

This mission has done much to convince me that at least among children, dietary habits can be rather quickly changed. We ought to push ahead on bulgur wheat, perhaps on soy flour, and other products that add to the protein content of our Food For Peace package.

It is clear that the children who develop a liking for bread, milk, cornmeal, and other U. S. foods may be commercial customers tomorrow. Food For Peace is definitely a useful instrument of market development.

7. I am pleased to see a general trend away from bulk distribution of commodities. Powdered milk, when distributed in bags, is subject to waste, improper use, or diversion into the black market. It is far more effective to establish feeding stations or institutional programs where the milk can be served daily in reconstituted liquid form.

In Hong Kong, American milk, flour, and cornmeal are being mixed and converted into noodles by the voluntary agencies. The simple noodle machines involved are a key factor in the success of the Hong Kong program. The machines are currently being manufactured in Japan at a cost of about \$500. I think that they might be equally effective in some other parts of the world. AID should consider the desirability of sending a circular to their missions and to the voluntary agencies on this matter.

I am submitting a brief specific report and recommendation on each of the countries visited.

George McGovern



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