The Association for Diplomatic Studies and Training
Foreign Affairs Oral History Project
Agriculture Series

ARTHUR MEAD

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INTERVIEW

" Some observations on the U.S. Public Law 480 Food Aid Program"

Q: This is an oral history interview of Arthur Mead. It is part of the Agricultural Foreign Affairs Oral History Program. My name is Ray Ioanes and it is my pleasure today to interview Arthur Mead, who had an important role in the beginning of the Public Law 480 overseas food aid program and its operation. This is a series in which Foreign Agricultural Service employees are being interviewed in conjunction with the State Department program. Art, how did you get into this business, beginning with your roots, if you would please.

MEAD: Going all the way back, Ray, is a long trail. I was born in the badger state of Wisconsin and grew up in a small rural town in the southwest corner of the state. My elementary and secondary education came in Mineral Point, Wisconsin, which is the third oldest city and the original site of the state capitol building. Lacking a county seat or hospital the town lagged behind others in economic strength but in recent years has found life as an historical city. It had a population of more than 3000 when it was prospering with zinc manufacture at the turn of the century to supplement its rural character. It more modern times, its population has been roughly 2000.

Q: So you grew up in a rural atmosphere and knew quite a bit about agriculture.

MEAD: I admit to being in the midst of corn, hogs, and cheese and I must have learned some by osmosis. In the course of candling fresh eggs brought into the family grocery, weighing potatoes into pecks and getting tall enough to look over the counter, I dealt with farmers and cheese producers. Eventually I went to the University of Wisconsin and received a degree in journalism (To finish with academics, I did my graduate work in economics at American University in Washington under the GI bill). I did some work, mostly in weekly newspapers, for a couple of years and then decided to go East, young man. Believe it or not, I had in mind the Department of Agriculture as my target. And I was able in January, 1941 to get my foot in the door, with a 90 day night time appointment. As they say, the rest is history.

I worked on the Lend Lease program which involved the shipment of agricultural commodities, mainly to Great Britain and the Soviet Union. We ordered commodities forward from U.S. suppliers to meet ocean shipping space of our clients.

I was rapidly into the business of helping to allocate supplies as we moved the commodities forward from point of origin. Often we were not sure exactly where they were going. We were working with the foreign missions here, and using mainly East Coast ports, but the port and particular consignee were not always known well in advance. One life saver we devised was the setting up of an office in Cleveland as a diversion point. We forwarded a fair amount of our commodities, mostly from midwest origins, to Cleveland, held them there and then moved them on to particular ports as arrangements for transporting became firm.

Sometimes one remembers forever the funny lines. One day we received a call from Rath Packing in Iowa saying they had shipped an empty car of lard. I do forget the car number.

Then there was a three year interlude when I went into WW II military service. I was in the Army Transportation Corps.

Q: So you worked on things like rail and truck movements. How about ocean movement?

MEAD: In basic training we were in New Orleans and had the port as a training site to become longshoremen and stevedores. They had a cement ship as the training device, a ship which obviously was a white elephant.

A captain was giving us some orientation and a man even smaller than me spoke up and said, "Captain, am I going to load ships?" The captain said, "In your case, you are going to load small ships". After basic training some of us were retained in New Orleans HQ to develop training procedures. We were privates with the status of attached unassigned, as I recall, and it made it difficult for us to advance, but more importantly, we were unable to get assigned to a regular outfit. This became a bit boring as well as frustrating so some of us went for the Officer Candidate School.

After getting through that, two of us 90 day wonders were assigned to the Boston Army base which was a major port of debarkation for troops and supplies. I can remember putting on my Mackinaw in south Boston, going down to the pier and getting into a hold to be sure particular sensitive and/or important commodities got on the ship.

Q: You don't mean to say that some times commodities weren't there when you looked?

MEAD: Of course not, but I had to check it out. And I wanted to be quick in doing this. I was friendly with the longshoremen and stevedores but I wanted to be sure I got out of the hatch before they battened it down.

My major overseas work was on a transport ship carrying troops back and forth between Boston and the European theater; later we went to the Pacific theater. I was on a ship that was originally built as a banana boat by the United Fruit Company. I can't say that my technical expertise rose substantially in this endeavor except to visit some interesting ports involving tricky tides, Calcutta and Inchon, Korea being prime examples. I returned to Washington in the Spring of 1946.

Q: And you went back to work where?

MEAD: I went back to work with the Production and Marketing Administration which was the stabilization agency for commodity production and also had responsibility for relief abroad still in place after the war. I participated in food relief efforts directly and did some management functions in procedure and analysis related to the relief programs.

When production started to outpace the ability to market commodities through commercial demand, the agency operated government storage programs, particularly for grain. To keep the surpluses from spoiling, we had to find adequate cover for them.

Among other things, this involved the erection of Quonset huts and bins (primarily in the Midwest, of course) and the use of cargo ships in the mothball fleet on the Hudson River.

I also worked on formulating what were called uniform storage agreements which established rules of storage and setting of storage rates for producer grain stored in private warehousing. Much of this experience was useful and very pertinent to PL 480 work that dealt primarily with grain. There was also some negotiating experience involved as the agreements and rates were developed with consultation of the private trade.

Q: Art you have to remember that we had a crop failure in 1948. We had built up supplies after the war because we were still giving foreign relief.

MEAD: Yes, both situations dictated what activity I was involved in.

Q: So, we had a period there where we were up and then we came down on the supply side. Then there was a huge build-up in production from that time.

MEAD: Yes, it was coming out of our collective ears and we had to find a place to store it. So that is where the bins and mothball fleet came into the picture.

It was a bit tricky trying to keep the grain in ships in proper condition. So I had some experience in warehousing, the treatment of grain, and the handling of grain which was helpful later when I joined up with FAS to work on PL 480.

Q: You were on the other side of the supply-demand equation because it seems to me that from the beginning of our experience in the Department of Agriculture, we were working in a situation where supplies were relatively scarce in terms of need, which is obviously true in war time. For relief purposes after the war it was also true for an extended period. But it also illustrated how quickly we can go from that situation to one of surplus, but this time the surplus was mitigated by the Korean conflict, when the whole world was in the market for products, as it didn't know when the war was likely to end.

MEAD: That's true. I joined the Foreign Agricultural Service when you asked Pat O'Leary and Dan Tierney to find someone with certain qualifications to help initially with the operational end of PL 480.

Q: What year was that?

MEAD: In 1955. It was an opportunity to work on a program just taking off.

Q: We were in a program that had wide support from the President on down, and I can remember one time early on, and maybe before you came to us, that I was called by the Secretary's Office (our Secretary at that time was Secretary Benson) and asked to prepare a note on what we were doing with PL 480. So I wrote a memo which said at the beginning, "These are things that we are thinking of doing and a few of these we are *already doing, but don't release it to the press." So, the next day we get an inquiry from the press. I don't know where the Secretary was, but he released the statement including my cautionary advice. We were getting all these cables wanting to share in the privileged information. But we survived that. So, you came along and made sure we didn't do it again.*

MEAD: I came into the Operations Division of Foreign Agriculture and all that nonsense ceased. Or did it? Initially I did some work with the PL 480 regulations which set down how we would deal with governments, agents, exporters and shipping companies in implementing PL 480 agreements.

Q: You are talking about Title I.

MEAD: What we are talking about now is Title I, the sales part of the original PL 480, under which commodities were sold to foreign countries for their local currencies. This was by far the largest authority under the Act and would continue so for the next 15-20 years when you and I were involved in this program. The other smaller authorities were donations and the barter program which we very likely will not get into in our discussion to any great degree.

Q: What were the first programs you worked on when you came into FAS?.

MEAD: It seems to me that you will have to take credit for the very earliest country programs. To lead into that we should very briefly note that the post Korean War surplus buildup prompted overseas trade missions and hearings on the Hill, and took account of experience with predecessor Mutual Security Act program authorities, among other things. The end result was the enactment of PL 480. For the sake of formalities, the specific legislation was the Agricultural Trade Development and Assistance Act, approved July 10, 1954.

It was a comprehensive approach to American food aid following decades of food relief as individual situations arose. It provided for several objectives such as agricultural market development, foreign policy, surplus disposal in a constructive manner, foreign assistance, and economic development of foreign countries.

The original authority for Title I was $700 million and $300 million for Title II donations. Because of the rapid implementation and commitment of these authorities additional money was approved by the Congress early in the game. I might add at this point that the funds were used through the borrowing authority of the Commodity Credit Corporation of USDA, which was reimbursed by appropriations.

The use of the private trade was built into the original law, a good idea in the view of most qualified observers. It was generally felt that it would be most effective and efficient and I believe that view was vindicated at least through our watch. We may very well get back to this aspect when we get to the mechanics of Title I which involved the private trade. This is a brief description of an extremely comprehensive act but it gives the necessary basics. If we dwell in too much length of some of the events and issues this oral history will get much too unwieldy.

Q: It was settled from the beginning because it was clear that the statute did not expect the United States government to be doing the selling directly and therefore avoiding the usual trade channels.

MEAD: That was clear and the results were excellent. There were problems we had to deal with over the years but that was a small price to pay for this efficiency, and we will mention some of these. Early on there was a problem that arose because of a high concentration of a few suppliers being successful sellers for some of the commodities. There was an inquiry from Congress asking why there were so few grain suppliers under the program and there was proposed legislation to limit a grain firm to not more than a certain percentage of the sales; 15 per cent sticks in my mind. My recollection was that in twenty pages we said that was the way life is in American commodity business, whether it is commercial, or government sponsored like PL 480.
I should point out that while grain was the main commodity category, it was not the only category that experienced the issue of limited suppliers.

This was a serious issue with rice and tobacco. Our operations people dealing with suppliers on a daily basis, among other FAS officials, pressed for other suppliers to become eligible to make sales under Title I. This included rice cooperatives who were anxious to keep rice moving but, for the most part, were content to let the existing suppliers take the responsibility, along with the normal risks, and continue to be the main sellers under the program.

Q: Just like the auto manufacturers. Why are there only three of them? Now we should get into how the law is implemented.

MEAD: That's right. So the private trade channels were used and if Continental Grain sold a cargo of wheat to Japan for dollars on a strictly commercial basis, without use of Title I, and sold a cargo of wheat to India under the Title I program, the procedure was basically the same. They would make the sale with the specified class and quality of wheat, move it to port, have the proper inspections, arrange to have it loaded aboard ship, have the relevant documents, go to the bank and get paid under a letter of credit.

The terms and conditions of the sale, the documents, loading arrangements were the same. The financing was the difference. In the commercial sale, dollars were paid by the buyer. Under Title I, USDA paid the seller through the Federal Reserve and the foreign government paid the U.S. in the equivalent value in their local currencies upon delivery through U.S. ports. The sellers of the grain in their operations outlined above would be working with the recipient country in such operations and that will be woven in I'm sure as we discuss the details of the Title I program. This highly compressed version of a sale makes it appear simple, which it is not. Meanwhile, USDA was monitoring the Title I sale, as we no doubt we will mention from time to time.

Q: It seems to me that is one of the things we need to talk about because before anything could happen we had to have an agreement between us and the recipient country.

MEAD: That is correct.

Q: And who did that?

MEAD: When the program started obviously all the finer points and procedures were not in place in great detail. Therefore the early agreements, such as Turkey and Yugoslavia, were conducted on a more ad hoc informal basis while basically getting to the point we later arrived at through more formal procedures. Fortunately, as you can attest to better than I, there was a consensus among the affected U.S. agencies to proceed promptly with the program without having come to agreement on all the details of operation. So you original architects went through with the early negotiations.

Q: At the request of the foreign government?

MEAD: Yes, there always had to be a request by the foreign government involved. That part of the procedures has not changed. If I think of it later on I might discuss this point when India returned to the program about 1975 after declaring itself to be self sufficient. You have indicated an interest to cite India's experience in the program so we will be getting to this.

Q: Always, as I remember, the initiative was dependent on the receiving country to make the request as opposed to our saying to them, "We are going to offer you a program."

MEAD: Typically, a proposal would be made by country X and it would be discussed with officials of the embassy. They would go back and forth, depending on the complexity of the commodity situation and the experience of the negotiating parties. When the request was put together it would be sent to Washington by the embassy by cable and distributed to the appropriate agencies. The Foreign Agricultural Service in USDA would take the responsibility for program formulation. Program coordinators would review it through the department in terms of commodity impact, effect on commercial trade etc. and deal with other agencies on matters that affected them, such as the use of the currencies. What I am saying is that the program coordinator took on all the necessary clearances and executive branch negotiation to structure a proposal suitable to be submitted to an interagency committee (which I'll talk about later), for review and approval. The in house negotiations often were more difficult than the negotiations with the foreign government, and I believe many people would understand this statement. Once approved, in a form that may resemble the original proposal, it was sent back to the embassy with specific negotiating instructions. The Embassy often would come back to us because of problems in the negotiations, but essentially it was negotiated at the host

country by the U.S. team. If successful, it was signed. We had, remember, a government to government agreement which was published in the treaty series as an international agreement. USDA issued a press release on the commodity aspects of the agreement and there usually was some announcement or ceremony, or whatever, at the host country capital.
Once the agreement was signed, say for $50 million worth of wheat, $50 million of rice, etc., then the Foreign Agricultural Service operations people would, again with the foreign country, go into implementation with the private trade.

Before going into the implementation and movement of commodities through private trade, I must add that the formal agreement under Title I focused heavily on the commodity composition. But this was a sale for foreign currency, which meant that upon shipment the Indians, for example, would deposit rupees into a US account for the equivalent of the market value of those commodities. These could be used for a variety of purposes, both for the US and the host country.

The original law provided for currency use for agricultural market development, the purchase of strategic materials, procurement for common defense, which meant military assistance to countries seen as security countries in the U.S. view, the purchase of goods and services for friendly countries, the promotion of economic development (in the recipient country), payment of U.S. obligations abroad, and for financing Fulbright educational exchange programs. Over the years, at the time of legislative hearings and/or extensions of the program, many additional uses were authorized. In most cases, the bulk of the currencies were loaned or granted back to the host country for economic development.

Q: The bulk of the currencies?

MEAD: Yes. I emphasize that this was true in most cases. Obviously, there were exceptions, the most notable would be Vietnam where the currencies were used almost exclusively for military support.

Q: I believe the American Science foundation was getting funds out of this program.

MEAD: Yes, that was one of the many uses legislated over time.

Q: Okay, I think we are ready for the purchase authorization.

MEAD: Let's move a commodity. The commodity has to be bought; it has to be shipped. The country would use either its own buying mission like India and Israel chose to do, or in some cases, particularly the smaller countries, they would purchase commodities and book vessels through an agent. The country, itself, or an agent would apply to the USDA for a purchase authorization, which was a financing document that enabled the country to purchase and ship a certain value of a particular kind of commodity. While the value would govern, the authorization was keyed to a quantity. Depending on the country and commodities involved, the authorization may cover the entire amount in the agreement or could be issued in increments if the amounts warranted that approach.

We noted earlier and briefly how the agreements were negotiated. We should add here that they normally covered one year and would specify the amounts of each commodity with the approximate quantity. In any event, the purchase authorization also specified an approximate quantity and a specific value as indicated above. It would be very specific for the time period during which the commodity would be purchased and the time period during which it would be shipped (placed aboard ship). It dealt with quality factors, inspection arrangements and such pick and shovel work necessary to make delivery through the port.

The Foreign Agricultural Service had a monitoring function over these arrangements, including how the commodity and shipping space tenders were conducted, tenders meaning the document used by the country mission or agent to solicit bids for the services requested.

Q: Didn't we have a price review?

MEAD: That was one of the crucial elements in the monitoring function. This was particularly important both for commodity prices and for rates for shipping space so that the prices and rates were reasonable and within current price and rate structures. With the billions of dollars involved in the aggregate, it was imperative that there should not be any windfall for the parties to the transactions.

Q: How did we know the commodities got shipped, were unloaded and in correct amount to the foreign recipient?

MEAD: There were reporting requirements under the agreement. We had the agricultural attaché service overseas to work with the foreign government in seeing that we had proper accounting of the commodities. There were bills of lading, which we mentioned earlier, as the crucial documents among those that the commodity supplier presented to the bank for payment. It would indicate the kind and amount of the commodity loaded aboard the vessel. At the other end, the recipient country had reporting obligations on the unloading and disposition of the goods. Again, we had the agricultural attachés working with the foreign government; the attachés were Foreign Agricultural Service personnel.

And title passed to the foreign government at US ports, and that point is important later on when Vietnam fell, if we decide to discuss that episode.

Q: Checking on the arrivals was helpful in responding to inquiries from the Hill and the public was it not?

MEAD: Absolutely. We had our share of inquiries but the one we most often received was, "I know a first mate on the SS Marine Devil and he saw PL 480 grain being transferred in port to a Russian ship." In other words, the grain was intercepted and thus did not get discharged to the recipient country. We would check it time and time and time again and never could verify that first mate or the transfer of grain. But it was necessary that we respond to this kind of question. After quite some time I believe we stopped following up on the transfer of grain to Russian ships unless there appeared to be something new or different in the inquiry.

Q: The thing I do remember here was that we almost got into trouble because we had a unit tabulating the bills of lading and somehow or other they got crossed up in their work so they didn't tabulate for a while. GAO learned about this and we put hordes of people on it to tabulate those bills of lading in a hurry. Fortunately, everything balanced out. I think that is one of the things you and I are proud of. We handled those huge tonnages of commodities going all over the world and there never was a scandal about misuse of the commodities. I think, as you said before, this was due in large measure to the fact that they were not given away but were sold for foreign currency. So there was a self-policing action to it that helped us very much.

MEAD: A detail helpful to deal with this issue is the fact that under Title I the goods on the recipient end also used the normal distribution channels. The wholesaling in each country would vary but the commodities would be handled in the customary manner. There would be instances, like India, where some of the grains normally would be retailed through fair price, or ration, shops so that the poor could have access to basic foods at reduced prices. The point is that the commodities were handled in the traditional manner and this was a plus in terms of keeping abreast of what was happening.

This preserved the normal trade channels emphasized in the legislation which had as part of its rationalization its positive effect on market development for American agricultural exports. But back to your main point, there were a lot of people helping out to see that things were handled properly and we must give credit to all those people.

Q: I think there were programs where commodities were distributed with a label on them, "Gift from the US Government" or similar information.

MEAD: That was true for donation programs (not Title I) where commodities were given directly to relief recipients who did the best they could with what they received. On occasion, they would sell or barter one commodity to get something they needed most. I do not know how often this happened but I can see how it could occur from time to time.

Q: That was a different program, but every once in a while some of those would turn up in a commercial market.

MEAD: This is not to say that we didn't have our own problems working out purchasing and shipping arrangements with some countries, especially some who had only modest commercial experience or had customs that were not consistent with our regulations. The Title I commodities did not have the gift information on the bags and containers and much was shipped in bulk, of course, but the recipient country was obligated under the agreement to publicize the nature of U.S. assistance.

Q: Yes, I do recall the two countries where that happened and we sat in on the purchase sessions to make sure they were handled right. Unfortunately all countries are not modeled on the same principles and the result is that their system of oversight is not as careful as it should be. But you are absolutely right. I think there were only two or three such cases.

MEAD: There was a lot of money involved; we are talking tens of billions of dollars; so we were fortunate.

Q: At the initiation of the program were the first programs fairly well scattered; were they mostly in Europe; where were they and when did the whole thing start?

MEAD: We mentioned surpluses after the war and that the Korean conflict got us out of trouble (supply wise) for a little while. Then we reverted into the same surplus situation with the American farmer geared up to produce and we had beaucoup commodities. The industrialized countries of Europe and Japan were still in the process of recovery on the one hand, and on the other hand we had India, African nations, Indonesia and many other developing countries which had rapidly increasing populations and insufficient production. They lacked the hard currency to make commercial purchases of food. There was hunger and while some countries were not directly affected by the war, they hadn't progressed economically.

Q: As I recall, because of the war and because of the shortage of foreign exchange, our first two programs, as I remember, were in Turkey and Yugoslavia.

MEAD: Turkey was the first one. I don't recall whether Yugoslavia was the second one.

Q: Yugoslavia was the second program. Were there other programs at that time in Europe?

MEAD: Sure. As we noted Europe was recovering. We had programs in Japan, and in Europe we had programs in the UK, France, Italy, Germany, Greece, and Spain. Those, I believe were the major ones of those we now classify as industrialized nations. So we had programs in these countries which sounds rather strange, given their strong economies today.

On the other hand, the amounts programmed to these countries were not so large in relation to their populations and the capacity to absorb the goods.

Q: How about Egypt and Israel?

MEAD: Egypt and Israel early on were attractive political countries. They started right off and continued with very appreciable volume, although Egypt was out of the program for a number of years after the 1967 war. My understanding is that Israel was phased out of PL 480 some years after we left the scene and its overall assistance continued under general foreign aid authorizations. Egypt continued on as a PL 480 customer.

Q: How about Africa? It just seems to me except for Egypt, none of the programs were major in size.

MEAD: I guess technically Egypt is in Africa, but we tend to consider it Middle East, particularly for political purposes. If you set Egypt aside, you could find a complete blank for Africa under Title I until about 1961 I believe.

A major problem in Africa was that most countries had severe logistical problems; and they didn't have much of a trade system compatible with Title I which is geared to using existing trade channels that we have emphasized in our earlier discussions.

We should not give the impression, however, that Africa was sitting out in left field with all the action on other continents, including Latin America, which we have not mentioned in the process of indicating the nature of early programming. There were donations under PL 480 that suited Africa better and to jump a couple of decades or so, we have witnessed the droughts in Ethiopia and similar countries on TV and the huge response to these critical food shortages.

Q: To a certain extent they were in the stage of the European colonial government leaving, so some of them didn't gain their independence during this period or a little later.

MEAD: That was true. A number of African countries participated in Title I later on, especially the northern tier of countries and the remaining countries relied heavily on donations from the U.S. and other contributors.

Q: Incidentally, I really don't remember much of a controversy regarding the possibility of interference with the private markets in the range of countries you have mentioned.

MEAD: Countries like India, Indonesia and Egypt did not have a significant history of commercial trade. You had people undernourished and they were an outlet for food for extra consumption. Their inability to have monetary reserves to purchase commodities on a commercial basis also was a major factor.

Q: You probably know more about the beginnings of what we called usual marketing requirements (UMR) or the protection of commercial trade, which was built into the original Act. It said in effect that we should protect the usual marketing of the United

States and not unduly disturb international trade. So there was some relevance to marketings of friendly countries but, not as specific as those for the United States.

MEAD: I couldn't have said it much better. This protection was in the original text which confirms that the U.S. trade people were awake in 1954, and the State Department, in its Economic Bureau among others, was also awake with respect to friendly countries. And it was no coincidence that the Food and Agriculture Organization, the UN agency dealing with agriculture, had established a Surplus Disposal Committee at the same time that PL 480 was enacted. To say that FAO established the committee means that the member countries agreed to this initiative.

While the earlier objectives of the FAO committee (which meets in Washington) focused mainly on finding constructive ways to use world surpluses, it also had the function of reviewing food aid transactions, in terms of the effect on commercial trade and the effect on the agricultural production of recipient countries. For the first decade of its existence, the Committee only had the U.S. PL 480 transactions to review because the U.S. was the only one with a food aid program.

The committee, along with its parent body in Rome, the Committee on Commodity Problems, did some work of identifying the different kinds of food aid transactions and this was a help in terms of reviewing food aid transactions for the reasons stated above. Meanwhile, the U.S. had developed a usual marketing requirement procedure. In many cases it was determined that there was no obligation or requirement for the recipient country to import commodities on a commercial basis to qualify for commodities under Title I.

If there was a requirement to import commercially, the amount, and whether the obligation ran directly to the U.S., or could be imported on a global basis from friendly countries, became a matter of consultation carried on with those countries deemed to be potential suppliers of the commodity. For example, if the commodity was wheat, the traditional wheat exporting countries such as Argentina, Canada, and Australia normally would be consulted on a bilateral basis. This bilateral consultation was the primary effort in the cooperation with other potential suppliers.

The FAO Surplus Disposal Committee also was notified and members could discuss the usual marketing proposal there; but this notification acted as a safety net if members felt that the bilateral consultations did not result in an acceptable outcome. When the FAO took on the task of drafting international rules of the road for food aid transactions, the result was a general adaptation of the U.S. procedures as they applied to the usual marketing. I believe this agreement was reached in FAO in the late sixties; the one unresolved issue was the U.S. use of a requirement set aside only for the U.S. for most commodities. The other major exporting countries found this unacceptable and the two separate positions very likely still prevail today. Except for this unresolved issue, it seems to me that the wholesale adaptation of the U.S. rules by the FAO member countries is an endorsement of our success in this part of our program.

I believe we operated under the charge that the International Wheat Agreement provided the basis for administering wheat UMRs on a global basis, that is, there would not be UMRs for the U.S. specifically.

I can't point to the specific basis in the agreement for applying only globals to wheat; but we examined the trade history for all commodities including other grains. Normally, unless there were mitigating circumstances in terms of the country's finances or trade, we looked at trade on a three to five year basis.

Q: That's the way I remember it too. But it seems to me there was a lot of worry about whether this was a one sided arrangement we had entered into. As you said, we were the only country in the world at that point that was participating in these programs. On the other hand, the most interest that was shown by any group of countries were the grain exporting countries. It seems to me that when Secretary Benson had his meeting very early in the game, I think the second year that we were in PL 480, he invited the grain exporting countries to the United States to see what could be done to make the program work better. It was at that time, Art, that global marketing came and continued from that day forward. I repeat, the bulk of the oversight of the program came largely from Canada, Australia, and Argentina.

MEAD: It was true without question that the greatest concern came from those grain exporters because of the high percentage of Title I exports being in the form of grain; and because those countries were together on this issue. There were other commodities under which the UMR question and the consultation could get heated and a good example would be the case of Thailand and our rice deliveries under the program. In terms of tenacity and emotion I would put this one high on the list. It was high on State's list from a political and foreign aid standpoint. You may recall the U.S. had a large presence in Thailand in terms of numbers of State and AID people. Also there was a great political push to put together a Title I program for Thailand which didn't make much sense to USDA as it seemed to us that it would only interfere with existing commercial trade. I was passing through Bangkok in the early 70s when I was visiting Vietnam and Indonesia to check on the rice programs there. I told Bangkok I did not intend to stop at the embassy as I was just in transit. When the plane arrived at the airport our attaché, Von Seggern, and some State people came up the gangway and asked me for my papers so they could get me through customs etc. They had driven up to the plane and I was escorted into the car, got my papers back shortly, and had to spend about two hours at the embassy. My recollection is that the program, which did get signed later on for cotton and tobacco, actually didn't pan out very well.

Q: Oh, yes, but that was rice though when you were talking UMRs.

MEAD: That was rice. But some of the exporters in other commodities, even tobacco and cotton, would turn up the heat pretty well and some of these countries were developing ones; and had an extra dimension of their concern over export revenue in consulting on our program agreements. While these commodities didn't have the overall volume as grains, they were pretty emotional issues. One of the objectives of this oral history program was to get personal reactions although this may be directed primarily to foreign service personnel to get their experiences while stationed abroad.

In discussing the UMRs I don't want to leave the impression that this was a cut and dried operation dictated by the numbers. For example some of our commodity people would always want a UMR on the expectation that the US would profit from the existence of these requirements. We found it to be more profitable in the early stages of some of the programs, such as Korea and Israel for example, to start without UMRs and rely on understandings that commercial sales would be for our account. After trade history was established, it became necessary to provide for quantitative UMRs but the impetus in terms of commercial sales for our account would continue. We had a situation, for example, where the Australians would press Korea to buy wheat from them but Korea countered that the U.S. precluded that option. Our response to the Australians was that the agreements provided for global usual marketings for wheat so Korea was not obligated under the agreements to purchase wheat commercially from us. The Australians, at least in my view, were sophisticated enough, given their experiences in promoting commercial sales, to get the point. We had the same understanding with the Israelis who were buying wheat and feed grains on a commercial basis from us. I received a call from the head of the Israeli buying mission asking whether a purchase of feed wheat, that is low quality wheat, would qualify toward the UMR for wheat or feed grains, the purchase of a relatively small quantity having been made from France. I told him that the purchase did not qualify for either category of grain as I was surprised that he had made a purchase from France. He got the point and we continued to be together on what would happen in the future. We did, of course, later give him credit for the shipment on our UMR books

Q: Art, why don't we try to get some feeling about the size of this program over the years? How about giving us a run down.

MEAD: The numbers will show that the program took off quickly given the task of shaping program procedures and working toward agreements which were formal international instruments. The law was enacted in mid 1954 and by 1956 the value of exports under Title approached a half billion dollars and tonnage of nearly 4 million metric tons (mmt). You will recall in our description of the programs that you had to negotiate the agreement, then get the authorizations going to permit sales to be made and shipments to be placed on vessels, which also had to be booked. So there was a lead time involved before tonnages would be shipped and values could be calculated. And we are talking about export market vales, not the larger costs usually designated as CCC cost or cost to the U.S. government. You started with Turkey and Yugoslavia and by 1956 some of the larger agreements such as with India and Brazil were signed to give further impetus to the magnitudes. In 1957, shipments totaled 8 million metric tons (mmt) and 900 million dollars.

Q: That's a pretty fast take off. Could I interject a few things. It is true that first agreement with Turkey was negotiated in the Sheraton Hotel. I can remember being a part of it and making the mistake of negotiating in tons of wheat instead of dollars. When I got back to the office, Pat O'Leary saw the mistake I had made and he just grinned and said, "That's okay, we can take care of it." But, thereafter the agreements were in dollar values.

MEAD: But the negotiations were discussed in terms of volume and then you just translated that into dollars. That is the only way you can control it because you have to issue a financial document and you can't exceed the amount noted in the document. Your caper was easily taken care of through the control of the purchase authorizations, especially at a time when the price of wheat was pretty stable and we were just starting to use the $700 million authorization. To continue with magnitudes, Title I exports on an annual basis reached the 10 million metric tons (mmt) as we entered the 1960s and soon reached the $1 billion level in export market value.
I should emphasize at this point that total U.S. agricultural exports (annually) reached only $4 billion so Title I alone was at 25 per cent of the total. Jumping into the future and we will probably get to this later, total PL 480 exports, that is all Titles, were only about 10 per cent of exports in the 70s and about 5 per cent in the 80s. There were huge increases in ag exports in those decades, as we know, but this would illustrate how important PL 480 was in the 50s and 60s.

Q: The origin of three-year agreements is interesting. It came about, as you know, primarily because we were specially interested in India. We were interested in taking this classic case of a country which could provide a subliminal outlet for grain and help build the nutrition of the country. In our conversations with them they pointed to the fact that our first agreement was a one year agreement. Once they had decided to try to give their people a better diet, they needed more assurance than one year to get it done. And that was the reason for the first three year agreement. I understand that we then added a four year agreement...

MEAD: In 1960.

Q: How big was that agreement?

MEAD: I believe it ran about 16 million tons. That's big time for an agreement, particularly when you are relatively early in the program. When we signed the agreement, we only formally committed ourselves to the first year's value because we had no where near enough money in the till; but with the commitment to sign for the value of the last three years when the PL 480 authorization was increased by the Congress.

Q: Over a four year period?

MEAD: Yes. The first year was signed in May, 1960 with a market value of nearly $200 million and the remainder was formally signed in December for more than $1 billion.

Q: Your commodities in that first 900 million dollars of the overall program for all countries; do you have tonnage figures on those?

MEAD: The $900 million was the value of exports for 1957 with tonnage of 8 million metric tons. In terms of relative shares of the program, wheat started out as the major commodity and would dominate programming throughout the program. Next would come rice, feed grains, cotton, and vegetable oils. At that time I would estimate that for wheat we were accounting for more than 50 percent of total U.S. exports; cotton, probably a third; high in vegetable oils; and significant quantities of feed grains.

In this early period, we had non-price support commodities, like fruit and poultry, tallow, frozen beef, which later on were minimized because they had a direct and full impact on the PL 480 budget. The typical commodities like the grains did not result in full budget costs since there were storage and other costs that we would have to bear if we hadn't moved them out of stocks. So the non-price support commodities in later years were virtually eliminated when the program was placed on a budget ceiling within the Executive branch. And we may touch on that if we discuss how the program decreased in the late 1960s.

While we are in the commodity area we can mention that tobacco was regularly programmed and was defensible for some time as a means of budget support for recipient countries. For certain countries, this commodity translated into revenue in a short period of time. It later became an emotional issue in the U.S. as you well know, and was legislated out of the program.

Q: Well, cotton and tobacco both share the concept of turning raw material into jobs as you move from the raw material to the finished product. But in a sense we did the same thing because you move from wheat to flour to bread. So your value adds there too, but not quite as much.

MEAD: Now that you mention flour, it reminds me that we didn't move nearly as much flour under Title I than we thought we should. India didn't take one bag of flour under Title I despite our efforts, Sen. Humphrey, and the flour millers among others. I recall also that we had one devil of a time to get Egypt to take a certain quantity of their requirements in the form of flour. And some of the lesser developed countries such as Indonesia had mills built and therefore in time phased out of flour to straight wheat.

Getting back to magnitudes, the early sixties saw large agreements with Egypt and Pakistan and a number of new countries. Those developments, along with the mid 60s India droughts, put the annual tonnage under Title I to 16 million metric tons (mmt), or three or four times the annual volume in most of the 80s. At this time the portion of wheat going under Title I was well over 50 per cent of U.S. exports which again emphasizes the importance of the program. My rough calculations for the decade 1959 through 1968 put Title I wheat exports at 50 per cent of total U.S. wheat exports for that entire period, and put India imports of wheat at 45 per cent of Title I for that decade. The portions are even more dramatic when you consider that total U.S. exports included both wheat and wheat flour and as I noted just above, India took wheat only and many of the countries were shifting from flour to wheat.

As we start getting through the sixties and into the 70s, mention is appropriate of the changes made in 1966 when a major legislative overhaul was enacted with the greater emphasis on revising Title I. The overhaul provided for the phase out of foreign currency sales during a five year period ending in 1971 and phasing into longer term dollar sales,(recognizing that 20 year dollar sales were legislated in the early sixties, but not implemented in magnitudes comparable to the foreign currency sales). The dollar sales under the new legislation were longer term, with longer grace periods and low interest rates, and the foreign currency sales as we knew it would disappear.

There were provisions for a limited number of the old type currency uses to be provided for under the dollar sales under particular circumstances. This allowed, for example, for the U.S. to continue military support for Vietnam. The new legislation also called for self help provisions and the deletion of the surplus concept in principle. In fact, the word surplus could not be found in the new text. Nonetheless, the procedure for determining PL 480 availability did not change in reality. This will be discussed as we get into the worldwide shortages in the early 70s (this also occurred in the mid sixties Indian droughts) when the Title I program was reduced sharply.
The Title I program dropped steadily from its high of 16 million tons in 1965 to an average of about 8 million tons in the early 70s. There were several reasons for this drop. In the case of India, the two successive droughts ended with fairly normal monsoons; India participated in the advances in production brought about by the so-called Green Revolution, along with other countries; some Eastern European countries were legislated out of the program. Other donor countries came on the scene to share in the food aid business, helped by the birth of the World Food Program in the early 60s; and the creation of the Food Aid Convention negotiated during the Kennedy Round of multilateral trade negotiations as a new convention of the International Wheat Agreement; and the imposition by the Office of Budget and Management of budget limits for the PL 480 programs. We saw Title I drop to 5 million tons in 1973 and to less than 2 million tons in 1974 because of the commodity crisis world wide, with production trouble in Russia, again in India, and the anchovy supply difficulty among other commodity considerations.

Q: This is why we should get to how those requirements grew and how the requirements were met in terms of imports and increased domestic production. India was a classic case of whether we succeeded or failed in achieving the promise of increased consumption under the Title I program. We should look at this in some detail for our satisfaction and the satisfaction of others looking into the history of the India experience.

MEAD: Yes, we can examine India along those lines and it might be useful to recount how PL 480 was reduced in 73 and 74 and the decision making process at that time.

Q: Well, 1972-73 was the time of the huge Soviet purchases from everywhere, not just the United States.

MEAD: Yes. India declared itself self-sufficient at the end of the sixties. They were out of the Title I program for a few years, but came back in 1975 and for a brief time thereafter. As I recall, India was not very happy to get back into food aid after having being able to say it was self-sufficient. They came to see Secretary Butz several times, but were reluctant to make a request for the assistance. The Secretary and I would do a lot of listening and it became a bit awkward. But we had the rule of needing a request and we were not innovative enough to develop a way to offer them a program without acknowledgment of a request. My recollection was that they had something less than one million tons in mind for Title I. After they got over the problem of making a request they then asked that the agreement be negotiated in Washington. That was not what USDA wanted to do, given the history of New Delhi negotiations which could get prolonged and complicated; I can remember, for a particular agreement, sending a curt cable to the agricultural attaché to get the agreement signed and I'm sure he showed it to the Indians to get things moving.

State pressed strongly for the request of the Indians and we had to negotiate in Washington. We did this regularly with the Israelis but their negotiations were very informal, and obviously Israel was a special case. The negotiations with India in 1975 were formal; I was the Head of the U.S. delegation and we had other U.S. agencies represented and India had its several representatives. India wanted to make changes in the format of the agreement to emphasize that this was a dollar deal, which it was on a long term, low interest basis. But they wanted to make it look like a harder deal. We indicated that they could be a bit imaginative in the way they handled their announcement as long as they didn't go overboard, but we had to keep our agreements intact. They were not in a hurry to sign the agreement since they were buying wheat from us commercially and keeping their ships busy.

One tough issue dealt with was the fact that India had earlier borrowed wheat from Russia to be repaid in kind. We did not want them to repay wheat to Russia while they were importing concessional (soft sale) Title I wheat from us. After a lot of haggling back and forth, there was an unpublished side note developed that said that the issue would not arise. And the issue did not arise. Noting the commercial purchases of wheat by India, there was a specific UMR provided for in the agreement as one of the conditions for fulfilling the agreement. It may have been the first time in this final agreement but I am not positive about that point. It was not an issue with them as they had already taken the position that there would be times when commercial imports would be necessary. There were times, also, when they would export some wheat and I suspect this came when they had accumulated substantial stocks and were not in a position, in their view, to utilize such stocks for domestic consumption.

In any event, we were not more successful than New Delhi in crafting a prompt negotiation. In this case we could not send a cable to ourselves telling ourselves to get going.

Q: Art, in this discussion we should highlight India as a classic case of whether we succeeded or failed in achieving the promise of increased consumption. So I think we are going to want to trace that in some detail for our own satisfaction, if not for the satisfaction of others in history.

MEAD: I agree. In doing this I would hope we could make our point without a lengthy narrative but with a chart and some figures that would illustrate the point. From my experience and some reading over recent years, I don't believe the development economists have been able to be very precise in assessing the effects of PL 480. My own experience dealing with the various countries is that those countries that had the will to use the program as effectively as possible were able to do so. India was one of those countries.

The chart on the preceding page is pretty simple. It shows the trend of India's grain production from 1950 to 1990 as well as the ups and downs of imports for that period. The production line is essentially upward for the entire period. The peaks and valleys of imports correspond with the vagaries of the monsoons but we need to acknowledge some progress in the Green revolution.
Production dipped sharply in the mid sixties with the two successive droughts and the imports rose very dramatically as PL 480 came to the rescue.

This happened again in the mid seventies but the magnitudes were much smaller. During the earlier droughts USDA interceded into the development business as Secretary Freeman worked directly with the Indian Agriculture Minister, and sent USDA people like Martin Abel, Lester Brown, Sherman Johnson among others to India to assess the situation and cooperate in proposals. As an aside from development issues, the Department also sent logistical experts to India as well, arranging for special unloading equipment so that the huge increase in grain imports could be discharged efficiently in India ports. I also recall the Secretary lending his position in the effort to find alternative sources of protein to send overseas, especially in smaller packaging under the donation programs. He discussed this effort with an official of the New Orleans Experiment Station and later put him on his staff in Washington. Dr. Aaron Altshul was that official.

This might be the best time to deal with the subject of possible disincentives on recipient countries as a result of the Title I program. Over the years there would be, from time to time, a program that was engineered less than skillfully that may have had an adverse effect on local production. And there were cases when the U.S. and the recipient country could have managed the timing of the commodity movement better; and some of that might adversely affect our commodity situation. A fair amount of that kind of criticism came from academia, political scientists, some voluntary agencies among others. My own view was that much of this become sort of fashionable We are talking about nearly one thousand agreements signed through 1975 covering about 17 billion dollars and 200 million metric tons with scores of countries. For the most part, the voluntary agencies were well administered and well meaning in their participation in the program, but there were a few (some based abroad) who may have felt that criticism of Title I would result in greater authorizations for their programs or specific contributions from private individuals and groups. On the other hand, I could name individuals from volunteer groups that were very helpful to PL 480, especially in terms of representation before the Congress.

Back to the main objective here; to augment the chart, a review of India's production over the years would demonstrate that country's accomplishments in grain production, including milled rice. These are mainly USDA figures covering all grain, including milled rice. The UN Food and Agriculture Organization uses the term cereals to include the same commodities. If one is researching figures on their own, sometimes rice will be reported in paddy form (instead of milled) which is a figure which would increase the quantity by approximately 30 per cent, depending on what the milling rate was. While the chart will suffice for some readers, others may like to see an array of numbers, which will follow. For 1949/1950, production was about 47 million metric tons (mmt) and 65 mmt a decade later; ten years later in 1969/1970 it was 86 mmt although during that decade it was only 65 mmt during the two years of the drought; increased to 105 mmt by 1979/1980, again having a decrease half way through the decade which led to the 1975 Title I program discussed above; 1989/1990 was 162 mmt; and 1994/1995 was 172 mmt. These are very substantial and steady increases, which percentage wise, were about the same during Title I activity and after it ceased. If one reviews PL 480 activity statistically for India, there will be imports every year since Title I ceased, those being donation and volunteer agency programs as well as project and emergency programs under the World Food Program. Another aspect of trade and aid that is relevant to this line of discussion relates to the imports of wheat on a commercial basis by India from the U.S., and to some extent other sources, when the food supply requirements were not secure. The records show that at the time of the renewal of Title I in 1975 the Indians bought several million tons for hard currency and they did that from time to time thereafter as conditions warranted that kind of response by the India government. The point here is that the Indians acted to take care of requirements and they were acting to sustain certain levels of consumption by the populace.

One further point is that while India may have declared itself self sufficient, the question to me becomes one of the definition of self-sufficiency. To a large degree, at least in my view, to India self-sufficiency meant that India would be able to sustain a particular level of consumption without further need of commercial imports or concessional imports such as Title I. It did not mean that the populace was eating so much better. Food surveys conducted by FAO show that tens of millions were considered malnourished in India, meaning that they could not perform in a normal manner on the basis of the calories they were consuming. The percentage of malnourished, however, would be higher in a number of countries in Africa.

I recall, for example, that during the early years of the so-called self sufficiency India was holding reserve or buffer stocks of about 20 million tons of grain. One could speculate as to why India did not distribute some of this for increased consumption. The answer might be that it would be costly, as is normal in direct distribution programs, and it also might raise consumption expectations for the populace that the government would have to maintain. This is mentioned merely as possible motives and not to be construed as criticism. Overall, India would receive high marks for its efforts.

Q: Art, as you know one of the toughest jobs is to call in a country and say, "This is the last time you will have a PL 480 agreement. Your economy is improved to a point where you can afford to buy commercially." Frankly, some of these would leave us in a bad position. So, we would offer CCC credit, for one year usually as a transition device.

MEAD: That certainly was a recurring issue and there was a fairly rapid transition for what are now known as industrialized countries. The normal difficulty in engineering a transition out of concessional imports was compounded by the fact that other exporting countries were programming in the same country and had expectations for future commercial business as we did. For example, both the U.S. and Canada had programs in Brazil when we felt the transition should occur. It was proposed that as Chairman of the PL 480 Interagency Committee, I should visit Brazil and let them down as gently as possible; a soft landing.

This turned out to be a successful trip although I can't verify how the trade developed after I left at the end of 1975. The Brazil trip took place, I believe, in the early 70s. On a personal note, there was some difficulty with the Brazil people in State centering on the worry that one with my title may give some false signals to that country. It may be that they were fearful that a USDA type might hit them hard on the commercial side.

To lead up to my next statement, I must say that I had constant dealings with the State desk people during the PL 480 years and found them to be sharp, good negotiators and credible participants. In this particular case, State was refusing to clear a cable on my trip. After much too long in waiting for a resolution, I sent what USDA calls a FASTO message (which did not need clearance by State) which carries unclassified information. State felt that I had information in the message that was not unclassified and sent a letter accordingly to our Assistant Secretary who asked me about it. I told him that every now and then one had to tell State where to go and this was one of those times. I must have been convincing so he asked me to handle it as I saw fit. I saw fit to send a letter listing scores of cables sent out by State that did not have USDA clearance, and should have. If I recall correctly, that seemed to settle the issue.

While we are discussing the problem of transition, this may be a good time to return to a look at Vietnam which had such a high priority in Title I programming, regardless of which President was in the White House. We were dealing with the problem of the difficulty of formulating a tactic to get countries to a transition out of the program. In the case of Vietnam, that was taken care of automatically when Saigon fell in 1975. But the

above few comments only act as an introduction to a controversial program. Again, regardless of the administration, the priority was to get rice to Vietnam and later to Cambodia. And that we did in huge quantities.
Rice production in Vietnam was not fatally hurt by the war but there was great difficulty getting it from the Delta to Saigon partly because of interdiction. Also, much of the time the farmers had rice but had little incentive to turn it over to the government since the economy was not producing goods for them to acquire. When I was in Vietnam in the early 70s, mainly to meet with the country team charged with determining the import requirements, I was invited by the Minister of Economy to go to the Delta with him as he tried to squeeze more rice out of the farmers. This was a periodic chore on his part to try to get more rice moving to Saigon. I did fly down to the Delta on Air America, but with USDA personnel.

We continued to have rice programs with countries such as Indonesia and Korea who had to stay in line behind Vietnam, but usually there were enough funds and rice to go around. That was true until the early 70s when world wide commodity difficulties arose as they seem to do every decade or so. The price of rice and grain rose sharply and the administration worried about domestic problems and inflation. A special decision making group was formed to ascertain the priorities of countries for a reduced program and to settle on the amounts of commodities to be made available. USDA took the position that it had no problem with arriving at a figure but since the commercial demand was strong, it did not want the funds made available for this assistance to reduce funds for other programs administered by the Department.

It was somewhat of a problem to determine availabilities of rice and grain but that was taken care of partly by reducing traditional carryover quantities (untested quantities that didn't come into play enough over the years for a rigorous review of their validity) to more realistic levels. This becomes a bit technical but the so called carryover amount was an important part of the computations to determine commodity availability. For example, the traditional carryover for wheat for years was 600 million bushels, which was the annual domestic use of wheat. It may have involved some creativity, but quantities were made available in 1973 and 1974, but at greatly reduced levels. I should say here that some of what I would call modernizing of carryover stocks took place during the problems in the mid sixties.

It was clear to me that the eligible recipient countries would find hard currency to fill much of their requirements if Title I was not made available in sufficient quantities. This was the substance of an impact statement requested by the ad hoc group. Thus it became a matter of who would finance the requirements and the decision was to let the recipients carry the load. Our Economic Research Service stated it could not do the impact statement so we were able to punch it out with the informal help of individuals in that service who we dealt with regularly.
One incident illustrates the concern the Administration had over prices and inflation. I received a call from the Assistant Secretary saying that he was negotiating with the National Security Council (it may also have been with the Treasury group dealing with

possible price control) asking what minimum quantity of rice could we get away with in taking care of Vietnam and Cambodia. I asked him if I could massage that a little and call back. No, he wanted an answer right now. So it was my estimate of 600,000 tons, which turned out to be adequate but cost about $300 million. That plus wheat and other commodities to Vietnam resulted in that country getting a high percentage of shipments for the year quantitatively, but especially high in terms of value.
This led to great concern on the hill and legislation about 1975 provided for a large set aside for countries, under Title I, which were less developed. I believe it started out at 75 percent being reserved for these countries and then changed to 70 percent. Those provisions prevailed for a number of years. The provision used World Bank criteria for categorizing poorer countries; fortunately for Title I, Egypt fell into the eligible group.

While we did ship 600 thousand tons of rice to Vietnam and Cambodia under Title I because of their high profile, we shipped only 800,000 tons of wheat world wide; that's a driblet compared to ordinary Title I annual shipments. We did, however, keep the donations programs at more reasonable levels for direct feeding and other projects.

Another problem associated with Vietnam was the difficulty caused by the imminent fall of Saigon. Ships carrying Title I cargo were docking in other countries because of the risk of going into Saigon. This was some time before the Spring of 1975, of course, and the ships nestled themselves safely in the Philippines, Korea, Thailand and other havens. Our problem was that legally we had passed title to Vietnam at U.S. ports so that with the proper documents Vietnam representatives could take charge of the rice, wheat, tobacco, and cotton etc. at the safe havens.
We obtained legal authority through the Treasury to take the goods. Since time was of the essence we authorized the agricultural attachés to sell the commodities under certain guidelines and we did pretty well under the circumstances. At first the foreign affairs agencies wanted to donate some of the food to Asian countries but we convinced them that we didn't have the time to make such transfers and proceeded with the sales. I don't recall the values involved but it may very well have approached $100 million or may have been substantially more. The only major selling problem we had was in Korea where the offers for wheat were much too low and I called the Economic Minister in Washington to make it clear that we needed a better response. It worked. The other downside came a bit later when the GAO speculated that we should have had a greater return. That inquiry didn't take up much of my time.

If I didn't say so earlier, I now say that rice took up a good deal of my time; the factors included the high profile of the recipients such as Vietnam and Korea, and the high profile on the Hill in the few rice producing states. For example, I received a call from the Deputy Administer of AID (the agency that naturally caught the heat from the Hill's foreign aid appropriations people) asking that we issue a purchase authorization that day for Vietnam, the device to get sales started. The problem was that we had no agreement with Vietnam to apply a purchase authorization to, but we would have one the next day when an agreement was scheduled to be signed in Saigon. I told him I would not order our operations people to issue a PA since it was not legal. To make a long story short, we ended up issuing a press release saying that an authorization would be issued the next day when the agreement was signed. They, whomever they were, couldn't wait one day.

Another incident concerned a tender for rice for Korea in which I got involved, in the absence of one of our key operations people. There was a domestic dispute on over the sale between the West Coast and Gulf firms and I decided, after a look at it, to nullify the sale and order a new tender. I received calls from the Hill, among other places, but my responses were that I had done it right. I was called to the Hill, accompanied by the Assistant Secretary, where Congressmen, staff, Korea representatives, suppliers, and ship representatives appeared. The end result was that I stood pat and was supported by the Assistant Secretary. The initial tender resulted in 60,000 tons going off the West Coast, as I recall, and I decided that if done correctly, it should have been 50,000 West Coast and 10,000 from the Gulf; but to cancel the whole transaction because of the faulty sales response; and the tender would be reissued.

The political types got in the act so the Secretary called to find out if we could put the authorization back in place at 50,000 and 10,000, consistent with my assessment of how the sale should have been made. I was not familiar with that detail so I had to check. Our operations people indicated this formulation was technically permitted under the procedures so that's the way it ended up. I figured I batted 500 per cent, which isn't bad even in the little leagues.

One further personal note; as stated the rice problems were many so I would often convene an informal group of the three Department people from different agencies concerned with rice production, exports etc. to get their input which might help me make a decision. The curious part is that here was a native of Wisconsin talking to people raised in Massachusetts, Illinois, and Iowa to settle vexing rice problems involving production in Arkansas, some Gulf coast southern states and California. I'm not sure about the Wisconsin native, but the others were competent.

Q: We had been talking about India. I would ask you to for any comment you wanted to make on the use of the currency generated by Title I in India for economic development.

MEAD: I believe we mentioned earlier that the amounts of foreign currencies made available to India were very large given the enormity of the program. Most of them were loaned or granted to India for economic development with emphasis on agriculture. If I didn't say so earlier, the executive branch tried to maximize grants so as to mitigate the inevitable obligation to repay them. Some people could foresee a political problem in the accumulation of these obligations. Unfortunately, the word grant was a dirty word on the hill and therefore most of the currencies were on a loan basis.

The Agency for International Development had the responsibility for administering the currencies and that agency earmarked them for general development and the agriculture sector for new crop varieties, irrigation, credit facilities, storage, fertilizer programs, and on and on.

I am sure much good was done but I have not run across a good definitive analysis of the effect of the currency use programs on development. It is far easier to find good analyses of the effect of currency use for education, scientific research etc.

But the lack of analysis on development in India by virtue of the currencies doesn't bother me, knowing how many lives were saved merely by managing the food aid export endeavors.
I read a publication prepared by AID that took account of the 40th anniversary of PL 480 and it did not give specifics on the currency aspects of the program. Let us just conclude that AID did its job. Also in some defense of academics and others, there was a lot going in countries like India, Indonesia, Thailand, Korea, and others where consortia were established to develop and monitor development strategies and to try to achieve some coordination or at least some consultation for maximum impact. Thus there were funds and projects and whatever injected and managed by the World Bank and other international financial institutions. It would be difficult to separate the various aid components and their relative effect. There were bilateral programs besides the U.S. and thus the creation of consortia. What I can report on was the problem of the great accumulation of Indian rupees in U.S. hands which some people in both governments felt was an embarrassment. It was finally agreed to give them back to India and get the so called embarrassment behind us. The agreement was framed so that certain U.S. uses such as agricultural market development were protected. Senator Moynihan was Ambassador to India at that time and he took on the consultations on the Hill. I accompanied him on this mission and found him very flexible in his presentations. He got the job done with the truth of the matter being that influential people like the Chairmen of the Agriculture committees were less than enthusiastic. They did, however, refrain from open opposition to the proposal.

Q: The reason why I think the somewhat detailed discussion of India is important is that there is a body of thought out there that says you are kidding yourself if you think the program you ran helped India. Rather it gave them a disincentive to increase production on their own. I, for one, say that is not true. I think the increase in numbers that you gave tend to support that and your reference to the analysis of the effect of the currencies also falls in the favorable category. I also want to second what you said about the role Secretary Freeman had in helping India during the bad droughts. He was very active in sending the departmental people to India on the side of what I would call technical assistance to convince them that they had to raise returns to the Indian grain producer. They had to allocate their resources of input to the areas of land in the country that gave the greatest promise of increased yield per acre. That was done. I think Freeman really went out of his way to try to meet the charge that we were just stuffing them with things we couldn't use ourselves. Getting away from India would you tell me in your own judgment as we moved along, is PL 480 now a memory more than anything else in terms of those of us who worked on it during its heyday. I take it has about run its course. Would you agree?

MEAD: There is no question that the program is comparatively insignificant when you are talking numbers and relative effect of the food aid programming. I can remember when we would have to develop a rationale for continuing PL 480 each time we were preparing legislation to extend the program and increase its authorizations. It was easy because it seemed intolerable for us to do otherwise while producing great surpluses, there were great needs in many countries, and our commercial programs had not taken off as yet. So it was simple to rationalize that we should continue to support this program. It is true we were phasing out of countries like Brazil, Japan, Korea, Taiwan. But there were countries like Indonesia and India, where the additional commodities had minimal effect on commercial shipments.

But now the value of PL 480 exports is probably around 5 percent of total U.S agricultural exports at best, as against 25 or 30 per cent in our day; and in terms of wheat it probably is less than 10 percent of U.S. wheat exports against the 50 and 60 per cent or more that Title I accounted for in many years. So it doesn't have the impact that it had at the time you and I were heavily involved in this program. I can't comment on the character of the program now, Obviously it is quite small relatively, but there may be some advantages because of eastern Europe programming, for example.

I can't comment on USDA's rationale for the program since it has such large programs for export credit and other commercial type incentives. With the reduced AID appropriations and further cuts very likely, I can see AID's desire to have some assets to further its objectives; and I can see State's desire, possibly, to use the program for eastern Europe as I mentioned above.

Q: What has taken the place of this massive program which amounted to millions of tons of commodities a year? Has this kind of activity ended or has the responsibility for carrying it out moved in another direction?

MEAD: A couple of things have happened to fill the gap, if you want to characterize it that way. In the early sixties the World Food Program was established that was project oriented, for the most part, but was significant in that this was a truly international food aid endeavor and it involved the whole world. It started very small but has grown over the years. I mentioned earlier the food aid convention under the Kennedy round, which is not a true international program, but an international commitment to provide food aid at certain minimum levels. Most of what the U.S. does under PL 480 counts toward its commitment. The commitment certainly is important but normally the commitment level has been less than actual deliveries.

Finally, these international efforts embraced other countries which were getting into the food aid game. These events resulted in the food aid pie being sliced differently. While up to the mid sixties the U.S. was virtually it for food aid, in time the division became about 60 percent for the U.S. and 40 percent for the rest of the world.

Q: Who were the main new contributors?

MEAD: Canada, Australia, the European Community. The Japanese got into the business when they were confronted with rice surpluses and, given their strong economy, started to get into foreign aid.

Q: What magnitudes are we talking about for the World Food Program?

MEAD: I think the annual tonnage might now approach 4 million tons. I can be a little more specific on the value of commodities, cash, and services, the total of which has run between $1 billion and $1.2 billion for the two year pledge periods for the past decade.

Q: Would that program have a role in Bosnia or Somalia?

MEAD: It would, except that initially it would have to be emergency aid given the conditions there. I do not have any specifics on what is being done there. The World Food Program has its board of directors, including the big powers like the United States. Some purists would say it has the advantage of being international in character and could propose programs like Cuba and post 1975 Vietnam that would not be possible under some bilateral programs.

Q: That happened while I was still there. And it went in over our dead body.

MEAD: Sure.

Q: And you could have been the agent who said we wouldn't go into it, and you lost that argument. I have never forgiven you or the agent for losing that argument.

MEAD: You might want to rephrase the question in terms of my involvement in USDA. I went north not too long after Saigon fell and the Cuba bit did not affect Title I administration.

Q: The biggest supporter of the World Food program at the full donor meeting where it was established was Canada. I was there at the time and was not only surprised but delighted that Canada was the principal proponent of this program and came in with a fairly hefty contribution.

The reason I say I was glad to see it was because if there was any country that complained about PL 480 program it was Canada. In the end they joined the act.

MEAD: I would agree with you that Canada was always a very big supporter of WF and international aid food programs; and the European Community joined this club soon. The big difference between PL 480 and the Canadian and the European Community programs and some others, was that their programs were grants while ours had sales, albeit soft, as the main vehicle. While each country had its foreign policy objectives, their program

legislation was absent of all the do's and don'ts that we had in PL 480. Nonetheless I have to add that we had enough flexibility in PL 480 to achieve our objectives.
The Japanese sent a representative to see me to get a primer on PL 480. As it turned out, they designed their program without a lot of legislative complications; but in terms of maturities and interest rates, etc., they fashioned their program after ours. So they had a PL 480 type payback where the Canadians and Europeans did not worry about paybacks.

Q: Art, unless you have something else to add, Jim Howard, who has been sitting here patiently reminds me that you probably have a comment on the role of the White House over the years in the food programs. I take it Jim is right and would you like to comment at this time?

MEAD: When I was approached on doing this interview, I did have the idea I would spend some time on the decision making process, but that idea has diminished in value after this session with you with the emphasis on India; and that suited me. In setting the scene for our discussion we did indicate the various objectives of the legislation.

Executive orders issued upon enactment of PL 480 stressed these objectives and provided for interagency committees to administer the operations and indicated the primary responsibilities of the affected agencies.

Let it suffice to say that the key word in this arrangement was consensus, which is pretty much the way the U.S. government works for most programs. It bothered those who emphasized that it gave veto power to any agency; but we can stand on the record of what was achieved through this process over the twenty years we had the fortune to be involved.

Originally we had a senior staff level committee manage the agreement process and a policy level committee designed to do just that, take care of policy. In our tour and for years afterward, this two tier arrangement was maintained, but the major modifications would be in the policy level group.

The staff level committee was chaired by Agriculture; my distinguished predecessors such as Ray Ioanes, Pat O'Leary, Gordon Fraser, Clarence Eskildsen, and Tom Street and I were responsible for the USDA position and for getting consensus in the committee. The policy committee starting in 1954 was headed by Mr Francis of the White House staff. My recollection was that it was not required to do much in terms of issues because the agencies were busy getting the program in gear.

Q: I have to interrupt you and say that I thought Clarence Francis was a great supporter of the program the whole time he was there. He was a very friendly chairman of the committee but didn't get called on to do a whole lot. But when called on he was always supportive.

MEAD: They were supportive without a doubt. I remember that it was responsible for preparing the annual report required by the legislation and did do some work in connection with foreign currency problems.

When the Kennedy Administration started, the Francis Committee just died. It was replaced by an ad hoc committee made up of assistant secretaries, mainly of Agriculture, AID, State and Treasury. This group was in close contact with issues since it was being fed by their representatives directly from the staff level committee. One of its accomplishments, if it was considered that, was the coordination of the 1966 overhaul of the legislation which started out as the Food for Freedom Act. It survived most of the recommendations but not the title. The program has had two endearing names to its supporters: simply PL 480 and Food for Peace. Attempts to give other titles or slogans were not successful.

Q: I thought we introduced a new element. Whereas the Francis Committee was a committee in the White House headed by the ex-chairman of General Foods Corporation, Clarence Francis, I thought we came to the point then of having a Food for Peace administrator in the White House. And I think the first one we had that I remember was George McGovern.

MEAD: I think that's right. There were others.

Q: Don Paarlberg at one time was the Food for Peace administration at the White House.

MEAD: My recollection in the Kennedy-Johnson administration was that it didn't get heavily involved in particular issues, but mainly issues that came out of Interagency Staff Committee. Dick Reuter had that title at one time.

Q: I have to agree with you. It seems to me during the period beginning when Johnson became president that there was a change in the direction of the White House towards approval of individual programs and perhaps even of individual shipments to countries, from time to time. Do you recall that?

MEAD: Yes, I do. The classic one, of course, was India where the President was not enamored of Indira Gandhi.

Q: Why wasn't he endeared?

MEAD: The Indians have always been a bit independent. I am not a student of the UN but India may have been a leader in the nonaligned countries and therefore comments made in places like the UN and others were not particularly pleasing to the United States. There was a special issue at this juncture.

Q: I think in this case it was the Vietnam War.

MEAD: Yes, that is true. We got to the point, which you probably know better than I, where individual shipments of grain to India under signed agreements had to be cleared by the White House. This was during the droughts and we were trying to keep the pipeline reasonably full. The approvals were hard to come by. I believe Secretary Freeman probably said to you and others of his inner circle something like "I just can't go to LBJ and ask him to resume shipments because he will throw me out of his office." People referring to this episode usually called it the short leash policy. Is that where self-help started?

So there was a heavy White House involvement then. Vietnam, of course, got special treatment during LBJ and continued through Nixon. There was not much difference because that was the high priority, and in terms of assistance, food aid was secondary only to bullets. You just had to maximize shipments to Vietnam.

If we can leave LBJ and go to Nixon, what the Nixon Administration did was to identify the 13 or 14 major aid recipients--Egypt, Israel, India, Indonesia, Korea etc. and decided to approach each country with an overall assistance package, including Title I. A Presidential memorandum on the total aid package was the procedure. On occasion, like with Israel, you could get a waiver, and that was White House involvement on the fast track. I referred to the reluctance of Secretary Freeman to approach LBJ; I recall an Assistant Secretary in USDA in the Nixon administration being asked to expedite White House clearance of some issue. He said if he called Haldeman on the matter it would end up at the bottom of his basket.

Q: Well, we have had a learned man listening to this discussion, Jim Howard. Does anything come to you that we should deal with before coming to a conclusion?

HOWARD: I would not inject myself into this between the two of you. I would suggest though that as you approach the close of this interview, that Art record a few words about our subsequent experience with FAO, and also the year which he retired.

Q: Fine, I think that is a good way to close this interview.

MEAD: I will make this brief. There is not much to add to FAO and food aid beyond its contribution to agree on the rules of the road, but that was done before 1970. FAO did good work in the 70s and beyond in developing an early warning system worldwide to try to anticipate crises, such as in Africa, and there was cooperation with the member countries who had decided to ask FAO to take on this task. There were, from time to time, some disagreements with the US AID on requirements during certain crises but that situation improved considerably.

The Surplus Disposal Committee did not have major problems with PL 480 in later years but did have some problems to work out with the World Food Program as the WFP became larger and more aggressive. From my vantage point this resulted primarily from the difficulty arising between that program and one of its parents, the FAO. WFP was in joint custody of the UN and the FAO, if you look at the organizational charts. WFP was making a major effort to wean itself away from supervision of the FAO Director General and the U.S. was pretty much in WFP's corner in this bureaucratic issue. I am still reacting to your question and it might be prudent to wind this up.

With the upcoming 50th anniversary of the UN and US budget problems and the less than great support for the UN and its institutions, I wonder about the future of the FAO. It was looked upon with less enthusiasm than other specialized agencies by the U.S. and some other industrialized countries. There has been a change in FAO leadership as the previous Director General left the post after 18 years. It seemed to me that he had the right objectives in mind but the U.S., among others, did not embrace his leadership style; but that does not necessarily mean they were right. I have no idea if new FAO leadership will change the position of the U.S. and others. Jim, you asked the question.

Q: One final point. When did you retire from the US Department of Agriculture?

MEAD: I retired at the end of 1975.

Q: Thank you. Thank you both.

End of interview