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Índice

1. Introduction. Private Sector Protagonism in U.S. Humanitarian Aid: Profits Over Global Public Health

Food aid is an instrument of humanitarian and international policy that is crucial to the plight for a food secure world. Food aid distribution is elemental to the foundation of international solidarity as well as to the furthering of international projects in development cooperation. Perhaps most importantly, it is a vital tool in the fight against poverty because food aid serves as a necessary safety net for many foreign communities which rely on commodity imports to feed their populations. Although it is clearly a necessity to the international community, food aid is not an instrument which responds solely to the demands of the international climate. Because of the complexity of the actors involved in the conception of food aid policy, its administration, and the politics of its distribution, food aid exemplifies how the intricacies of domestic politics shape foreign ones.

This investigation will focus on U.S. food aid. Not because U.S. food aid is the oldest official program of its kind nor because it is the largest donor in both volume of commodities and dollar value terms. Rather U.S. food aid was chosen as the focus of this investigation because its policy illustrates the complex interaction between private sector actors, domestic farm policy, and humanitarian politics in the creation of foreign policy.

With more and more frequency the private sector plays a protagonistic role in cooperation development and foreign assistance. With U.S. food aid, this has been the case since the policy's beginnings. This investigation focuses specifically on the contribution of the private sector to U.S. food aid and the politicized and polemic nature of that involvement.

It is important as we enter into an exploration of U.S. food aid that we define clearly the policy's scope. The image most often conjured up in reference to this type of humanitarian assistance is the emaciated child, a desolate refugee camp, and those life saving rations of American food shipments. This is the image that the United States promotes as the impact of its food aid programs abroad. One need look only as far as the materials for the United States Department of Agriculture and the United States Agency for International Development, the public organizations which oversee food aid, to see this exact image displayed as a type of promotional rhetoric for the role of U.S. food aid in an international context.

Despite the complexity of food aid, these images are representative of a piece of the program's impact abroad. The photographs capture real foreign populations that receive actual American food aid shipments. A mere acceptance of the images as the sole impact of U.S. food aid, however, is insufficient to understand the complexities of the policy. The rhetoric generated via these images simplifies the complicated politics of U.S. food aid and deters a scrutiny of itself. The humanitarian component of the policy has at times circumvented a critical assessment from citizens and policy makers alike.

U.S. food aid is a complex, internally conflicted instrument of international policy that mustn't be reduced to an issue void of politics. In theory, food aid is a fundamental way in which food and agricultural products are made available to a portion of the 925 million people who suffer from hunger worldwide. In practice, that is only sometimes the case. This is in large part due to the plurality of actors which participate in the formation and execution of the policy. With each group of actors, there also exists a set of interests. Those interests of domestic actors do not always coincide with the interests of those populations that have the greatest need of alimentary assistance.

Among the participants in the creation of food policy is the private sector. Most notably the agribusiness industry, but others as well, have played a protagonistic role in the creation and evolution of U.S. food aid. The involvement of the private sector within this process has implications which this paper will explore and analyze.

Through the distribution of U.S. food aid, agricultural products enter into the international arena. In other words, a portion of U.S. agricultural commodities are distributed through the channel of U.S. food aid. For producers, this means profits. In quantitative terms the percentage of agriculture that is channeled through food aid as compared to the flow in traditional commercial trade is very limited. In fact, food aid flow averages only about two percent of food trade flow globally[1]. In a qualitative assessment, however, the commercial interests that are served through a humanitarian distribution of agricultural commodities is largely significant in this investigation.

U.S. food aid has not always had an inherently humanitarian objective, but in its current form it does. Because of the private sector actors which participate in the policy making and administration of food aid, this objective is hindered. U.S. food aid has, instead, afforded commercial interests a protagonism in its national agenda for foreign relations.

The lines that define national and private sector interests have become blurred. Food aid exemplifies the profundity of this distortion. The interests that are served in the U.S. food aid system favor profits over global public health, even in a policy with clear humanitarian objectives. How is this type of blatant distortion of humanitarian initiatives possible? It is rooted in the U.S. political mechanism of lobbies. Powerful industries have powerful lobbies with a margin of influence comparable to that of their profits.

This investigation is divided into three sections which encompass the methodological scope of the project. In the first section we explore the politics which precede Public Law 480, the policy which initiates the modern age of food aid. A historical analysis of the evolution of farm policy during the first half of the twentieth century, affords insight into the formation of the privileged relationship between the U.S. federal government and the domestic agricultural sector. The analysis of this relationship sets the foundation for the corporate protagonism that is at the conception of food aid with PL 480 but also continues in today's modern era of food aid, as is evidenced in the following sections.

In the second chapter, we investigate the current representations of PL 480 food aid tracing its evolution. We then address the series of reforms that have culminated in the six different food aid programs that are currently administered by the United States via two different government agencies, the United States Department of Agriculture (USDA) and the United States Agency for International Development (USAID). An analysis of the logistical functioning of these agencies illuminates the power of corporate lobbies in the process of policy making and how said policies serve the interests of lobbyist voices.

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1 Hoddinott, John M. "Redefining the Role of Food Aid," International Food Policy Research Institute, Washington, D.C 2003.

The last section of the project is comprised of an analysis of two practical case studies of food aid and development assistance in which agribusiness interests have a protagonist role in the creation and implementation of the policy: the Green Revolution of the 1960s and the increase in Title I aid during the 1980s in Latin America. Through these two practical case studies we establish how corporate interests are served through the administration of U.S. food aid despite the disadvantages it can have for the local populations and its industry.

2. The Preceding Politics of Farm Crisis and Relief — Defining the Privileged Relationship between Farmers and the Federal Government

> "We have got to look upon American's food abundance, not as a liability, but as a real asset…Wise statesmanship and leadership can convert these surpluses into a great benefit". (Hubert H. Humphrey, July 16, 1953)[2].

On July 10, 1954, President Dwight D. Eisenhower signed into to law *The Agricultural Trade Development and Assistance Act of 1954* establishing Public Law 480 (PL 480), the first legislation to formally initiate an overseas food assistance program in the United States. Eisenhower delineated the explicit objectives of PL 480 in his presidential statement upon enacting the legislation. He boasted that its purpose was to "provide a means whereby surplus agricultural commodities in excess of the usual markets of such commodities may be sold[3]". The primary objective of PL 480 was to function as a mechanism of surplus disposal, creating profits where otherwise none would exist.

Eisenhower also affirmed that PL 480 would "lay the basis for a permanent expansion of our [U.S.] exports of agricultural products with lasting benefits to ourselves and peoples of other lands[4]". PL 480 intended to promote exports by opening new commercial markets. This new policy would evidently benefit U.S. commercial interest in the long term and further the national agenda to lead in the expansion of global trade. The benefit afforded to "peoples of other lands" seems more of a strategic afterthought for Eisenhower; a humanitarian means to an end of further economic expansion. This is made apparent in Eisenhower's emphasis on the commercial benefits of the new policy. In fact, Eisenhower explained that the new program would "assist friendly nations" only after he belabored the mercantile advantages of the new policy. The reality that surpluses could relieve famines and other emergency conditions was secondary to the PL 480's main objective. First and foremost, the policy intended to promote the domestic agricultural industry. Although the widely publicized presentation of the new policy served to further the image of America as a generous nation ready to help in times of need, an image that was initiated with the Marshall Plan less than a decade prior, altruistic assistance was plainly not the underlying goal of PL 480's implementation.

President Eisenhower's speech exhibits the beginnings of an altruistic rhetoric adorning the discourse of food aid that is present throughout its evolution until today. However, what is perhaps most surprising in our modern times about Eisenhower's statement is not the humanitarian rhetoric but his straightforwardness in

2 Ruttan, Vernon W. "The Politics of U.S. Food Aid Policy: A Historical Review." *Why Food Aid?* Baltimore: Johns Hopkins UP, 1993. 3-70.

3 Eisenhower, Dwight D. "Statement by the President Upon Signing the Agricultural Trade Development and Assistance Act of 1954." July 10th, 1954. Speech.

4 Eisenhower: July 10, 1954. Speech.

regards to the commercial objectives of the policy. Such frankness about underlying mercantile interests is absent from food aid's current discourse which is instead deeply encoded with public-spirited language. The directness in Eisenhower's speech offers a contrast to food aid today, which intends to hide the commercial objectives even though such mercantile interests have been at the center of food aid since its conception.

In this first section I will explore the politics which precede the initiation of PL 480. The analysis evidences that the policy represents a commercial opportunism that was moved forward by agribusiness industry professionals. That is to say the policy was launched by individuals who had their personal benefit at stake. Their success in forwarding the policy was the result of specific circumstances in agriculture and the economic situation in the United States during the years prior to its creation and the unique relationship that was forged during that time between the federal government and the agricultural sector.

2.1. Finding Farm Solutions through Private Sector Policies

To understand the convergence of the agricultural industry's interests and the fundamental objectives of this federal policy of food aid we must first situate PL 480 in the context of American agricultural history. The privileged relationship between the U.S. agricultural industry and the federal government is a result of a joint history of economic instability that persisted during the first half of the twentieth century. During this time frame, specific changes in farm policy fomented a relationship between the two that has become inextricably linked. Understanding this privileged relationship is key to understanding PL 480 because it exists as a result.

At the end of the nineteenth and into the beginning of the twentieth century, the American agricultural sector was marked with a pattern of agricultural overproduction that wreaked havoc on commodity prices and their stability. Although the overproduction was the result of many factors, it always produced large agricultural commodity surplus. At the turn of the century, this surplus was at an all time high specifically as a result of a disparity between the cost of production and price.

Commodity prices were down and production prices were up. Farmers increased their productions because without increase in sales they couldn't make a profit. Of course, as elementary economics clearly explains, this increase in production brought prices down even further which continued to exacerbate the disparity between cost and production.

The problem climaxed during the first half of the twentieth century partially as a result of the grand advances in agricultural technology during this period. Agricultural historian Wayne D. Rasmussen describes the years between 1892-1953 as a transition from animal power to tractor power by the "adoption of a 'package' of farm practices or technology by productive farmers[5]". The first tractors run by internal combustion engines began being advertised in farm magazines in the mid 1890s, marking the initiation of this period. This advance in farm power caused a stimulation in the overall production of agricultural commodities and contributed to the trend of overproduction. The surplus created such volatility in food prices that the moment arrived when the federal government had no choice but to weigh in on how to stabilize and regulate the industry.

As early as the first decade of the twentieth century, members of Congress began to consider policies designed specifically to increase domestic prices of agricultural commodities. A consideration of these policies,

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5 Rasmussen, Wayne D. "A Postscript: Twenty-Five Years of Change in Farm Productivity." *Agricultural History* Vol. 49, No. 1, Agriculture in the Development of the Far West: A Symposium (Jan., 1975), p. 84-86.

however, did not imply an enactment of any of them, due to a fervent lack of consensus between democrats and republicans about the level of federal involvement in regards to the agricultural sector. The disagreement over this contentious issue prevented direct initiatives that would have regulated prices and controlled production on a federal level. Instead the government focused on indirect policies with less federal involvement, such as agricultural credit programs, marketing regulation, and farm cooperation support[6].

The issue of price stabilization was alleviated during the United States' involvement in WWI. The demand of both national and foreign soldiers abroad met the national production and hence prices stabilized. After the war, however, the dilemma of overproduction, surplus, and disparity between price and production returned home with the return of American troops. The decline in the farmer's position began to accelerate in the summer of 1920, as a result of less exports being sent abroad[7]. Farmers spent more on production and received less from sales as prices began to plummet. The trend of spending more and receiving less is at the beginning of any crisis. This later became arguably the most important element of the Great Depression of the 1930s.

However, the declining position of the farmer was apparent even before arriving at the point of a widespread economic depression. In response, the government began to propose exceedingly more bills to deal with the overproduction and price distortion. Many of said bills reflected the solution of exporting commodities that WWI had necessitated. These bills acted as stepping stones to the mid-century PL 480.

One such bill proposed in Congress was the McNary-Haugen Bill of 1924, which proposed that the federal government be required to purchase the domestic surplus of farm commodities and sell them to foreign nations, acting as a type of international distributor of U.S. agricultural goods. It was proposed by an Iowa Representative and an Oregon Senator, each of whom had vested interests in the success of their state's agricultural sector.

In its original form the bill was not created with the objective of greater sectoral economic stability, but instead stemmed from the specific commercial interests of two Ohioan businessmen. Hugh S. Johnson and George N. Peek, two managers of the struggling Moline Plow Company, presented the initial plan at the 1921 American Farm Bureau Federation (commonly referred to as the *Farm Bureau*). This Farm Bureau is still in existence today and is both the largest general farm organization in the United States and one of its most powerful and highly controversial lobbying groups. In his presentation, Peek explained why a federal legislation was necessary to fix the agricultural dilemma facing the nation: "You can't sell a plow to a busted customer[8]".

The Moline Plow Company was indeed suffering from the instability in the agricultural sector during the 1920s. Without a way to dispose of surplus, prices would continue to drop and farmers would be financially incapable of purchasing upgrades for their technology. Likewise, they would also be highly unmotivated to increase their production in an already flooded market.

The proposed plan of government acquisition of surplus agricultural commodities and the localization of markets abroad would keep farm profits stable without requiring them to decrease production, a grand solution for a company that thrived on selling tractors. Although it was designed to provide for the needs of

6 Sumner, Daniel A. "*Farm Subsidy Tradition and Modern Agricultural Realities." American Enterprise Institute Project on Agricultural Policy for the 2007 Farm Bill and Beyond*. UCDavis, Department of Agricultural and Resource Economics, 2006.

7 Rasmussen, Wayne D. "A Postscript: Twenty-Five Years of Change in Farm Productivity." 1975.

8 Bowers, D.E., W.D. Rasmussen, and G.L. Baker. *History of Agricultural Price-Support and Adjustment Programs*, 1933-84. U.S. Department of Agriculture, Economic Research Service, Agricultural Information Bulletin No. 485. 1984.

the Moline Plow Company, the plan was adopted as a systemic solution for the entire agricultural sector, justifying its adaptation into a congressional bill a mere three years later.

The bill was passed in congress but was ultimately vetoed by President Coolidge on two separate occasions, preventing its enactment. Still, it played an essential role in paving the way for new farm legislation that would involve the federal government in direct price stabilization within the agricultural sector. The McNary-Haugen Bill also exemplifies how farm legislation has the tendency to originate within special interests groups, such as the Farm Bureau, which serves to reinforce and emphasize the protagonistic role commercial interests have in the evolution of the U.S. farm policy.

The impact of the McNary-Haugen Bill was indirect in that the bill was never enacted but it did serve to prime the debate surrounding the federal government's response to the ensuing economic depression. It formulated a new amenable tenor about a linked relationship between the agricultural sector and the federal government. As a result, Congress passed the 1929 Agricultural Marketing Act, which was Hoover's presidential campaign promise and the republican platform of bringing government aid to agriculture. Concretely, the Act generated the Federal Farm Board which was an advisory board for federal farm policy. The board was formed based on the assumption that with federal funding, cooperative marketing organizations in the farm sector could together solve the problem of decreasing farm prices.

Although this philosophy did not go as far as to regulate the industry on a federal level, bringing federal funding into the solution of the agricultural problem was a step towards the bridging of the two entities and towards their linked relationship. In Hoover's promotional speech made to Congress on April 16th, 1929, he explained: "I have held that the multiplicity of causes of agricultural depression could only be met by the creation of a great instrumentality clothed with sufficient authority and resources to assist our farmers to meet these problems[9]". This is what was signed into legislation in July of the same year with a $500 million dollar budget. Unfortunately for Hoover, the effects of the stock market crash the following October only exacerbated the disparity between farm costs and profits so the Marketing Act did not have time to play out its possible benefits. The new dire circumstances practically forced farm board members to begin promoting more direct federal involvement in farm legislation in the form of acreage regulation and sale quotas[10], something the Agricultural Marketing Act, the Farm Board's overarching policy, had not foreseen at its conception.

2.2. Direct Involvement: Solidifying the Privileged Relationship

The groundwork for production control was laid down by the Farm Board during the Hoover administration, but the implementation of direct government intervention did not occur until President Franklin D. Roosevelt took office in 1933. Federal regulation to this extent, such as establishing quotas for production and fixing prices for commodities of the industry, fostered unclear delineations between that industry and the federal government. In other words, direct involvement in a specific sector transforms the government into an actor of that sector. The involvement of the federal government in the agricultural sector then initiated a new role for the federal government, i.e., to move forward the U.S. federal agenda with the interests of the agricultural producers. The new federal policy implemented during the Roosevelt administration achieves a direct regulation of the industry, and thus, it is during his administration that the privileged and closely linked relationship between the government and the agricultural sector was solidified.

9 Hoover, Herbert. *The Memoirs of Herbert Hoover*. New York: Macmillan, 1951. p. 254.
10 Bowers, D.E., et al. *History of Agricultural Price-Support and Adjustment Programs* 1984.

For Roosevelt, agricultural reform and planning were among his top concerns for the New Deal. During the entirety of his electoral campaign Roosevelt stressed the importance of government involvement in the agricultural sector. In his nomination address in July of 1932, he mentioned the agricultural sector more than any other sector, stating that the government should "help the farmer by an arrangement that will, in addition to lightening some of the impoverishing burdens from his back, do something toward the reduction of the surpluses of staple commodities that hang on the market[11]". In the same address Roosevelt explained why he placed more emphasis on the farmer rather than on American workers in other sectors; "It is because one-half of our population, over 50,000,000 people, are dependent on agriculture". The farm household incomes were low even by Depression-era standards[12] and Roosevelt was determined to assist this large percentage of the population.

Helping the farmer was the spirit of his campaign and also of his presidency. In fact mere days after his inauguration, Roosevelt proposed an agricultural adjustment bill that would limit overproduction by paying farmers to produce less. This bill resembled others that the preceding Farm Board had proposed during the Hoover administration, but could never achieve because the economic and political climate was not yet ripe. As mentioned earlier, this type of close federal regulation was staunchly opposed by Republican politicians and hence it required a party change in office to make it possible.

The New Deal campaign realigned many farmers with the democratic party and Roosevelt was elected with a majority. Roosevelt, a democrat who faced the largest economic disaster in American history, saw the federal government as a comprehensive instrument for facilitating the reconstruction of the agricultural industry and for tackling the problem of stabilization. The main objective of his campaign was to stabilize farm prices and return them to "parity", a term used for the first time during his presidency and was meant to "seek an equality of exchange relationship between agriculture and industry or between persons living on farms and persons not on farms[13]". Federal government involvement and regulation of the farm sector would be paramount in achieving this fundamental goal of the party.

The first step towards that objective was the Agricultural Adjustment Act of 1933. The first of many U.S. "farm bills", it formally marked the new relationship between the agricultural sector and the federal government that, despite changes in policy, still persists today.

The new legislation delineated five different methods the government could employ to accomplish parity. It authorized the government to negotiate agreements directly with producers to reduce their acreage in exchange for government payments; in effect, paying farmers to produce less. This was the foundation for the farm subsidies in place under the first farm bill. It also approved government regulation of agricultural marketing. The farm bill accredited the government with the responsibility to license all agricultural producers so as to create common guidelines for production. It also invested government with the power to determine tax rates specific to the farming sector and to establish how those taxes would be redistributed within the agricultural sector in the form of "cost of adjustment operations, for the expansion of markets, and for the removal of agricultural surpluses[14]".

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11 Roosevelt, Franklin D. "Roosevelt's Nomination Address." Campaign Address. Chicago, IL. July 2nd, 1932.

12 Dimitri, Carolyn, Anne Effland, and Neilson Conklin. *The 20th Century Transformations of U.S. Agriculture and Farm Policy.* Rep. no. EIB 3. Economic Research Service: USDA, June 2005. <http://www.ers.usda.gov/publications/eib3/eib3.htm>

13 Tontz, Robert L. "Origin of the Base Period Concept of Parity: A Significant Value Judgement in Agricultural History." *Agricultural History* 32 (1985): 3-13. Parity was an index of the purchasing power of one unit of an agricultural commodity. It represented the price needed to give a unit of measurement the same buying power as it had in the period of 1909 to 1914.

14 Bowers, D.E., et al. *History of Agricultural Price-Support and Adjustment Programs* 1984.

In order to implement these new policies established by the Act, an administration was created to oversee the process. The Agricultural Adjustment Administration (AAA) was created within the USDA. This new legislation changed the landscape for government involvement in the agricultural sector. In effect, it established the government as a participant, equally important for the success of the sector as the farmers themselves. In fact, in many ways the success of this sector was directly dependent upon the government control. Farmers at this time accepted the government involvement and thus, as R. Douglas Hurt notes, the legislation "played an important role in the creation of the new statist relationship with the federal government[15]".

2.3. Private Sector in Federal Farm Administration: Individuals and Lobbies

The new "statist relationship" gave a strong voice to industry (i.e. private/corporate) interests in federal policy creation and execution. This is evidenced clearly in the make up of official personnel in the new AAA.

Roosevelt named George N. Peek to assume the post of the group's top administrator. This name should sound familiar. Peek, a humble farmer's son was also the manager of the struggling Moline Plow Company and the initial creator of the McNary-Haugen Farm Bill that promoted government acquisition of surplus and subsequent sales to foreign markets. Despite his new position in government, Peek continued his career in the agricultural industry and was named vice president of the leading manufacturer of agricultural machinery in the world, John Deere & Company. Roosevelt also appointed Henry Agard Wallace to be the first agriculture secretary of the AAA. A veteran in the industry of agricultural technology, Wallace was the developer of hybrid seed corn[16]. He was also the founder of the pioneer Hi-Bred company, the distributor of his product. His interests, of course, would function to promote the continued use of his creation. Wallace later appointed Chester C. Davis to direct the AAA's production division. Davis was the director of grain marketing for the Illinois Agricultural Association, a wheat lobbying group. Unsurprisingly, the interests of these individuals, that is to say profits for their industries, is evidenced in the policies adopted by the AAA. One example of said interests is seen clearly in the selection of the crops regulated under the new legislation.

In its original form, the first farm bill applied only to the "basic commodities" which included wheat, cotton, field corn, hogs, rice, tobacco and milk. The term "basic" creates the illusion that these crops had always been considered those most essential to the American people and its farmers. Indeed, the term functions to bypass an inquiry about the selection of the crops and the politics that inevitably will inform that selection. This decision seems intentional and has proved successful in circumventing an inquiry. In the critical literature surrounding the AAA there lacks an investigation of the crop selection process and instead some of the most cited writers on the subject Hanson, Hurt, and Rasmussen simply name the basic crops and move onto investigations of the policies adopted later on. It is necessary, however, to understand the probable reasons for choosing the seven "basic crops" to be included in the original AAA as it offers insight into the process of policy making and the interests served via that process.

What might classify a basic crop as such? The Merriam Webster dictionary defines a basic crop as "an agricultural product deemed of sufficient economic or political importance to be designated by the U.S.

15 Hurt, R. Douglas. *Problems of Plenty: The American Farmer in the Twentieth Century.* Chicago: Ivan R. Dee, 2002. p. 39.
16 Hansen, John Mark. *Gaining Access: Congress and the Farm Lobby, 1919-1981.* Chicago: University of Chicago, 1991. p. 79.

Congress for special production controls or price supports[17]". This loose definition can be manipulated by special interests from both within and outside of Congress, as is evidenced by the inclusion of crops in the AAA later on. Even the first selection of the seven basic crops demonstrates that there are many factors, i.e. interests, contributing to Congress' decision.

The economic and political importance of a crop might be defined by the following three categories: firstly, that it is standard to american consumption; secondly, that it is produced on significant american acreage; lastly, that its production serves as the livelihood for a significant number of american farmers. Unfortunately, because of the loose definition Congress has given "sufficient" our definition of "significant" will also be relative. This relativity, however, will not impede our ability to perform an analysis of these first basic crops.

Some of the crops seem to fit aspects of our definition. Wheat and corn, for example, both are staples of the american diet during the 1930s and were also produced on large scales. In 1933 corn for grain,was harvested on 1.4 million acres, while wheat was harvested on 648,000 acres[18]. Considering that wheat was also one of the most overproduced, and thusly low priced commodities in need of price stabilization, it makes sense to include it in the AAA.

In 1933, milk production per cow was at an all time low. This low production was in large part due to farmers feeding their cows less feed of grains and concentrates in the interest of cutting farm expenditure[19]. Less production in this case was hurting the consumer making it a political issue and thus prompting its inclusion in the new agricultural policy.

In our current political climate, the inclusion of tobacco as a "basic" crop seems quite foreign. During the 1930s, however, this was not the case. Although production was concentrated to specific regions, mainly North Carolina and Kentucky, it was harvested on over 2 million acres, about equal to the land of wheat and corn combined. Tobacco, along with the other crops discussed seem to be reasonably included in the nation's first farm bill. Not all of the crops included can be justified empirically, however, which is where it is apparent that politics, lobbies, and industry interests come into play.

The inclusion of hogs in the farm bill together with the addition of other commodities after fervent lobbying efforts make it clear that "basic" is a loose term, moldable with the correct amount of industry persuasion and political pressure. Hogs are considered a basic crop not because of their inherent importance to American consumption or because the sector employed a particularly large percentage of American farmers. Rather the decision to classify hogs as a basic commodity is the result of close ties between the hog industry and the Secretary of Agriculture and hybrid corn inventor, Mr. Henry Agard Wallace.

Before the AAA was established the corn-hog industry lacked "organization with adequate scope[20]", that is to say, a strong industry lobby. Without one, it would not have the political influence to ensure its inclusion in the AAA, that we have seen proven is absolutely necessary. Agricultural Secretary Wallace rallied to develop a strong corn-hog lobby before the enactment of the legislation. He held a series of meetings with producer

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17 "Basic Crop." *Merriam-Webster Dictionary Online*. MW Incorporated. 2012. <http://www.merriam-webster.com/dictionary/basic%20crop>

18 *Usual Planting and Harvesting Dates for U.S. Field Crops*. Rep. USDA National Agricultural Statistics Service, 1997.<http://www.nass.usda.gov/Publications/Usual_Planting_and_Harvesting_Dates/uph97.pdf>

19 *Milk Production Trends on December 1, 1933* United States Department of Agriculture Bureau of Agricultural Statistics Wasthington D.C., http://usda01.library.cornell.edu/usda/nass/MilkProd//1930s/1933/MilkProd-12-20-1933.pdf

20 Bowers, D.E., et al. *History of Agricultural Price-Support and Adjustment Programs* 1984.

representatives to create connections between them. The meetings produced the National Corn-Hog Producers' Committee of Twenty-five, a strong cohesive voice for their industry.

Wallace's decision to create a corn-hog lobby was not caused by an altruistic impulse toward hog farmers but rather was a calculated move in favor of his own self interest. As the inventor of hybrid corn and a founder of the Pioneer Hi-Bred Corn Company, the success of his company was depended on those farmers who used his corn for feed. Wallace benefited from the inclusion of the corn-hogs into the basic crops of the AAA because it ensured the success of the industry and thus the continued use of his product. The undeniable ties between the Agricultural Secretary and the corn-hog livestock commodity illuminates that he created the lobby to the end of his own financial and corporate success. Indeed the Pioneer Hi-Bred Corn Company extensively expanded its commercial scope and was later sold to biotech giant, DuPont, to the tune of over 7 billion dollars in the 1990s[21].

The addition of new crops to the AAA after the establishment of the initial basic crops furthers the argument that basic crops are more a question of persuading Congress than of their fundamental service for the american people in terms of consumption or for farmers with respect to their livelihood. On April 7th, 1934, the Jones-Connaly Act expanded this list to rye, flax, barley, grain sorghum, peanuts, and cattle. After the drought of 1933-34, ranchers began demanding federal assistance, i.e., inclusion in the AAA. Agricultural Secretary Wallace, as discussed above, had close relationships with feed companies due to his invention of hybrid corn, and thus he also had close ties to livestock producers. Via these connections Wallace was made aware of the cattle industries demands and helped them make their voice heard in Congress by inviting representatives from the Southwestern Cattle Raisers Association, the American National Livestock Association, the Texas and Southwestern Cattle Raisers, and the Panhandle Livestock Association to meet in Denver Colorado with Marvin Jones, the House of Representative's Agricultural Committee chairman[22]. The fruits of the meeting are indicated in the enactment of the Jones-Connaly Act, the work of Wallace and his hybrid corn ties.

Although it had been proposed in the Jones-Connaly Bill, sugar was one of the commodities edited out of official legislation. Later that year, however, after a fervent lobbying effort, Congress passed the Jones-Costigan Sugar Act in May extending the reaches of the AAA to sugar cane and sugar beets. The Act implemented a quota system that stabilized the price of sugar and favored domestic production. In fact in the years following its enactment, sugar consumption in the U.S. actually increased. In his book *Revolution at the Table: The transformation of the American Diet*, Harvey Levenstein explains the paradoxical increase in sugar consumption during the years of the Great Depression. Sugar, a non essential ingredient, often classified as a luxury item, was more accessible during an economic downturn than in previous times. He states, "sugar prices, too, were low, and in the thirties Americans consumed more sugar per capita then they have done before[23]".

The addition of cattle and sugar to the AAA serves to emphasize the malleability of the term "basic crop". There is nothing static about the definition. It is, instead, a direct reflection of industry influence on Congress' decision to deem a crop substantially important for either political or economic reasons. It does not reflect essential patterns in American consumption nor does it reflect an unbiased selection of those crops on which American farmers depended on most for their livelihood. In fact, in the 1930s the majority of farmers worked

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21 "Agriculture: In The Mill." *The Economist* 1999. http://www.economist.com/node/319876/print

22 Olson, James Stuart. *Historical Dictionary of the Great Depression: 1929 - 1940.* Westport, Conn: Greenwood, 2001 p. 164-166.

23 Levenstein, Harvey A. *Revolution at the Table: The Transformation of the American Diet.* Berkeley: University of California, 2003. p. 196-197.

on small farms that tended to diversify their crop shares, some hogs, a few chickens, vegetables, beans and fruit. This helped to insure a family's consumption as well as enrich the soil so they didn't have to depend on advanced farm technology. These farmers rarely, if ever, received a percentage of the assistance distributed during the AAA. Rather it was the producers of mono-crops, in other words farmers whose acreage was devoted to a single varietal (for example corn or wheat), who had the political advantage of uniting forces to act as one influential political body. Smaller farmers, though they reflected the majority of the industry, did not have that advantage and were not included in the AAA.

The selection of crops in the New Deal didn't support the majority of farmers but only those farmers that represented a trend toward agribusiness. The New Deal encouraged the development of the agricultural industry into one dominated by a corporate mentality of agribusiness. These new professionals would continue uniting into powerful lobbying groups and together they would exert their influence over Congress and the legislation it created, including the mid century PL-480.

2.4. Final Efforts Toward Pl-480: CCC and Wartime Involvement

Before PL-480 passes there is another element of farm policy along with the Agricultural Adjustment Act that is necessarily important to understand, as it contributes to the federal government's ability to absorb overflow stocks. The Commodity Credit Corporation Charter Act (CCC) was inaugurated in 1933 and authorized the government to aid agricultural producers by means of giving concessional loans, making direct payments, and purchasing surplus. The enactment of this legislation channeled the essential government participation of the McNary-Hauge Bill of 1924, that is to say the government absorption of overproduced commodities. Presented originally by George N. Peek as the Moline Plow Company's manager, the fundamental basis was coincidentally enacted while Peek himself was on the board of the Agricultural Adjustment Administration. The CCC is of incredible importance to this investigation because in its later amendments it authorizes the sale of agricultural commodities acquired by the government to entities abroad and for the donation of food to relief agencies. It acts as a strong schematic precursor to the PL-480 of 1954.

Perhaps even more than CCC, wartime involvement created the impetus for PL-480. In the years following the AAA of 1933, its unconstitutional ruling in 1936, and its later restructuring in 1938, nothing proved more successful to stabilize prices, dispose of surplus and encourage industry growth as United States' involvement in armed conflict abroad. WWII offset the precarious farm situation with the required increases in food production to feed troops and allied populations, just as WWI had done in prior years. The wartime and postwar demand for commodities absorbed so much of the surplus, in fact, that Truman began to create federal agencies that specialized in mechanizing that process.

One such agency was the Famine Emergency Committee. Established on March 1st, 1946, the committee sponsored world wide food missions that sent former U.S. President Herbert Hoover to foreign nations, to coordinate with them in a world front against famine. Thirty eight states were visited and received food imports from the United States[24]. On the committees' inaugural, Truman made a statement along with Committee Chairman Hoover, the Secretary of Agriculture Clinton Anderson, and the Secretary of Commerce Harry Wallace. In the statement they emphasized the importance of the new action. The President stated, "I sincerely believe that...we will be able to work this program out, so that the people who are now on the verge

24 Bulatoff, Ronald. *Register of the United States. President's Famine Emergency Committee Records, 1946-1947.* Rep. California: Stanford, 1997. Hoover Institutions Archives.

of starvation may live through the next year. It is the most important meeting I think we have held in the White House since I have been the President[25]". We see a powerful rhetoric employed in Truman's statement, appealing directly to public opinion. Indeed, public opinion at home and abroad was necessary for the committee's success. Nations would want to work together to fight hunger. They did not want to be the dumping grounds for United State's surplus. But the action of sending surplus abroad was very necessary for economic stability and growth as well.

The committee had incredible ramifications for the agricultural industry. If it failed the United States could see a decline in agriculture similar to that which followed WWI. History could not repeat itself. As Hoover said in the same statement, "We cannot fail".

Apart from the Famine Emergency Committee, under the Truman administration the National Famine Emergency Council and the Citizens Food Committee were both created with similar intentions to gain public support for sending food shipments abroad, and hence avoiding an agricultural crisis.

The largest shipments of food and agricultural commodities sent abroad post WWII were the result of the Marshall Plan for European economic recovery. It is this program, according to Harriet Friedmann in her analysis of the political economy of food, that "invented the specific mechanisms of foreign aid which were later adapted to the third world[26]". Indeed, the success of the Marshall Plan at expanding "assistance exports" can be linked to the later creation of PL 480.

Despite being an assistance program, the Marshall Plan was marketed in the U.S. as a solution for the fears of Americans that the end of the war would generate an economic downturn similar to the one which occurred post WWI. The Marshall Plan, according to politicians and promotors alike, would serve to better the American economy.

An article emphasizing the economic benefits of the Marshall Plan can be found in Kiplinger magazine of 1948, a Washington publication for business professionals. It read, "The Marshall Plan is very much a business plan [...] at its root is an office and a factory and warehouse job. The Marshall Plan means work and you will be one of the workers[27]". And in truth, it did signify an economic upturn for the United States because the capital sent as assistance was in large part spent purchasing american goods, especially food and agricultural commodities. Between 1948 and 1952, 29 percent of the Marshall Plan aid was used for food and agriculture. This shift towards exporting stocks expanded the market and increased profits. "Foreign aid was largely responsible for a ninefold increase in wheat exports between 1945 and 1949[28]". By the end of the early 1950s, however, European farmers were once again able to supply for their countries and they wanted the aid to stop. Cheap U.S. imports were preventing them from selling their crops to their own countries citizens[29].

As shipments to Europe decreased in the early 1950s, the Korean war absorbed what would have become agricultural surplus. Troops were deployed to Korea and with them agricultural commodities were sent

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25 *Statements of Harry S. Truman, Herbert Hoover, Clinton Anderson and Henry Wallace, March 1, 1946, proclaiming the importance of the task of the famine emergency committee.* Papers of Harry S. Truman: Press release file. Truman Library.

26 Friedmann, Harriet. *The Political Economy of Food: The Rise and Fall of the Postwar International Order.* Toronto: Dept. of Sociology, University of Toronto, 1981. p. 248-286.

27 "How to Do Business under the Marshall Plan" Reprinted from *Kiplinger Magazine*, Washington, D.C., May 1948, cover. Averell Harriman Papers, Manuscript Division. Library of Congress.

28 Friedmann, Harriet. *State Policy and World Commerce: The Case of Wheat, 1815 to the Present.* Toronto: Dept. of Sociology, University of Toronto, 1981. p. 150-55.

29 Friedmann, Harriet. *The Political Economy of Food: The Rise and Fall of the Postwar International Order.*

abroad. War and post war assistance seemed to be a solution for the agricultural overproduction problems that continued to plague the nation even after the agricultural adjustments of the 1930s. It is with the conclusion of the Marshall plan and the end of the Korean War in 1953 that surpluses returned to the United States along with the price instability they created. Although the government still had the CCCs and could absorb overflow stocks, they did not have a way to dispose of them. The United States needed to develop a program that would offer the same benefits that exporting had afforded the agricultural industry during war and post war assistance programs. Public Law 480 emerged as the response.

3. U.S. Food Aid Then and Now: Reforms, Logistics and Lobbies

The enactment of PL 480 in 1954 formally established U.S. federal food aid. Since that time the U.S. food aid program has expanded, evolved, and passed through a series of reforms. There currently exist seven official channels through which federal food aid can be distributed to foreign nations. Three of these channels were established with the original PL 480—Title I, Title II, and Title III food aid. Each of these "titles" has a distinct context in which aid is allocated and they are each organized by either the USDA, as is the case with Title I aid, or USAID, which oversees Title II and Title III allotments. Food aid distribution through the other four channels is less significant in terms of volume. They are pertinent to this analysis, however, because they offer insight into the way in which food aid has evolved over the years and continues to be a program which largely benefits private actors. The programs independent of PL 480 are the following: Food for Progress, Section 416(b), the Bill Emerson Humanitarian Trust, and the International Food for Education and Child Nutrition. Each of these food programs are administered by the USDA.

In this section I will explore each of the titles of PL 480 aid along with their corresponding reforms as well as the subsequent programs which channel federal food aid distribution. I will also investigate the equally important role of the corresponding government regulatory agencies and how their administration determines food aid in the service of the domestic private sector or in the interests of needy nations.

3.1. USDA and USAID

This economic policy which established food aid had three different titles in its original form. These titles were administrated by two distinct government agencies, the United States Department of Agriculture (USDA) and the Foreign Operations Administration (FOA), which under Kennedy's 1961 Foreign Assistance Act became USAID.

Before entering directly into a discussion about the PL 480 titles and the subsequent channels for food aid distribution, it is imperative to first analyze the roles of those agencies which administer aid. The main objectives and mission areas of these regulatory agencies can facilitate or inhibit their ability to effectively administer U.S. food aid and are worth examining.

Naturally, USAID is the government agency that would administer U.S. food aid as it is the agency whose sole responsibility is the management of foreign economic and humanitarian assistance programs. But ironically, USAID is responsible for only two of the seven channels of food aid distribution, PL 480's Title II and Title III aid. In order to fully understand how USAID differs from USDA in its management, it is necessary to examine the vested mission statements of each agency.

The general mission statement for USAID is published on their website: "The United States Agency for International Development is the independent federal agency that manages U.S. foreign, economic, and humanitarian assistance programs around the world[30]". Under this framework USAID focuses on five critical areas of sustainable development, one of which is humanitarian assistance and support for post-crisis transitions. It is within this arena of action that the agency administers Title II food aid programs to foreign nations. The mission for this specific area is stated as follows: "The agency is responsible for disaster relief. USAID supports crisis prevention programs and provides emergency humanitarian assistance and food aid. USAID also helps nations that are emerging from natural disasters or internal contracts to address their special needs and return to the path of sustainable development[31]". In another section the agency promotes the public health of populations and emphasizes their ongoing commitment to supporting child and maternal nutrition programs, for which Title III aid has historically been administered.

When looking holistically at USAID and at their five areas of action, namely, the environment, populations and public health, democracy, broad-based economic growth, and emergency response, it is apparent that the agency's main concern is the overarching well-being of the international community. Its initiatives focus on the health of government bodies and those populations who are governed by them. The humanitarian action which comes out of this agency matches the rhetoric they expound in their mission statements. This consistency, and hence, lack of hypocrisy, is a stark contrast to the mission statements of the USDA, the agency who authorizes the administration of U.S. food aid for the other five programs.

The general mission statement boasted by the USDA on their website is published as follows: "We provide leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management. We want to be recognized as a dynamic organization that is able to provide the integrated program delivery needed to lead a rapidly evolving food and agricultural system[32]". The agenda focuses plainly on the promotion of the domestic agricultural sector and not on the international community as is the case for USAID. Even in the specific mission statement for the Foreign Agricultural Service, the branch of the USDA which administers food aid programs, a similar industry centric tenor is expressed: "The Foreign Agricultural Service (FAS) links U.S. agriculture to the world to enhance export opportunities and global food security[33]". The first goal of the FAS, which states the USDA's interest of promoting domestic exports, holds true to the initial objectives of food aid policy established with PL 480. The addition of the second goal, the enhancement of global food security, is an afterthought. Indeed, the addition of eradicating food insecurity was so much an afterthought that it wasn't included in the FAS's mission statement until after the 1990 Farm Bill. This legislature changed, for the first time, the stated overall purpose of PL 480 from export promotion to the "reduction of food insecurity worldwide[34]".

This linguistic reform of PL 480 that changed the stated overarching objective of the program to promote food security on a global scale was largely forwarded by USAID. It was hoped that a shift in the stated mission

30 "USAID Mission Statement" *United States Agency for International Development.* University of North Texas. Web. May 2009. <http://govinfo.library.unt.edu/npr/library/status/mission/musaid.htm>

31 "USAID Mission Statement" *United States Agency for International Development.* UNT.

32 "Mission Statement." *USDA.* United States Department of Agriculture. 2011. <http://www.usda.gov/wps/portal/usda/usdahome?navid=MISSION_STATEMENT>

33 "Foreign Agricultural Service." *About FAS.* USDA. 2012. <http://www.fas.usda.gov/aboutfas.asp>

34 H.R. Food Agriculture Conservation and Trade Act Pub. L. No. 101-624, 104 Stat. 3359, 101st Cong., The National Agricultural Law Center, 1991.

would result in policy changes favoring global food security. Unfortunately the change has proved to be largely rhetorical. In the examination of the seven different food aid programs it is apparent that those programs administered under the USDA, the agency whose main function is the promotion of the American agricultural sector, continue to prioritize the promotion of domestic agricultural exports over their promotion of food security on a global scale.

3.2. Seven Channels of Distribution: Donor Centered Aid

To begin the discussion of the different channels for food aid distribution, I will start with PL 480 for two reasons. Firstly, because the enactment of PL 480 marked the beginning of modern food aid and secondly, because its Title I aid has received the most scrutiny from both national and foreign critics.

The previous section of this investigation, entitled "The Preceding Politics of Farm Crisis and Relief — Defining the Privileged Relationship between Farmers and the Federal Government" examines the historical and political context in which PL 480 is conceived. This analysis illustrates that although the food aid programs under PL 480 are considered humanitarian assistance, at its conception the main objectives of the policy were not altruistic. The policy was not created with the philanthropic spirit to support the needs of foreign nations but rather in the interest of promoting the success of the domestic agricultural sector. In turn, the policy would assist specific agribusiness professionals who were undoubtedly the federal government's privileged partners. The policy served to dispose of agricultural surplus in a way that would simultaneously keep prices stable and create profits for those farmers whose surplus crops would be acquired by the government for distribution abroad. This distribution would then serve to effectively open new markets in foreign countries that were not previously importers of U.S. goods, thusly creating even more profitable opportunities for those same industry members.

At its conception those objectives of PL 480 were explicitly stated and therefore expose that the policy is far from being a humanitarian policy and instead resembles an economic one. Hence, we can conclude the policy did not evolve out of a response to the specific needs or demands in the international communities but was instead derived from a series of domestic, economic concerns and the policies that were formulated to address them. Among those antecedents that shaped modern food aid were the first Farm Bills, the additional farm policies implemented in the decades proceeding PL 480, as well as the national repercussions of declining U.S. involvement in conflicts abroad (i.e. the end of the Korean War).

Having established the overarching goals of PL 480 in its original form and after the 1990 Farm Bill, it is important to now differentiate between the titles of the PL 480 policy. PL 480 is a composition of three distinct policies that are administered by two different government agencies with different missions and, for that reason, they must be examined separately. This examination will illuminate how these programs promote the interest of private actors.

Under PL 480 there are three types of aid. Title I aid authorizes the government to sell surplus agricultural commodities directly to allied foreign nations. Title II aid gives the government authority to donate food in the case of famine or other emergency relief. Title III aid authorizes the government to donate food abroad through non-profit voluntary agencies as well as the barter or selling of surplus agricultural commodities for long term economic development programs. Although since the year of its enactment, PL 480 has been adjusted, amended, and linguistically upgraded, these three titles continue to be the backbone of the program and where we begin our analysis in this investigation.

As previously mentioned, Title I food aid was established to authorize the distribution of agricultural commodities on a government-to-government basis, offering assistance to nations which maintain friendly relations with the United States. Under Title I food aid, however, assistance is not given on an entirely donation basis. It is for this reason that Title I food aid has received such extensive criticism.

Despite being the richest country in the world, today the United States is the only international donor that continues to distribute food aid on anything other than a grant basis[35], and it does so through the Title I food aid allotments. Instead of directly donating the commodities to foreign governments, as is the case for every other aid donor, the United States offers concessional loan agreements that fund the food aid shipments. In essence, the foreign governments are actually acting as importers, purchasing food directly from the United States. The United States has continually argued that since the shipments are financed by loans with a substantial grant element, the terms of the sale are made at a discounted rate relative to the open market, this assistance should still be considered humanitarian aid. Despite their argument, naming what is essentially a sale as "humanitarian assistance" continues to be a controversial issue. The inclusion of a commercial transaction in which the foreign government must pay for their assistance seems to go against the very principle of solidarity in humanitarian assistance.

I argue that this type of exchange, regardless of the concessional element, is more in the interest of the United States than in the interest of those nations that take out Title I loans. It is undeniable that for foreign nations Title I agreements have short term benefit. If the country needs food (or cash via monetization, explained further along in this section) Title I aid can solve the problem quickly. For the United States, however, these Title I loans have measurable long term benefits. These arrangements offer what I will coin *commercial priming* for foreign nations that would otherwise not be in the market to import U.S. agricultural commodities. By familiarizing the nation with that product and also with the purchasing of that product albeit through concessional payments, the United States opens up new markets for their domestic agricultural producers.

When examined within the context of humanitarian aid this blatantly self-serving policy seems perverse. Given the clear objectives of PL 480, however, the priming of foreign governments to import U.S. goods means smart strategic planning for export promotion. The American government educates the new governments in the practices of importing from the United States and thus furthers its own agenda. This is a policy well executed for the United States but it can have detrimental effects for foreign nations whose domestic markets can suffer disincentives. Local production in nations abroad suffers while U.S. exporters thrive.

The United States further primes foreign nations for their future as importers not only with the initial sale but through the common practice of monetization. Although the image of U.S. food aid often includes bags of stamped U.S. wheat and lentils distributed to a nation's poorest populations, the truth is often closer to walking into a normal grocery store. In practice, the majority of the foods that enter a foreign country as aid shipments have their end in the traditional market. This occurs through monetization.

The term "monetization", describes the conversion of the commodities into local currency through conventional sales. The monetary gain, or capital, is then utilized by the government for its own expenditures. In theory, this money should always go towards development projects. In practice, however, the United States is limited in its ability to monitor the fiscal activity of a foreign government. It is difficult to measure the extent to which the funds are utilized for authorized projects.

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35 Barrett, Christopher B., and Daniel G. Maxwell. *Food Aid after Fifty Years: Recasting Its Role.* London: Routledge, 2005 p. 35.

The process of monetization gives governments access to needed cash flow for use of their own volition when it would otherwise be restricted. Meanwhile it affords U.S. commodities an unobstructed entrance into these nations borders and into the diets of foreign populations.

The recipient governments can finance the purchase of commodities via the Commodity Credit Corporation (CCC) which, as developed in the prior discussion of farm policy before PL-480, was created as means for government to aid agricultural producers by giving concessional loans, making direct payments, and purchasing surplus. The CCCs extended beyond the scope of domestic agriculture producers to those entities that purchase agriculture, most notably foreign governments. However, those governments which purchase food commodities at the concessional price from the U.S. government do not normally donate those agricultural products to their population. Instead, it is most common that the recipient government apportions the shipments received from the United States through "normal commercial channels[36]". In other words, the food ends up on supermarket shelves in products that range from Bimbo bread to sugary cereals.

Because of the process of monetization and because these shipments are not given on a wholly grant basis, in essence Title I aid is a form of economic assistance for foreign governments, exactly as the CCC once was for American producers. Through this process the United States is giving out highly complicated concessional loans. Instead of directly giving loans at low interest rates, they are administered in conjunction with food shipments, which is only necessary because the USDA must promote the domestic agricultural sector. According to the economist and development expert, Simon Maxwell, the convoluted nature in which food aid is allocated can be dangerous for populations abroad who depend on the shipments. The United States could give concessional loans that were not attached to food shipments. In fact, the separation of food shipments and loans would function to sidestep a long list of logistical and costly obstacles for the foreign government and the United States. This disconnection would also remove the risk of undermining local production[37]. The USDA, however, is interested mostly in the promotion of their own industry and thus, despite it being costly for both parties, the convoluted process of Title I food aid shipments continues uninterrupted.

The process works by the U.S. government first purchasing the agricultural commodities from a group of preferred producers[38]. The government then gives a concessional loan to a foreign government for the purchase of the commodities through the CCC. Those commodities are then shipped to the recipient country[39]. The foreign government then either uses a distributive agency or offers the product up for sale in the commercial market at market prices. With the generated profits the government later finances development programs. In practice, as has been mentioned, U.S. monitoring of a foreign government's expenditure is frankly impossible.

This convoluted process that affords the recipient government none other than a low interest loan seems disproportionate to the cost and the logistical organization that is necessary to follow the process through completion. It is organized in this manner because under Title I aid the United States is obligated to promote its agricultural sector. If concessional loans were given without the connection to agricultural commodities, it would not promote the private agribusiness actors that, as we have established, have a privileged relationship with the federal government. Although it would be beneficial in terms of cost for both the United States and foreign governments, such an agreement is impossible with the current objectives of the policy in

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36 USAID F*ood Aid and Food Security Policy Paper.* Washington D.C., February1995. http://www.usaid.gov/policy/ads/200/foodsec/foodsec.pdf

37 Maxwell, Simon. "The Monetization of Project and Emergency Food Aid: Project-level Efficiency First!" Food Policy 19.1 1994. p 9-15.

38 For a detailed analysis of the policies which dictate preferred producers in the accumulation of U.S. commodities for shipment abroad refer to section 2.2.

39 For a detailed analysis on the policies which dictate shipping arragements of agricultural commodities for their use in U.S. food refer to section on logistics, 2.2.

place. As Eisenhower stated in his inaugural speech and as it continues to be stated today, despite the 1990 Farm Bill reform, PL 480 shipments are explicitly targeted at promoting U.S. agricultural export markets. The policy is blatantly one of self interest because its regulatory agency must serve the interests of the domestic agricultural sector. That is the USDA's primary function.

USAID has different primary functions that, in theory, allow it to operate its programs in a way which targets the recipient needs. Since the agency's mission is stated to provide emergency relief to foreign nations and also to promote economic development in the international community, the Title II and Title III shipments are distributed in the interest of serving these objectives. USAID does not have to juggle their loyalties to agricultural producers when administering aid, and thusly, the two programs they administer can more directly serve the overarching goal of PL 480, which is the "reduction of food insecurity worldwide".

Although the USDA should also be serving this goal, such goals are often trumped by the need for the agency to promote the agricultural sector, which is its primary mission. USAID, however, has its mission statement more in tune with the larger goal of promoting global public health and they therefore are more effective at creating programs geared for donors.

USAID administers two types of food aid, both Title II and Title III aid that are constituents of PL 480. Title II food aid encompasses a range of initiatives from development programs to emergency relief as well as the World Food Program (WFP), a prominent branch of the United Nations and the international community's principal multilateral channel for food aid. Title II programs provide donations for humanitarian emergency needs but also for non-emergency programs aimed at stimulating economic development for increased economic well-being for developing nations in the long term.

Under Title II food aid, a portion of the program aid is authorized for monetization. This is true even in cases of emergency aid when starving populations do not have access to food. It is monetizations under these circumstances which prove the most devastating for starving populations[40]. The selling of food aid commodities provides cash to NGOs or governments for the use in development projects. This type of aid, since it is organized through NGOs or governments as a direct donation, is often properly dictated for the use in development projects. However, as was established during the discussion of Title I monetization, it continues to be a highly controversial topic.

If food enters into traditional channels and is transfered into liquid assets for the use by the government or foreign actors abroad, we must ask, "Whose interest are served in the end?" The answer is always domestic agricultural producers. Monetization is highly disputed in the arena of food aid distribution because its benefit for the poorest populations is unclear.

Despite the controversy of monetizing food aid commodities, the USAID programs intend to have the greatest impact on hunger reduction. The programs are more recipient based. After the 1995 reform, the Title II and III programs shifted their politics of allocation to a need based one, thus prioritizing those countries which had the largest deficit of food for their population. The programs were also explicitly used for improving household nutrition, especially in children and mothers, and for alleviating the causes of hunger by increasing agricultural productivity[41]. The overarching priority was to ensure resources were allocated where they would

40 Maxwell, Simon. "The Monetization of Project and Emergency Food Aid: Project-level Efficiency First!".

41 Food Aid and Food Security USAID Policy Paper. February, 1995.

have the greatest impact. USAID lobbied for these changes in the policy in order to better fulfill their agency's mission. Their efforts were truncated, however, when their agency experienced overlap with the USDA, which occurs with both Title II and Title III programs.

The commodities and transport cost for Title II programs, although administered by USAID, are channeled through the Commodity Credit Cooperation, a program that is managed via the USDA[42]. They also serve as the buying agent for all American food aid programs regardless of title. Indeed a representative from the USDA's Farm Service Agency (FSA) made a statement explaining their position as the main purchaser. "We are the number one agency that buys commodities to fill the need for hunger relief[43]". Although this is true in terms of volume, the explicit objectives of the USDA's food aid program for export promotion does not necessarily facilitate the approach towards overall objective of hunger relief. This overlap of the government agencies in the administration of Title II transport costs and also the purchasing of commodities in all programs serves to promote the USDA's explicit objectives of export promotion and industry growth. Doing this via the USAID's Title II program, which has the explicit objective of addressing emergencies, undermines its goal. This is evidenced in the logistics of procurement and shipping that the USDA requires in the execution of food aid programs which we will analyze in subsequent sections of this investigation.

Title III aid is also a USAID administered program, although in practice it has been phased out since 1999 and thus no longer serves as an active instrument for food aid distribution. While the Title III program was still active it was comprised mainly of government grants in the form of food that was monetized to generate funds that would be used for development activities. The program resembled Title I food aid, however, because the overarching agency was USAID the food shipments were given on an entirely grant basis.

In both Title II and Title III food aid there is overlap with the USDA that impinges its ability to serve the foreign communities in a way that truly prioritizes the recipient needs. As is the case with Title II food aid, the purchase of the commodities was channeled through the USDA's FSA, thus serving the objectives of the USDA's food aid program and the interests of the farm lobby.

These three titles comprise the original PL 480. During the first years of the program beginning in 1954 until the mid 1990s, Title I programs dominated the allotment of food aid. Beginning in the 90s, however, this trend shifted towards a greater distribution of Title II food aid. During the period between 1992-2002 the Title II budget surpassed all the other programs at a total of $9.62 billion dollars[44]. The shift towards Title II programs suggests an overall trend away from the previously self interested surplus disposal, however, the overlap of the USDA in the USAID's logistics of purchasing and shipment undermines that shift. Indeed the requirements for purchasing and shipment create large profits for two main industries: the maritime industry and agribusiness which will be addressed in the following section.

In regards to the programs independent of PL 480, all of them are controlled by the USDA. We have established that the USDA's administration of foreign assistance is controversial because of the conflicting interests between their promotion of the domestic agricultural industry and the eradication of hunger abroad. The presence of food does not inherently solve the complex issue of food distribution that effects the number of

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42 Barret, Christopher B and Maxwell, Daniel G. F*ood Aid After Fifty Years: Recasting its Role* p. 45.

43 Dia, Latawnya. "FSA Plays Vital Role in Feeding the Hungry." Editorial. Fence Post. USDA, Oct. 2011. <http://fsa.typepad.com/fsa-fence-post/2011/10/fsa-plays-vital-role-in-feeding-the-hungry-.html>

44 USAID. *U.S. INTERNATIONAL FOOD ASSISTANCE REPORT 1992-2002*. Washington, D.C.: USAID Development Experience Clearinghouse, 2004. <http://www.usaid.gov/our_work/humanitarian_assistance/ffp/usintlfoodrpt2002.pdf>

hungry peoples. Thusly the other programs which the USDA executes, Food for Progress, Section 416(b), the Bill Emerson Humanitarian Trust, and the International Food for Education and Child Nutrition, are programs that tend toward more donor-oriented distribution. They are programs that promote the interests of the USDA's major cause: the U.S. agricultural sector.

The Food for Progress Act of 1985 initiated the program of the same name which authorized the donation of U.S. agricultural commodities to developing nations who were committed to "introducing and expanding free enterprise in the agricultural sector[45]". Because the program targets countries not based on their need for agricultural commodities, but rather on their willingness to open their markets, the program is being utilized quite blatantly in the interest of promoting exports and not in the interest of eradicating hunger. The United States donates food commodities to countries that will later import their products without tariffs. This program is a way in which the United States can expand its ideology and agenda of the free market. Moreover, the commodities once shipped to the foreign nation must be monetized. The monetization places the products directly into the commercial channels acclimating the public to the purchase of these products and thusly concretizing the future in the market in that foreign nation. The money generated through the monetization is used to support agricultural development activities that often includes the expansion of infrastructure and the addition of new agricultural technology. The agro-tech industry is largely dominated by United States companies and hence signifies more American imports.

Food aid administered through the section 416(b) programs is also administered by the USDA although it is currently inactive[46]. During its active time, however, the program provided overseas donations of surplus commodities acquired by the Commodity Credit Program and its main objective was the disposal of surplus, thusly serving U.S. interest more than those abroad. Due to high criticism surrounding the program, during the Bush administration it was slowly fazed out and was replaced with a seemingly more recipient focused program. In practice the Bill Emerson Humanitarian Trust that was instated to replace 416(b) food aid shipments does the same thing.

The Bill Emerson Humanitarian Trust (BEHT) is a domestic reserve and therefore not technically a food aid program. However, under certain conditions it does distribute food aid to foreign nations. The BEHT program began as the Food Security Wheat Reserve of 1980 which was later replaced by the Food Security Commodity Reserve in the 1996 Farm Bill. Each program was created in the anticipation of a food crisis which would require more resources that could be met under those allocated for PL 480 food aid. The Food Security Commodity Reserve was later renamed the BEHT and was authorized to hold up to 4 million metric tons of wheat, corn sorghum and rice.

The commodities under BEHT can be used to fulfill P.L. 480 commitments to developing countries under two different circumstances. Firstly, "to meet unanticipated emergency needs in developing countries", and secondly, "when U.S. domestic supplies are short[47]". It is difficult not to view such utilization of reserves abroad as anything other than surplus disposal. Although in theory the food distributed under the BEHT program should only be used when there is unexpected need, a humanitarian crisis, or when the Title I resources are limited, in practice neither of these situations would require a U.S. system of reserves.

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45 *Food For Progress Act of 1985.* Food Security Act of 1985 Pub. L. No. 99-198, 99 Stat. 1354, 99th Cong., The National Agricultural Law Center, 1985. http://www.fas.usda.gov/excredits/foodaid/ffp/Food_for_Progress_Act_1985.pdf

46 Hanrahan, Charles E. *Agricultural Export and Food Aid Programs.* Rep. no. RL33553. Washington, D.C.: Congressional Research Service, 2006.

47 Hanrahan, Charles E. *Agricultural Export and Food Aid Programs.* Rep. no. RL33553.

The reserve system allows for the usage of U.S. commodities in emergency circumstances but these products could be acquired easily through both domestic and foreign channels if the parameters for commodity acquisition were less restrictive. The current system limits the government to acquire commodities from a limited number of pre-qualified U.S. based agribusiness producers and therefore unnecessarily limiting the possible supply of food aid commodities. There is a plethora of domestic product available. Enough to address both current crisis and an unforeseen disaster. There is no real necessity for a reserve systems. The USDA, however, falsely limits the volume of commodities through their system of preferred purchasers. Hence they pamper their privileged partners by creating the BEHT and lobbying for legislature that promotes the interest of their highest profile farmers.

The Farm Security and Rural Investment Act of 2002 authorized the creation of the newest of the U.S. food aid programs, the McGovern-Dole International Food for Education and Child Nutrition Program. Like all the other programs apart from Title II and Title III aid, the McGovern-Dole program is administered by the USDA and therefore is influenced by the USDA's conflicting missions. It donates food commodities that are purchased through the Commodity Credit Corporation (CCC) and they are used primarily for school feeding and maternal and child nutrition projects in low-income countries. The program is still relatively new in comparison with the other food aid initiatives and it is therefore difficult to evaluate the true effect of this program on the overall mission of eradicating hunger. Because of the politicized logistics with regards to the acquisition and distribution of these products, however, we can assess how this program and all the rest are highly beneficial to U.S. agribusiness and the maritime industry.

3.3. Food Aid Logistics: Private Actors Profit

In the first chapter of this investigation we established the statist/privileged relationship that the U.S. agribusiness sector has with the federal government. This relationship grew out of the specific economic tenor of the early twentieth century and has maintained its power by the due diligence of lobbyists. The influence of this sector with its powerful lobbies on federal government policy is evidenced by two aspects of U.S. food aid logistics; firstly, the regulations that control the procurement and shipment of agricultural commodities; secondly, the selection of commodities for inclusion in food aid shipments.

3.3.1. Guidelines for Procurement and Shipment: Benefits for Domestic Industry

Private sector lobbying groups, most notably in the agricultural sector but also in the maritime industry have shaped the manner by which food aid is procured, which commodities are eligible for food aid shipments, and how those products are shipped to foreign nations. In this section we will analyze how private actors benefit through the logistics of food aid procurement and distribution for all seven food aid programs. Although one could argue that promoting the private sector is always in the interest of the state, this is not the case when doing so means such high costs for the federal government. In the case of food aid the benefits are not equal. Private sector actors receive massive profits as a result of these restrictive policies while the U.S. government pays the difference. It is here, then, that the lines of national interests and corporate ones are blurred once again. Moreover these constraining policies do not benefit the nations they are intended to serve, as the complicated logistics often mean delays in the transportation of goods. In times of crisis these delays can mean the difference between life and death.

In their report "Examining the Performance of U.S. Trade and Food Aid programs for the 2007 Farm Bill" the senate committee on agriculture, nutrition, and forestry empirically analyzed the overall effectiveness and efficiency of the U.S. Food Aid programs. Their findings exposed the existence of multiple challenges that hindered the efficiency of U.S. food aid delivery. Although some of the challenges reported came from external factors, arguably the most detrimental and most alarming among them were not external but instead auto-imposed logistical constraints that impeded the efficiency of food aid procurement and delivery. These constraints reduce the amount, timeliness, and quality of food aid provided. These logistical parameters are costly for both the U.S. government and foreign nations alike but have proved lucrative for the domestic private sector in agribusiness and the maritime industry. For these industries profits are the bottom line, and as we'll discover in our analysis, under the existing food aid policies those profits are achieved.

Christopher B. Barret and Daniel G Maxwell in their research of the modalities of food aid, examine the different programs and argue together that it would be undeniably more effective to eliminate the policies which constrain food aid to employing domestic actors. They argue that in most cases there would be increased efficacy if domestic actors did not enter into the food aid procurement and distribution model because in most cases food could be purchased closer to the destination from local producers and shipped at far lower costs[48]. This would offer a more profound developmental benefit to foreign nations. This type of reform, however, would not offer profits to some of the largest lobbies in the United States, and thus far the policies have not been reformed.

The first set of policies we will examine are those which pertain to commodity procurement. As we have established in the first part of this section and in the analysis outlining the historical evolution of the policy, the original PL 480 food aid program came out of government held surplus stocks that had resulted from the government's role as buyer. The farm price support programs turned the government into a stockpile for surplus and they needed to find a way to dispose of it. PL 480 was the result. Producers of agricultural commodities benefited from the policy of farm price supports but there was no direct link between that policy and food aid. With the evolution of the policy, however, producers did become directly linked to food aid.

Due to shifts in domestic farm policy, the government began to acquire fewer surplus crops. Food aid, however, was still in existence although it was no longer fulfilling the need of surplus disposal. Given that change the commodities had to be acquired directly from producers. It is this shift that created the direct relationship between the agribusiness producers and food aid administration.

The USDA's Farm Service Agency (FSA) serves as the buying agent for all American food aid programs. This means that even those programs administered by USAID must pass through the USDA. Therefore, even though USAID has a role more congruent with humanitarian aid, this mission statement is undermined by its link to the USDA. The FAS is a constituent of the Department of Agriculture and therefore we can assume that it maintains the same objectives of the USDA, first and foremost, the promotion of the agricultural sector. Part of the way in which this is achieved is by giving voice to lobbies, primarily those that are better funded: agribusiness conglomerates.

The creation of PL 480 came out of a group of lobbyists who represented the Moline Plow Company, which later became John Deer and Company. Similarly, the logistics of procurement have evolved out of lobbyist plights in the agricultural sector. The FAS only purchases from companies that are pre-qualified U.S.-based

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48 Barret, Christopher B and Maxwell, Daniel G. *Food Aid After Fifty Years: Recasting its Role* p. 88.

agribusiness producers. The process of qualification nearly always eliminates smaller producers, hence benefiting larger farms, who also have larger more evolved lobbies. While there are many qualified bidders, the competition for food aid has been dominated by privately held corporations. Cargill and Archer-Daniels Midland combined shipped 1.9 million metric tons of food aid in the fiscal year of 2003, that is more than one third of all U.S. food shipments in that year[49].

It is not just agribusiness producers which lobby in favor of policies that promote their interests. Other agribusiness professionals, namely those in charge of processing, have also pushed for changes. One such policy was enacted after the Food Security Act of 1985. Processors had rallied for new regulations about the presentation of food aid abroad. The new bill established that at least 75 percent of non-emergency minimum tonnage be fortified, bagged or processed[50]. This would ensure a demand for the industry from the federal government for these services. A number of vendors registered with the U.S. government in that industry would reap profits due to this one change, but it would also mean further delay for food products abroad.

Smaller farmers who didn't sell bagged, fortified, or processed commodities were excluded from the acceptable "pre-approved" group of producers because they were not capable of fulfilling the new requirements for food aid shipments. Hence more business was channeled through those same large agribusiness conglomerates which had lobbied for the policy.

The 1985 Farm Bill also benefited a second group of private sector actors, separate from agribusiness professionals, but with a very powerful lobby: the maritime industry. In the Penn Political Review article, "Does U.S. Food Aid Cause Famine?" the author highlights the dangers of logistical constraints when they inhibit the prompt delivery of food aid to starving populations. In the 1985 Farm Bill it is explicitly stated that a minimum of 75 percent of all food aid commodities must be shipped in American ships. Both the Penn Political Review article and the senate committee report agree that this system is dangerous for foreign nations. The senate report also gives evidences as to why the policies are dangerous for the United States.

The report dictates that transportation costs represent a significant share of food aid expenditure. "For the largest U.S. food aid program [Title II aid], approximately 65 percent of expenditures are on inland transportation (to the U.S. port for export), ocean transportation, in-country delivery, associated cargo handling costs, and administration[51]". More than half of the federal costs for food aid is absorbed by transportation costs. If there were no other option for transportation, one might acquiesce to the larger spending margin. The report continues, however, to say that "U.S. food aid ocean transportation costs are relatively expensive compared with those of some other donors[52]". In total, according to their investigation the WFP transportation costs represent less than 20 percent of the total food aid program. Because of the constraint which dictates that U.S. food aid be transported in domestic vessels, the United States spends three times what the UN on food aid transport.

The politics of procurement and transport of U.S. food aid commodities benefit those private actors which are remunerated for their services of processing and transportation by the federal government. The policies exist not because of a necessity to use American ships or because of a packaging preference by foreign nations.

49 Thurow, Roger, and Scott Kilman. *Enough: Why the World's Poorest Starve in an Age of Plenty.* New York: PublicAffairs, 2009. p 155.

50 Food for Progress Act 1985, Congress.

51 United States. Cong. Senate. Committee on Agriculture, Nutrition, and Forestry. *Examining the Performance of U.S. Trade and Food Aid Programs for the 2007 Farm Bill: Hearing before the Committee on Agriculture, Nutrition, and Forestry, United States Senate, One Hundred Tenth Congress, First Session, March 21, 2007.* By Tom Harkin, Patrick J. Leahy, and Max Baucus. 110th Cong., 1st sess. S. Bill. Washington: U.S. G.P.O., 2007.

52 Committee on Agriculture, Nutrition, and Forestry. *Examining the Performance of U.S. Trade and Food Aid Programs for the 2007 Farm Bill.*

The policies are in place because of the benefit afforded to those private actors who have lobbied for the enactment of the legislations which impose these constraints.

3.3.2. Crop Specific Lobbies

The influence lobbyists have on federal foreign policy is made even more clear by the types of crops that are purchased for their inclusion in U.S. food aid shipments abroad.

How does the U.S. government decide which commodities to include in food aid distribution? Initially, because the program grew out of government surplus, those crops which were held in excess were the same ones sent abroad. One such crop was wheat. Wheat is grown extensively throughout the national territory for consumption locally and abroad. United States, in fact, is the largest exporter of the grain in the entire world. It is unsurprising, then, that this grain was accumulated in government holdings and later became a direct export through food aid.

Most of those crops that were acquired initially through federal price supports continued to be included in U.S. food aid shipments even after the government stopped holding surplus commodities. Other foods, however, have also been included because of pressure from their crop specific lobbies. Surplus crops correlates with a strong lobbying effort on the part of producers and their self-organized groups to include their crops on the food aid menu. Having the federal government as a buyer is largely advantageous for U.S. farmers. On the one hand, it helps get rid of surplus product, an immediate profit. On the other hand, surplus disposal keeps prices high for domestic buyers. Many of the lobbying efforts have graduated these crops to their positions as food aid staples.

Among those producer-groups which have lobbied extensively for their inclusion in food aid are American Soybean Association (ASA), US Grains Council and National Corn Growers Association, and the dairy industry. Although non-fat powdered milk, corn meal, and soy oil are all foods that in the context of a healthy diet could offer the necessary nutrients for starving populations, none of them are nutritionally necessary. In their lobbying efforts, however, each group wants to appear as if their products were *the* essential commodity for food aid.

The ASA launched the World Initiative for Soy in Human Health that boasted the benefits of soybean products for undernourished people abroad[53]. The dairy industry has sponsored similar campaigns claiming the necessity for protein rich diets. There is no scientific evidence for any of these claims. Protein deficiency is rare in the absence of calorie deficiency. Therefore, the inclusion of these protein rich products in food aid rations is no more effective at combating nutrient deficiency than any other calorie rich product. Given that fact, we can conclude that the inclusion of these foods stems from the producer's commercial interests, the benefits they receive from being a government selected food aid producer. The addition of these foods does not stem from the needs of hungry populations.

I think the best example of this self-interested phenomenon in U.S. humanitarian aid is evidenced by the incorporation of raisins in food aid shipments. Even to the lay person, raisins do not seem like a nutritionally necessary food and they are not. Yet, after a fervent effort by the industry and politicians interested in their success the food commodity was incorporated.

53 Barret, Christopher B and Maxwell, Daniel G. *Food Aid After Fifty Years: Recasting its Role* p. 33.

In 2003 when California raisin producers ended up with a surplus of raisins from that year's harvest they began to campaign for the inclusion of the product in U.S. food aid shipments. USAID caved to congressional pressure that was headed by Representative Devin Nunes, a Republican congressman from California who rallied on behalf of the raisin producers in his congressional district. In one senate meeting he made his case stating: "The purchase of surplus raisins from California farmers will serve the nutritional needs of hungry people everywhere as well as provide relief to farmers suffering from the worst agricultural economy since the depression[54]".

It should be noted that the claim that raisins will "serve the nutritional needs of hungry people everywhere" is frankly absurd. Nutritional needs are never met by one single food, and less by one which is void of both protein and fat. The second part of his claim, however, was a factual statement. The incorporation of raisins would relieve farmers of their market glut. The raisin producers plight in congress was successful and the following term they were included on the menu of food items to be sent as rations to Iraq and other countries. This was the sole result of industry pressure and was not in any way a response to a humanitarian demanded that raisins be included in shipments.

The policies applied to the administration and execution of U.S. food aid favor industry professionals, agribusiness producers, processors, and shipping companies. These domestic industries thrive because the USDA looks out for their interests in the creation of these foreign policy. The domestic politics are conflated with the foreign action of the United States because of the privileged relationship that the USDA has with private sector professionals in general and agribusiness actors in particular. This conflicting position of the USDA forces the federal government to act always in favor of their domestic producers even when it is not cost efficient or politically beneficial to the United States. The politics of food aid, then, work in favor of industry interests that are not always the same as national ones.

4. U.S. Food Aid in Practice—Two Case Studies. The Green Revolution and Title I Food Aid in Latin America

So far in this investigation, we have analyzed the way in which the private sector has shaped humanitarian aid in the service of their own interests. In the first section, we demonstrated the initial underpinnings in a historical analysis of how PL 480 food aid grew out of a response to industry pressures. In the second section, we entered into the evolution of food aid programs and how the policies which encompass them work in favor of the private sector. Looking at the historical context and the current policies affords us a holistic understanding of the theory; humanitarian aid serves the interests of private sector profits. To solidify this argument, in this section we will look at two practical applications of these policies in U.S. food aid distribution. Firstly, we analyze the increase of Title I food aid in Latin America during the 1980s and how private american actors were favored in the allocation. Secondly, we will focus our analysis on the agribusiness motored Green Revolution of the mid 20th centuries and how it failed to address recipient needs, as is evidenced by the need for a second Green Revolution.

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54 Ramey, Corinne. "U.S. Food Aid: A Humanitarian Program?" *Roosevelt Review*, 2006. p. 55-74.

4.1. U.S. Food Aid in Central America: Private Sector Protagonism

In response to the political and economic crisis that plagued Latin America in the early 1980s, the United States restructured its foreign policy in the region to include more food aid. Under the Reagan Administration and the advisement of the Kissinger Commission on Central America, food aid agreements were increased among allied countries in Central America, namely Guatemala, Honduras, El Salvador and Costa Rica. In 1978, there was only a small amount of food transfers to the region, but by 1986 there was over $110 million dollars allocated for this purpose[55]. The stated aim for this initiative was to help stabilize and pacify the region[56]. That said, the increase in aid did not respond to a public health emergency or even to a specific increase in hungry peoples in these nations even though emergency response is arguably the most effective type of food aid. Rather these new food aid agreements were implemented for "donor-centric" reasons; the aid served the interests of the United States. Firstly, the new focus on the region was a geopolitical strategy in response to the emergence of leftist governments in the region; more contact implied more political control over those countries. Secondly, the new policies functioned as a platform from which the United States could promote economic restructuring in the region: trade liberalization, privatization, and deregulation as its strategy for addressing the crises[57]. Lastly, through the new policy the United States could promote their own economic interests via the inclusion of U.S. agribusiness in the new policies. This case study explores the latter two "donor-centric" reasons for an increase in food aid, which are inextricably linked: economic restructuring and fostering advancements in the private-sector.

Although it's cloaked in an altruistic rhetoric, the underlying reasons for an increase in food aid programs in Central America during the 1980s was far from humanitarian and its impact was far from virtuous. The lasting effects of increased food aid in the region have been detrimental for the rural poor populations and at the same time have promoted the success of the private sector in the United States and abroad. Corporate actors have benefited the most from these initiatives because the policies are created with their interests in mind. Humanitarian language is not enough to address the problems of poverty. These new food aid initiatives did not provide the intelligent policies that would be necessary to address this complex issues. Instead, in many Central American countries the beneficial polices for the private sector meant instances of poverty were exacerbated.

Roughly 80 percent of all U.S. food aid imports in Central America during this timeframe was Title I Aid[58]. Initiated by the *The Agricultural Trade Development and Assistance Act of 1954* establishing Public Law 480 (PL 480), Title I category food aid is not a donations based program that redistributes food to hungry communities abroad. As we have established, it is a program that can be classified as economic aid to foreign nations. It constitutes a system in which recipient countries make concessional purchases of U.S. agricultural commodities. The Title I system works by first the U.S. government acquisition of commodities directly from private U.S. producers and exporters of agricultural goods. These goods are then sold to recipient governments under a concessional loan agreement. Once in the recipient country, the commodities (wheat, corn, soy, etc.) are generally sold either through Government Stabilization Institutes or directly to private processing firms where they are either milled into flour or used as feed for poultry or cattle. What this process signifies is that

55 Sanford, Jonathan E. *MAJOR TRENDS IN U.S. FOREIGN ASSISTANCE TO CENTRAL AMERICA: 1978-1986.* Rep. Washington, D.C. Research Service, 1986. http://pdf.usaid.gov/pdf_docs/PCAAA481.pdf

56 Anaya, Tony, and Berry Tom. *Resource Center Policy Report: U.S. Food Aid in Central America.* Rep. Albuquerque: Inter-Hemispheric Education Resource Center, 1989.http://pdf.usaid.gov/pdf_docs/PCAAC180.pdf

57 These policy recommendations would later be coined into the concept under the name "Washington Consensus" presented initially in 1989 by John Williamson, an economist from the Institute of International Economics.

58 Berryman, Phillip, and Madea Benfamin. *Help or Hindrance? United States Economic Aid in Central America.* San Francisco: Institute for Food and Development Policy, 1987.

the commodities are alloted to the recipient government for the explicit purpose of being sold. This process, called “monetization”, turns food aid into a system of economic support for foreign governments, but it does not inherently serve to promote food security abroad.

Although the legislation regulating U.S. food aid states explicitly that food commodities should be used to “enhance food security in developing countries” this is often not the case. In fact, a Congressional Research Service briefing on food aid to Central America notes that although the increase in Title I aid to Central America in the 1980s did contribute to lower food prices, it did so primarily for those foods consumed by the middle and upper classes: bread, milk, chicken, and vegetable oil. The report states, “The move from grant to loan aid in this area means that, to a substantial degree, U.S. food aid in Central America is being distributed through the marketplace to those who have the money to purchase it rather than through grant aid to needy individuals[59]”. Because Title I aid is not donation based, it is usually monetized by the government to create more local currency. In this way, food aid becomes a tool for marketplace promotion and thus fosters the functioning of the private sector but does not address the problem of food security.

Instead of needy individuals receiving the benefits of food aid, it is the private sector for whom this type of aid is most advantageous. Title I food aid is profitable for agribusiness actors in the United States and those in recipient countries but U.S. agribusiness is the first group to benefit from the policies. The Title I food aid offers a direct purchase of U.S. agricultural commodities. This signifies a concrete business transaction for agricultural producers without the necessity of searching for a buyer. The United States does direct purchasing of commodities for aid and therefore the producers are able to sidestep the logistical problems of working with foreign currency. Agricultural producers in the United States inevitably benefit from these uncomplicated transactions. Moreover, marketing dollars for this client base are obsolete; producers don’t have to look for a client as their business is more or less granted to them. Indeed because of the rule that U.S. food aid must be domestically sourced, there are a limited number of possible providers. In fact, the majority of the purchasing comes from just four large transnational industrial agricultural and food companies (ADM, Cargill, Bunge and Cal Western Packaging). Cargill alone is reported to have sold $1.09 billion in grain to the U.S. government for food aid in the 90s[60]. The Title I food aid is, hence, a very important supporter of the agricultural industry in the United States.

The direct purchases, however, is only one way in which Title I food aid benefits large scale commodity producers in the United States. One of Title I aid’s stated main objectives is the promotion of U.S. agricultural exports. In the commencement speech for PL-480 which founded Title I aid, President Eisenhower stated that the new legislation would “lay the basis for a permanent expansion of our [U.S.] exports of agricultural products with lasting benefits to ourselves and peoples of other lands[61]”. Food aid functions to promote U.S. exporters in the short term via the channeling of direct government purchases abroad. The presence of U.S. commodities in these countries stimulates an expansion of U.S. commercial sales in the future. Title I aid acts as a type of undercover marketing, familiarizing otherwise non-import countries with a supply of U.S. goods. Past instances of successful export promotion via Title I are Japan, Taiwan, South Korea and Egypt, which are all commercial importers who were once recipients of Title I food aid. In the interest of creating similar commercial ties with Central America countries, the Title I program has promoted commercial exports in a variety of ways.

59 Sanford, Jonathan E. M*AJOR TRENDS IN U.S. FOREIGN ASSISTANCE TO CENTRAL AMERICA*.

60 Thurow, Roger, and Scott Kilman. *Enough: Why the World's Poorest Starve in an Age of Plenty*. New York: PublicAffairs, 2009.

61 Dwight D. Eisenhower: "Statement by the President Upon Signing the Agricultural Trade Development and Assistance Act of 1954," July 10, 1954.

Firstly, the influx of specific agricultural commodities in the form of food aid has shaped consumption patterns in Central America. The introduction of new food items into the culinary territory will inevitably foster changes in the country's eating habits. Take, for instance, the case of wheat. More than two thirds of the total volume of government to government food aid to Central America is in the form of wheat[62]. Per capita wheat imports in Central America increased from 7.43 kg/year in 1970 to 24.22 kg/year in the 80s[63]. The increase in wheat availability impulses an increase also in the consumption of wheat. Although originally wheat products were not an integral part of central american diets where corn has always been the staple grain, the imports shifted their eating habits towards one more inclusive of wheat. It has become more common across Central America to see wheat based products such as pizza, bread, and hamburgers, where corn tortillas had once prevailed. The shift in preferences and eating habits has had controversial effects on the nutrition profile of Central America's populations but has had indisputably positive consequences for wheat producers in the United States: the development of new markets.

Title I wheat has encouraged a shift in eating patterns in many of its recipient countries. In fact, under the Cooley Loan Program, Title I repayments were delegated to the financing of U.S. private sector projects in the recipient countries. Many of the repayments financed the construction of mills used to process wheat. Companies like Cargill, Continental Flour and General Mills are among those who benefited the most from this program[64]. The creation of wheat mills would further encourage the import of foreign wheat, even beyond the instances of food aid imports. Once the milling industry was firmly established and the dietary changes occurred, the United States could count on those countries to import wheat commercially even when Title I imports stopped. These new sectors help create structural dependence on continued imports. Unfortunately the influx of wheat imports, along with the imports of other grains (corn/sorghum, rice, and soymeal) created a disincentive for local producers to continue the production of these goods. Although under the Bellmon Amendment the food aid programs are required not to undermine local food production, there is evidence that the import of U.S. grains did create disincentive effects[65]. The food aid then has a two fold beneficial effect for U.S. producers: firstly it promotes the demand of grain products and secondly it discourages local production, opening up a larger market for U.S. commodities.

U.S. producers, although the first beneficiaries of the system, are not the only ones. Food processors in Central American countries also profit from the Title I system. Indeed in many cases the processors work directly with the U.S. producers to ensure they benefit from the system. Although in theory the Title I food aid works as a government to government purchase, in most cases the U.S. government side steps the use of Government Stabilization Institutes in recipient, a type of state marketing institute, and instead channels food directly to processors. What this does, in effect, is change the operations from government ones to private sector ones. In this process the U.S. producers and the processors abroad create a direct relationship that will be beneficial to both of them. "Local wheat millers, for example, first tell USDA what grade and quantity of wheat they want. Then along with local government officials, they travel to the United States to negotiate the purchase[66]". Indeed the Title I sales process is intentionally set up to train agribusiness partners in foreign countries in the business of importing from the United States. For each transaction, private Central American importers fly to the United States, where they are taken step by step through each process of the sale. Of course the difference is that instead of paying in U.S. currency these processors can pay their own local governments in the national

62 Anaya, Tony, and Berry Tom. *Resource Center Policy Report: U.S. Food Aid in Central America.*

63 *Agricultural and Consumer Protection: Global Perspectives.* Rep. FAO Corporate Document Repository, 1995. Web. <http://www.fao.org/docrep/007/y5287e/y5287e06.htm>

64 Thurow, Roger, and Scott Kilman. *Enough: Why the World's Poorest Starve in an Age of Plenty.*

65 Anaya, Tony, and Berry Tom. *Resource Center Policy Report: U.S. Food Aid in Central America.*

66 Garst, Rachel, and Tom Barry. *Feeding the Crisis: U.S. Food Aid and Farm Policy in Central America.* Lincoln: University of Nebraska, 1990.

currency. The high cost of the dollar would otherwise hinder the purchase of U.S. products. Those sectors dependent on grain such as cattle, poultry, and milling for example, save money by importing U.S. grain through the Title I aid. In Guatemala a buyer for a wheat mill said the end of Title I would create incredible problems for his industry, possibly even rendering it impossible to continue[67]. The Title I imports, then, actually enable the transactions that would otherwise not take place therefore creating a high level of dependency on these imports.

Both U.S. food producers and local food processors benefit directly from the Title I aid imports. The private sector processing industry has been promoted by the continued imports, while the government purchases of food has afforded U.S. agribusiness professionals a stream of steady business. The impact of Title I aid, however, moves beyond the benefit of individual actors in the private to a farther reaching ideological and structural shift that favors the marketplace, liberal trade, deregulation, and thusly serves the interest of private enterprise in the United States and in Central America.

For the United States Title I aid is much more than a mechanism for surplus disposal or a means by which to promote their national exports. Title I aid is a strategic tool. In the wake of the debt crisis in Central America during the 80s, the United States seized the opportunity to exercise its influence in the region via the use of food aid. Attached to the Title I packages were clauses of conditionality. It was through these conditional agreement that the United States could promote policy reforms that were beneficial to their interests at this delicate moment for the economics of the region.

The main mechanism for policy promotion through Title I aid agreements was established under what is called “self-help measures”. The initiatives tended to focus on the development of the recipient countries’ agricultural sector via the formation of new technologies, transport and storage facilities, a favorable environment for private (often U.S.) investment, and the formation of institutions for agricultural research and farm training programs. While in theory the implementation of these new programs was in the interest of modernizing the regional agricultural sector, many of the programs served to contribute to U.S. industrial agricultural companies. For example, the usage of new technologies for animal and pest control were largely designed with the interests of Cargill and Monsanto, the largest producers of these agricultural products.

Aside from the conditional programs designed to modernize agriculture, the United States also encouraged another set of “self-help” initiatives that served the larger ideological framework of free-trade: encouraging agroexports. In accepting Title I food aid the recipient government also accepts a new philosophy of agricultural strategy under which privatization and agroexport promotion are the leading elements. Under this ideology countries should produce the commodities in which they have a comparative advantage, even if this implies dependence on other staples. That said Central American countries were encouraged to produce coffee, sugar, bananas, and cotton, while abandoning local grain production in favor of U.S. imports. Indeed this aspect of structuring the agricultural system in Central America has had an important impact on the region’s import dependency on the United States.

The self-help measures tend use a philanthropic and development rhetoric that boasts the positive effects of the programs in poor areas and among smaller farmers, the opposite effect is often more real[68]. The modernization of agricultural, and a focus on export crops, tends to further alienate the poor. Although a primary objective of PL480 and Title I aid is the eradication of hunger worldwide: in the short term, by

67 Garst, Rachel, and Tom Barry. *Feeding the Crisis: U.S. Food Aid and Farm Policy in Central America.* p. 35.
68 Garst, Rachel, and Tom Barry. *Feeding the Crisis: U.S. Food Aid and Farm Policy in Central America.* p. 28.

providing food; and in the long term, by increasing food production in deficit areas and promoting economic activity, Title I food aid in Central America does not serve either of this objectives. In these countries there continues to be large populations of impoverished people who can't afford to buy imported food in the market place while meanwhile they are producing crops for foreign consumption. Because of the focus on export crops Central America currently does not produce enough food for its own people, although it certainly has sufficient land resources and ability. The focus on agroexports monopolize the fertile lands and local production is relegated to the regions worst and most marginal ones. Of course, this type of organization serves to promote the U.S. interests of maintaining commercial trade relationships with central American countries. If they export the majority of their food then they also must import.

The larger ideological focus on export, liberalization of trade and privatization favor the free market and the private sector. These measures of conditionality in fact set the basis for the structural readjustment program that is later concretized with the Washington Consensus. It is of course now, largely uncontested, that such macroeconomic restructuring although successful in the repayment of large government debt did not address the social and political issues in these country. Indeed the resurgence of populist governments throughout Latin America seems to demonstrate the powerful response to the failed neoliberal policies. Encouraging the private sector and free enterprise are not in and of themselves bad things, but alone they do not address the problems of poverty. Programs like food aid, which are presented as if they function in the service of those in need do not always have that effect, as is evidenced by this analysis of Title I food aid in Central America. Rather this use of food aid promoted private sector interests in the United States and abroad, while serving the geopolitical interests of the U.S. government. Today Central America continues to pay the price of dependency on U.S. exports, totally at roughly 1.6 billion a year[69].

However unsuccessful the policy in terms of addressing problems of poverty, it is apparent that through Title I food aid the United States has served its own commercial interests. Central America is largely dependent on the United States for a portion of their agricultural goods. Indeed today Central America continues to pay that price of dependency on U.S. agricultural exports, totaling at roughly 1.6 billion a year.

4.2. Corporate Actors in Development Cooperation: An Analysis of the Green Revolution

The presence of corporate actors in foreign humanitarian aid and development cooperation is not a new phenomenon. As we have analyzed in the first section of this investigation, corporate players in the agricultural sector were paramount in the formation of the first U.S. legislation that established the modern era of food aid, the U.S. Agricultural Trade Development and Assistance ACT in 1954. Despite their continued presence, however, private sector involvement in humanitarian assistance and aid distribution has long been a contentious issue. Currently there exists a heated debate around the ethics of corporate participation in development.

The "Green Revolution" of the mid 20th century, which was connected to a large number of PL 480 food aid distributions during that time is an example of the contradictory nature of corporate involvement in humanitarian assistance. The revolution was marked by the introduction of agricultural technology motored by the agribusiness in developing nations. Their seemingly humanitarian effort to support local farmers in

69 Jurenas, Remy. *Agriculture in the U.S.-Central American Free Trade Agreement (CAFTA)*. Rep. Washington, D.C.: Congressional Research Service, 2004.

producing their own food results in large profits for these private actors and thusly demonstrates a large conflict of interest.

The term was first introduced to the world by USAID's former director William Gaude in his 1968 speech applauding the movement. He was congratulating the Green Revolution's advancements in pushing food aid to the next level of development assistance. And although it is true that the revolution has received accolades for its contribution to developing nations, trite congratulations is an oversimplification of the effects these new technologies have had overall. While its undeniable that hybrid seeds, fertilizers, and pesticides together have increased net yield, more food produced and available does not intrinsically address the problem of hunger. Meanwhile it has harsh repercussions for rural poor populations and the environment.

Hunger is a complex problem of access. Narrowly focusing on increasing production, as the Green Revolution did, did not alleviate hunger according to researchers at *Third World Network* because "it fails to alter the tightly concentrated distribution of economic power, especially access to land and purchasing power[70]". The World Bank has also supported such claims. In an investigation on world hunger in 1986 they concluded that "a rapid increase in food production does not necessarily result in food security[71]". Rather they argued that hunger would only be alleviated by a redistribution of purchasing power and resources towards those who are undernourished. Thusly to address the complex problem of hunger we must first address the underlying causes of poverty.

In the specific case of the Green Revolution the new advancements and developments have had effects that are contrary to the desired results for poor populations. Indeed in some cases the use of advanced technologies has driven populations further into poverty. This contradictory effect of private sector involvement—increase in crop yield and increase in widespread hunger—is illustrative of the dangers of corporate action in the humanitarian development arena. Such private sector involvement, it seems, always functions to foment corporate profits but does not necessarily promote the public health of the populations they claim to help.

One of the most characteristic examples of this phenomenon has taken place in India, a country often referred to as the Green Revolution's greatest success. In India, the presence of new technologies, specifically high-yield crops, pesticides, and chemical fertilization, contributed to a more productive agricultural sector. To analyze the full effect of the revolution in the Indian landscape, however, we must look beyond mere production statistics and observe the social costs of this technology.

In the 1960s the U.S. initiated a development project in India that linked aid to corporate partnerships in the agricultural sector. India was suffering from political instability, population growth and hunger, three factors which the U.S. feared could lead to the spread of communism. To avoid this, USAID offered the country a new Title I food aid package that was linked to a set of hybrid seeds, fertilizers and agricultural machinery that would offer solutions to production deficits while promoting the interests of the U.S agricultural products industry. It was by these means that the corporate actors entered into this development project.

Under the USAID initiative over 2,000 indians were financed to visit the U.S. for agricultural education. The project also financed a technology package that was evolved and transferred via the Ford and Rockeffeller

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70 Rosset, Peter, Raj Patel, and Michael Courville. *Promised Land: Competing Visions of Agrarian Reform.* Oakland, CA: Food First, 2006.
71 Rosset, Peter, et al. *Promised Land*, 2006.

Foundations, which each receive financial backing from Monsanto the world's largest industrial seed company[72]. Through these efforts, together with the opening of India's commercial market for agricultural technologies, the impact of the Green Revolution seemed favorable. It achieved an increase in overall agricultural production, a fact for which it is often applauded. This increase, however, did not come without high social costs.

Some financing for the technologies afforded farmers cheaper access to technology but this was not always the case. Farmers who were unable to muster the resources to buy irrigation and fertilizer had to give up farming; the number of small-holdings in the agriculturally dense Punjab region of India decreased by a quarter[73]. Those farmers who were able to access credit to purchase the new seed and pesticide technologies did so. However, the technology cycle required more and more updated equipment, which meant farmers accrued more debts. This increase meant a higher risk of default and thus higher instances of poverty. According to the UN, over a third of all farmers were driven to poverty by debt and the costs associated with the necessity for more fertilizers to achieve the same level of yield[74].

Perhaps one of the most shocking results of the Green Revolution is that there is a current agrarian crisis in India that has affected the country as a whole since the mid 90s. It has been the impetus for the tragic phenomenon of farmer suicides, with many farmers who take their lives by ingesting the very pesticides originally meant to encourage their competitiveness in the agricultural sector. How has USAID responded? They've launched a new platform in conjunction with Indian Prime Minister Manmohan Singh that will foment a "Second Green Revolution". Under the initiative they've dictated a total of $3.4 million in agricultural development mainly for biotech crops and have dedicated more funds to the strengthening of corporate partnerships with Indian farmers. The plan flagrantly ignores the tragic repercussions of the first Green Revolution in India.

Another telling example of the private sector's inability to address developing countries needs is the case of Egypt. The Green Revolution in Egypt began with USAID's Agricultural Mechanization Project in the late 70s. The project aimed to encourage the mechanization of Egyptian farming via the purchase of agricultural machinery from the U.S. with the hope that technological advancement would mean lower production costs, higher farm incomes, increased land yields and improved timelines. The initiative succeeded in mechanizing the agricultural industry in Egypt; it installed new irrigation methods, changed seed varieties towards high-yield crops, switched to tractors and prioritized exports. The desired results of such advancements were achieved to some extent but it did not address the problem of rural poverty, as the initiative had explicitly stated, but instead exacerbated it. In the report written for USAID it was noted that "not all farmers had the savings that enable them to invest in these projects and therefore profits accrued to those in middle or upper bracket income groups more than poor folks[75]". The inequality in the agricultural sector was compounded by the initiative towards mechanized agricultural production. Those populations which were on the verge of poverty before the initiative, fell into its grasps when it took effect. For the rural poor in Egypt, this development project achieved the opposite of the intended result.

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72 Shiva, Vandana. *The Violence of the Green Revolution: Agriculture, Ecology and Politics in the South*. Goa, India: Other India with Research Foundation for Science, Technology and Ecology, 2001. 33-35.

73 Patel, Raj. "Better Living Through Chemistry." *Stuffed and Starved: The Hidden Battle for the World Food System*. Brooklyn, NY: Melville House Pub., 2008. 120-63.

74 Patel, Raj. "Better Living Through Chemistry." p. 126.

75 Mitchell, Timothy. "The Object of Development." *Rule of Experts: Egypt, Techno-politics, Modernity*. Berkeley: University of California, 2002. 209-44.

The private sector is limited in its ability to solve the problems of poverty and hunger in India, Egypt, and in other developing nations worldwide. The agricultural technology sector has honed its ability to find new markets, sell its products, and generate massive profits. For Monsanto and John Deer and Co. the Green Revolution was a true success; they helped increase agricultural production while opening new profitable markets to appease their shareholders. The rise in India's hungry population in the last decades, the increased number of farm suicides, and the correlation between poverty and debts due to farm investments are the results of the Green Revolution which bring into question the efficacy of the private sector in solving the true problems of these countries: poverty. More food does not necessarily mean less people will go hungry. The new technology presents a seemingly quick fix to the complex problem of food redistribution and the sociopolitical causes of poverty. Governments and development agencies must work independently of the private sector to construct the integrative policy systems that intelligently address the complexities of hungry and impoverished nations. Corporate actors have a conflicted impact on solutions, to say the least, as is evident in this analysis of their role in the Green Revolution.

5. Conclusions

The above investigation has analyzed the protagonism of commercial interests and private actors in the administration of U.S. humanitarian assistance abroad, specifically in the distribution of U.S. food aid. This discussion has centered in three different methodological foci.

The first section executes a historical analysis of farm policy leading up to the legislation PL 480, which initiated the contemporary era of food aid. In this section, we explore the beginnings of the privileged relationship between the agricultural sector and the federal government. It is through this favored relationship and the mechanism of lobbies that the private agricultural sector and its individual actors impulsed the enactment of the federal legislation which inaugurated U.S. food aid as it still functions today.

In the second section, an analysis of the policy that covers the current channels through which food aid are distributed illustrates how private sector interests continue to be favored. An in depth analysis of the USDA and its fundamental purpose of promoting the domestic agricultural sector illuminates the conflict of interest inherent in its administration of humanitarian aid for the purpose of eradicating worldwide hunger. In this chapter, we analyze the logistical parameters of food aid distribution. This survey demonstrates how private sector lobbies continue to mold current legislation surrounding food aid administration.

The final section of this investigation explores two case studies which exemplify private sector involvement in and benefit from U.S. food aid distribution. Both through the analysis of the Green Revolution and the use of Title I food aid throughout Latin America, it is evidenced that commercial interests are served where at times humanitarian needs are not. This analysis affords insight into the practical implications of promoting private sector interests through U.S. food aid policy.

From this investigation centered in historical analysis, policy review, and case studies, I have drawn the following conclusions about commercial interests and private actors in the administration of U.S. food aid:

1. U.S. food aid programs are donor-centric. They are administered on the basis of domestic concerns and not on foreign need. This is evidenced primarily in our historical analysis of the original objectives for PL 480 as a mechanism of surplus disposal and export promotion. The extent to which the policy is donor-

centric, however, is not limited to the historical context. In its current form, the United States is the only donor that continues to distribute food aid on anything other than a grant basis. Through Title I allotments, the federal government gives loans through the Commodity Credit Corporation (CCC) and, although the loans are traditionally concessional, the United States actually walks away with a financial gain, i.e. profit, through the administration of these loans.

2. Donor centric policy inhibits the ability to serve the needs of populations abroad. Self interested policy can hinder food aid effectiveness. The politics of aid allotment are explored in the case study regarding Latin America in which the increase in Title I aid did not respond to a public health emergency or even to an increase in hungry peoples of those nations. It was distributed instead for U.S. geopolitical and ideological reasons. For the recipient countries, this donor-centric aid had detrimental repercussions. For example, the increase in food aid imports were not based on need and created a disincentive effect for local producers. This was a clear violation of the Bellmon Amendment that prohibits the undermining of local production. The impacts of this policy were damaging for the rural poor as the imports undermined their industry while at the same time did not provide rations for those people who most needed it. The food shipments given through Title I allotments entered into the traditional market and, thus, never reached those food insecure populations. The donor centric policy could not serve the needs of populations abroad.

3. The USDA's administration of the majority of U.S. food aid programs conflate domestic farm policy with foreign policy. The connection of the USDA with foreign policy, when their main function is the promotion of the domestic agricultural sector, inextricably links U.S. food aid to commercial objectives, i.e., export promotion. Moreover, the connection exposes U.S. food aid to the influence of the internal politics of the farm sector, which are often heavily swayed by private sector actors.

4. U.S. farm policy and, hence food aid policy, is molded in large part by the private sector. This generates policy that favors profits over global public health. Since the primary duty of the private sector is to create profits, commercial involvement tends to favor profitable policy that sometimes undermines public health concerns. This is evidenced by the conception of PL 480 and its beginnings with the Moline Plow Company. This phenomenon is also clearly demonstrated in the influence of agribusiness actors in the Green Revolution, both in India and Egypt, where the interests of the populations were not served by the increase in industrial agricultural technology and had very high social costs for those populations.

5. The private sector achieves their influential position through the mechanism of lobbies and through the privileged partnership of the agricultural sector and the federal government. Through these two channels, commercial actors shape farm policy and food aid policy. This is evidenced by the private actors of the Moline Plow Company who constructed the bill which laid the foundation for PL 480. Their efforts were backed by congress only after a large lobbying effort by the Farm Bureau. The power of lobbies in the formation of policy is also displayed through the amplification of the "basic commodities" after fervent crop-specific lobbying efforts pushed the inclusion of other crops in the AAA. More currently, the strong voice of agribusiness and maritime lobbies are indicated in the logistical clauses of food aid policies, namely the constraints guiding procurement, processing and shipment, which all promote domestic private sector actors.

6. The strong influence of commercial actors in the formation of U.S. food aid policy displaces "national interest" in U.S. foreign policy in order to advance private sector interests. What benefits the United States as a nation does not always have the same effect for the private sector and vice-versus. Under the realistic school of thought, nation-states are not understood as altruistic actors but rather they act in their own

interests. However, when the creation of policies is controlled in large part by private actors with distinct interests from their state leaders, interests are served that are neither for those foreign nations who receive aid nor for the nation-state. This is the case in the administration of U.S. food aid. Since the policies are largely molded by lobbyist efforts voicing private sector concerns, the policies of U.S. food aid do not always best serve nations abroad and they sometimes conflict with U.S. national interest. This is most clearly evidenced through the logistical constraints that guide procurement, processing and shipment, as they do not impart extra benefit for the federal government and are very costly. In fact, the very benefit to private actors like the maritime industry and processing plant operators are actually harmful to the United States in terms of their ability to efficiently and effectively distribute food aid programs. These logistical constraints are also highly criticized by the international community and do not support the image of the United States as an effective actor in the global arena.

From these conclusions, it is apparent that U.S. food aid is need of reform. This investigation can be used as a spring board for those policy analysts and academics who would like to forward that effort. This report has demonstrated the way in which the current policies uphold the link with the private sector that has been present since the conception of contemporary U.S. food aid, despite that the link does not benefit foreign nations and has also been unfavorable for the U.S. federal government.

Although U.S. food aid has undergone a series of reforms that have been mentioned in this investigation, we have yet to see a holistic reform that delinks the humanitarian aid from the commercial interests of the agricultural sector. This type of reform has been inhibited by the power of the farm lobbies and the private actors they protect. Most profoundly, the agency which administers the majority of food aid programs, the USDA, has undermined a true reform because of the interests it protects.

This research provides a platform for developing policy reforms that can benefit the United States and nations abroad.

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***Resumen*:** Este trabajo de investigación se centra en la interconexión de la política doméstica estadounidense y la creación de su política exterior. La política de ayuda alimentaria, "U.S. food aid", es el sujeto principal de esta investigación, ya que sirve como ejemplo de la interacción compleja entre los actores domésticos y la formación de una política exterior. El trabajo se divide en tres partes y utiliza tres métodos distintos de análisis: 1) análisis histórico, 2) análisis de la política y 3) casos de estudios. Este proyecto analiza las implicaciones de que el sector privado esté involucrado en la política exterior estadounidense de ayuda alimentaria. El primer capítulo trata de un análisis histórico de la PL 480, la primera política de ayuda alimentaria en el ámbito internacional, y sus raíces en la industria agraria. El capítulo dos es un análisis de la política alimentaria hoy en día, la cual decide la distribución de alimentos en el exterior. También este capítulo investiga cómo la pluralidad de actores influye en la eficacia de la política. El último capitulo analiza dos casos de estudio en los cuales la industria agrícola estadounidense tiene un papel protagonista en la creación y la implementación de la política. Estos dos casos son 1) La revolución verde de los años 60 y 2) el aumento de la ayuda Title 1 durante los años 80 en América Latina.

Palabras clave: Ayuda Humanitaria, Ayuda Alimentaria, Sector Privado, Política Exterior, Industria Agrícola, FDA, USAID.

***Abstract*:** This paper focuses on the interplay of domestic U.S. politics and the creation of foreign policy. U.S. food aid is the primary subject of this investigation as it is a politic which depicts the complex interaction between domestic actors and the formation of foreign policy. Divided into three parts, this paper uses three distinct methodologies: 1) historical analysis, 2) policy analysis, and 3) case studies in the effort to understand this interplay. The paper analyses the protagonism of the private sector and the implications of its involvement in U.S. food aid. Section one is a historical survey of PL 480, the first formal U.S. food aid policy and its agribusiness beginnings. Section two is an analysis of current policy which surrounds food aid allocation and distribution and how the plurality of actors influences the effectiveness of the policy. Section three is an analysis of two case studies of food aid and development assistance in which agribusiness interests have a protagonist role in the creation and implementation of the policy. These two cases are 1) the Green Revolution of the 1960s and 2) the increase in Title I aid during the 1980s in Latin America.

***Keywords*:** Humanitarian Aid, Food Aid, Private Sector, Foreign Policy, Agribusiness, FDA, USAID.

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