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Food for Peace in a Changing World

By Irwin R. Hedges

Any plans for restructuring the administration of Food for Peace activities to fit them into the new organizational arrangements for conducting foreign assistance should proceed on the basis of a clear understanding of the legislative provisions of Public Law 480. Such plans should also reflect an awareness of the purposes and present administrative arrangements under which the program is handled.

P.L. 480 is multipurpose legislation. While it started out essentially as a program for exporting U.S. agricultural surpluses, there is now firmly established in the legislative provisions and legislative history of the Act four major purposes. They are:

A) to expand export markets for U.S. agricultural commodities,

B) to encourage development in developing countries and to combat hunger and malnutrition,

C) to meet famine or other extraordinary relief arrangements, and

D) to promote in other ways the foreign policy and security related objectives of the United States.

Both Title I sales and Title II donations, the two principal activities authorized under P.L. 480, can and do serve all four purposes indicated above.

For both titles, however, development uses overshadow uses for welfare, humanitarian or security related purposes. The essential distinction between Title I and Title II is not in purpose but in the conditions and terms under which the assistance is made available. These considerations should be kept in mind in approaching the task of fitting P.L. 480 into the new organizational structure for foreign assistance.

Interagency Responsibilities

P.L. 480 legislation is under the jurisdiction of the agricultural committees of the Congress, and P.L. 480 shipments are financed by the Commodity Credit Corporation of the Department of Agriculture (USDA) out of its appropriation and borrowing authority. USDA, therefore, has the lead role in the administration of P.L. 480 and in dealing with the Congress on P.L. 480 matters.

Because of the multipurposes P.L. 480 serves, its administration is an interagency responsibility, however. Coordination and reconciliation of various individual agency interests are achieved within the framework of outstanding Presidential delegations of authority by the Interagency Staff Committee (ISC) chaired by USDA. Technically, the ISC is advisory to the Secretary of Agriculture. Its membership includes USDA, State/AID, Office of Management and Budget (OMB), Treasury, Commerce and Department of Defense. USDA presents each P.L. 480 Title I proposal for review and approval by the ISC, proposes the amounts and kinds of commodities to the programmed along with related conditions such as usual marketing requirements, export prohibition and financial terms.

Treasury's major interest is in the financial terms of Title I programs and their relationship to the U.S. balance of payments.

OMB has a special interest in coordinating Title I programs with AID dollar programs, in the "tradeoff" of P.L. 480 for dollar assistance and budgetary costs.

USDA is concerned with movement of commodities, particularly in terms of the effect on U.S. domestic markets, the relationship of Title I to commercial sales and the role of P.L. 480 in expanding commercial export markets.

The Agency for International Development (AID) is interested in P.L. 480 as a resource for humanitarian, development and supporting assistance purposes, while the State Department provides guidance on the political, economic and other foreign policy implications of P.L. 480 programs. AID's Office of Food for Peace (FFP) is the State/AID spokesman on the ISC. It is FFP office

responsibility to develop a unified State/AID position for the ISC, reflecting the combined interests of State/AID.

The President's proposals for reorganizing U.S. foreign assistance, submitted in April of this year, anticipate the creation of separate agencies to carry out humanitarian, development and supporting assistance. If the Congress approves these proposals a decision would have to be made as to where to assign the functions relating to P.L. 480 presently performed by the AID Office of Food for Peace.

The President's proposals were appropriately silent on this issue. While P.L. 480 represents an important foreign assistance resource, it is primarily agricultural legislation and is handled by the Agricultural Committees of the Congress. P.L. 480 commands wide public and bipartisan Congressional support, and the Congress is generally satisfied with the way the program is administered. P.L. 480 was extended for three additional years without amendment by the last Congress.

Thus, the considerations which figured importantly in the decision to propose changes in the operations and administration of other foreign assistance were not applicable to P.L. 480. Food for Peace, however, will continue to be an important foreign assistance resource for carrying out humanitarian, development and security assistance related programs. Regardless of any reorganization of AID's structure, P.L. 480 will constitute a valuable resource in carrying out AID functions. The organizational structure for foreign assistance should assure access to P.L. 480 resources.

P.L. 480 resources are limited and often choices must be made among competing alternatives. This is one of the functions the present AID Office of Food for Peace performs. Under the proposed reorganization plans, each of the separate entities for humanitarian, development and supporting assistance would be claimants. Hence, some of those who have been closely associated with P.L. 480 policies and operations hold the view that no single agency would be in a position impartially to perform the functions of coordinating Food for Peace activities and establishing priorities among competing claimants for the use of limited P.L. 480 resources.

On the other hand, they say, to assign these functions outside of the foreign assistance community would be inconsistent with one of the principal rationales for the reorganization of foreign assistance, which is to insulate development assistance from the undue influence of day-to-day policy considerations.

What alternatives remain? As in most complex management or organizational problems, no clear cut or ideal solution is apparent.

The reorganization plans call for appointing on the White House Staff a Coordinator of Development Assistance who would be responsible for assuring program and operations coordination of U.S. development assistance programs. The AID Office of Food for Peace now performs these functions with respect to the use of P.L. 480 resources.

At the time the President submitted his reorganization proposals to Congress, the White House press release on the proposed position of Coordinator of Development Assistance included in its functions liaison with the Departments of State and Agriculture on P.L. 480 food programs. Broadly interpreted, this would include the functions presently performed by the AID Office of Food for Peace. According to a substantial body of opinion, assigning these functions to the Office of the Coordinator of Development Assistance would give recognition to the importance of P.L. 480 resources in carrying out various assistance programs.

A precedent for such a move exists. President Eisenhower, under whose administration P.L. 480 was originally enacted, established on the White House Staff a position, since abolished, of Food for Peace Coordinator.

Those favoring reconstituting this position on the Staff of the Coordinator of Development Assistance claim such action would also correct a major deficiency in the present interagency apparatus for administering P.L. 480. Although USDA has primary responsibility, administration of P.L. 480's multipurposes makes it an interagency responsibility shared by USDA, State, AID, Defense, Treasury, Commerce and the Office of Budget and Management. The Interagency staff Committee (ISC), chaired by USDA, functions as the interagency mechanism for obtaining agreement on program proposals. However, there are no established channels or focal point, short of the President, for resolving serious interagency disagreements. The point is made that the Coordinator of Development Assistance or a designated member of his staff could perform this function on behalf of the President. It is further argued that this could also be a means of assuring that all relevant issues involving P.L. 480 programs would be brought to the attention of policy makers at the initial stages of a program proposal.

Thus, if for foreign policy or security related reasons a P.L. 480 program is proposed for a particular country, policy makers would be forced to focus from the outset on such issues as the budget impact, commodity availabilities, and the relation of the proposed program to the legislative requirement that P.L. 480 sales not substitute for normal commercial purchases by a recipient country.

There are also a number of Presidential authorities added by amendments to P.L. 480 which have not been delegated. The restructuring of the administration of foreign assistance would provide an ideal time for correcting these deficiencies in the interagency mechanism for handling P.L. 480 matters.

The President has authority under existing legislation to make any changes he thinks desirable in the administration of P.L. 480 to fit it into a revised structure for foreign assistance. It is not likely, however, that any such changes will be made in advance of Congressional action on the President's proposals for reorganizing foreign assistance.