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FOOD AID A Trojan Horse?



AKROFI DZIETROR

FOOD AID: A TROJAN HORSE?

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by

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FOOD AID : A TROJAN HORSE?

INTRODUCTION

On Wednesday, September 10, 1986, *The Ghanaian Times* carried a news report titled "Food aid must be integrated in Africa's development plans." The report reads, in part, as follows:

The Executive Director of the UN World Food Programme has called for better integration of Food aid into African countries' development plans.

Opening a four-day seminar at the Abidjan Headquarters of the African Development Bank yesterday, Mr. James Ingram said African Nations would need food aid for many years to come.¹

The report went on to quote Mr. Ingram as saying that "Food aid has become a vital element to the economy of many African countries. . . (and) needs to be planned at least as carefully as other development resources." For that purpose, Mr. Ingram suggested "innovations" that included "using food aid to support World Bank structural adjustment programmes," . . . "better use of food aid to train people in employable skills". . . "exchanging imported wheat for local maize" . . .

The questions we need to ask are: What really is Food Aid that needs to be more fully integrated into our economies? How has it become vital to our economies? Those questions are necessary because a critical look at some of the schemes recommended and actively promoted for us from outside over the past five hundred years or so suggests that they are nothing but nooses around our necks.

To answer those questions, I propose to look at US food aid. The choice is occasioned by two considerations; the first is that in our time US food aid constitutes the largest food aid

in global terms and volume by any one country to the rest of the world, particularly to the third world; the second is that US food aid is one that I have the most information on. So what really is *US Food Aid*?

On July 10, 1954, the US Congress passed a law, which in their statute numbering system they called Public Law 480 – PL 480 for short –, to regulate the disposal of accumulated food and feed grains that was causing the US Government and grain merchants and farmers storage and marketing problems. I will discuss the intent of the law, how it has operated to regulate US food aid and agricultural policy in the third world and some of the implications for third world countries. But first, I shall give a brief history of US Food Aid.

BRIEF HISTORY OF US FOOD AID

According to Susan George, the first act of food aid by America was in 1812, when the US Congress approved a funding for \$50,000.00 in emergency food aid to earthquake victims in Venezuela. On the surface, that aid appeared to be humanitarian. But according to Susan George, an informed person on that aid submitted that the aid was simply “an economic instrument in the service of a political goal.” The reason was that Venezuela was then in revolt against Spanish rule and the US was looking for a way to support the revolt: the earthquake only provided the pretext.²

Modern US food aid has its genesis in the 1st and 2nd World Wars and immediately after. The details and consequences of that genesis are in themselves very interesting, but suffice it to say that America used its food aid during that time to engineer a wide range of political, economic, and commercial situations in Europe favourable to America's corporate interests. Talking from the commercial perspective

alone, it will be noticed that during World War II, European agriculture was badly dislocated as European peasants and farmers were up in arms. When the war was over, America disposed of some enormous quantities of its grain surpluses in Europe in exchange for European hard cash and/or gold reserves under the Marshall Plan.^{3,4}

But by the early 1950s, reconstruction was almost complete in Europe. European agriculture was also beginning to make Europe self-sufficient in basic foods so Europe was no longer able to absorb the food dumping. At the same time, the upward trend in American agricultural production was continuing unabated, thus depressing US domestic food prices and hurting the American farmer and US agribusiness.

The government responded by instituting a price support programme. This consisted partly in the government buying surpluses off the market to keep up prices. But as the surpluses piled up, it became clear that the price support programme would no longer work and that new and enlarged external markets (i.e. dumping grounds) would have to be found. Since Western Europe could no longer absorb any substantial grain imports, where else would America turn to except third world markets? It should be recalled that the Eastern European, Russian and Chinese markets with their large populations, and where even at that time potential effective demand existed, were closed to America. To compound the problem, Europe started raising barriers to protect its farmers.

To Europe, America sold its surplus food for hard cash and/or gold reserves, but much of the third world's currencies were at that time, and still are, anything but hard. Gold reserves were almost nil. It was then that the brilliant idea of selling American surplus food and feed grains for local non-convertible currencies was conceived:³ the food would be sent to the food aid recipient country for sale in that country's currency; the amount realized would be put in a US

government account in the central or other bank in the aid recipient country and used by the US for purposes of its own choice. Thus, on July 10, 1954, the US Congress passed its Public Law 480 to give the go ahead to this enterprise. The preamble to the law runs as follows:

An act to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America In Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954."

Sec. 2. It is hereby declared to be the policy of Congress to expand inter-national trade among the United States and friendly nations, to facilitate the convertibility of currency, to promote the economic stability of American Agriculture, to make maximum efficient use of surplus agricultural commodities in furtherance of the foreign policy of the United States, and to stimulate and facilitate the expansion of trade in agricultural commodities produced in the United States by providing a means whereby surplus agricultural commodities in excess of the usual marketings of such commodities may be sold through private trade channels, and foreign currencies accepted in payment therefore. It is further the policy to use foreign currencies which accrue to the United States under this Act to expand international trade, to encourage economic development, to purchase strategic raw materials, to pay United States obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the United States.⁵

One thing must be understood about the law. The phrase "surplus agricultural commodities" does not mean surplus in excess of human need; rather it means surplus in excess of profit-seekers' margins, i.e. food that cannot be sold on the US domestic market without depressing US domestic food prices and cannot be sold on the world market also without depressing world food prices. The phrase "surplus agricultural commodities," or various modifications of it, has been peddled around the third world in a manner that suggests that

everyone in the US has eaten and is satisfied. That is a camouflage. There are millions of hungry and starving people in the US⁶ some of whom eat sometimes from garbage cans, but because they do not have money to buy food they cannot generate market demand, and the surplus concept does not take them into account.

When John F. Kennedy became President he thought US foreign aid should be made to appear more glamorous and less exploitative and so he christened the "Agricultural Trade Development and Assistance Act" the "Food for Peace" Law, and that is how PL 480 is often referred to especially when the audience to be addressed is in the third world.

SECTIONS OF THE US FOOD-FOR-PEACE LAW

Originally, PL 480 consisted of three parts referred to as Titles I, II and III. Title I provided for the sale of "surplus" US farm products to "friendly countries" to be paid for in the currency of the "friendly" country. The amount is then to be deposited in an interest-bearing account of the US with the central bank or any other bank of US choice in the "friendly" country, to be used by the US for purposes of its choice. This fund is called the Local Currency Fund (LFC); this is the source of the "Counterpart Funds" loaned by USAID to food aid recipient countries later, in what are called food aid-related agreements for agricultural and economic development.

According to Chinweizu⁷, LFC in India was about \$ 3 billion in 1973; but Susan George⁸ writes that "As of the end of fiscal year 1974, PL 480 counterpart funds for use in India amounted to nearly \$ 6 billion". In fact, it has been stated that at one time in India rupees controlled by the US through LFC amounted to one-half the total rupees in circulation⁷. If one considers the staggering political and econo-

mic power concentrated in American hands as a result of such funds one begins to shudder. As pointed out by Chinweizu⁷, the mere existence of such funds is enough to make the recipient country "more reasonable" in its dealings with the US.

When the original Title I was in effect, it accounted for about 65 – 70 per cent of all US food aid shipments abroad.

Title II provides for donations of free food to "friendly countries" for purposes of famine and disaster relief, child and maternal nutrition programmes, school lunch programmes, etc. Title II donations have generally constituted no more than 20 per cent of all food aid. That contrasts sharply with the widespread belief that all food aid is free. In fact, considering the insidious character of some Title II programmes, one would wish that Title II food aid is reduced to a minimum or even zero.

Title III provided for barter of US "surplus" food for strategic and industrial raw materials, again of "friendly countries", for US stockpiling purposes, nuclear and space programmes. Later, when America's needs in those areas were no longer pressing, Title III came to be used chiefly to procure supplies for US troops in bases around the world, for US agencies operating in other countries, or for its allies.⁹

In 1959, another section, Title IV was added to the law. This was to tap commercial markets that have come into existence as a result of food aid programmes under earlier Titles I and II operations. (We shall come later to how these markets have come about.) Title IV provided for the sale of "surplus" US farm products to "friendly countries" solely on long-term dollar credit (or what they call concessional) sales, with interest. In fact, in some years after 1959, Titles I and II programmes were curtailed for Title IV dollar credit sales.

In 1966, a new twist was added to the law. An amendment was passed to combine Title I and Title IV into a new Title I. This new Title I terminated local currency sales by

December 1971. Hence, beginning in 1972, only dollar credit or convertible currency credit sales were allowed. "Convertible currency sales" are those that allowed sale for local currency with a guarantee by the recipient country that the local currency will be converted to dollars at a later date. Title IV as such has ceased to exist as a sales section since January 1, 1972, and now only deals mainly with administrative matters.

Regarding the 1966 amendment, the *1968 PL 480 Annual Report* states, under the heading "Transition to Dollar Sales".

There was continued success in the effort to phase out all local currency sales by the end of 1971, and to sell agricultural commodities for dollars only. Concessional sales for US dollars in 1968 accounted for 64 per cent of the total compared with 25 per cent the previous year.

Each of the 25 countries which entered into sales agreements this year, with the exception of Vietnam, contracted to pay for the commodities at least partially in US dollars. Eighteen of the 25 signed on solely dollar credit terms.¹⁰

EARLY PROSPECTS OF THE US FOOD-FOR-PEACE LAW

The PL 480 Act was administered directly by the US President. By the time Kennedy became President in 1960, it had become clear that such fantastic gains were going to be made from food aid that it was necessary to co-ordinate and monitor activities under the law more closely. The office of the "Special Assistant Director to the President" on Food Aid was thus created, with Senator George McGovern as its first occupant. And this is what Mr. McGovern had to say in his first report to the President and Congress in the *January - June 1961 Semi-Annual PL 480 Report*.

The record of this 6-month period demonstrates clearly that the food-for-peace program utilizing our agricultural abundance can prove to be a key factor in the economic development'

of many nations in a *manner consistent with American domestic and foreign policy*. (emphasis mine).¹¹

Thus the programme, as may be noted from the above report, was operating in a manner not consistent with the recipient country's domestic and foreign policy! We shall discuss later how that development is being engineered with PL 480. But let us recall that during the early years of our independence we concentrated on industrial development to the neglect of our agriculture. During those years a good number of our advisers were either American or American-sponsored. Did the neglect of our agriculture have anything to do with American advice so that we will later be forced to buy food from them? I do not know. But in March 1945, W.L. Clayton, US Assistant Secretary of State gave a testimony on the benefits to the US of "development assistance" for the third world by the just established World Bank and IMF in which he made this submission:

World Bank financing for capital goods from the industrial countries 'would certainly be. . . very good. . . for US agricultural exports, because as you help develop them (underdeveloped countries) industrially, you will shift their economy to an industrial economy, so that I think in the end you would create more markets for your agricultural products.'¹²

Part of that domestic policy is indicated by this quotation from *War Against Want*, a book that may be described as the memoirs of George McGovern on food aid published in 1964. The book in another sense may be regarded as a review of the first decade of PL 480.

The food resources we have been moving abroad resulted from our efforts to help the American farmer. Surpluses acquired by the government under the price support program in the 1950's were soon costing the nation over a million dollars a day in storage charges alone. Those surpluses and storage charges would have been twice as large were it not for food for peace outlets.¹³

McGovern went on to add that during those first 10 years "it was as though the new nations were doing us a favour by letting us give away or sell under concessional arrangements our unwanted farm surpluses."¹⁴

After ten years of operation of PL 480 this is the assessment of the achievements of the law for the American economy:

By the end of (1956) fiscal year, Title I sales programs were under way with 27 countries. In seeking ways to measure the effectiveness of PL 480. . . one yardstick is the degree to which commercial marketings have replaced concessional imports.

Fourteen of the 27 countries were no longer receiving Title I food aid (in 1965). All but two were receiving virtually 100 per cent of their agricultural imports from the United States on full commercial terms. Together, those 14 had trippled their combined commercial purchases of US food and fiber.

The remaining 13 of the original 27 recipients were still receiving Title I food aid a decade later. Nevertheless, their combined commercial purchases from the United States had more than doubled during that period.¹⁵

We shall see later how "doubling" and "tripling" their "commercial imports" can be contributed to by PL 480.

HOW THE FOOD-FOR-PEACE LAW TITLES OPERATE

We shall have a brief look at how Titles III and II operate, before considering Title I, the most important part of the Food-for-Peace Law.

Title III Programmes

Title III of PL 480 provided for barter of US farm products for industrial and strategic raw materials from food aid recipient countries. According to the *June - July 1962 Semi-Annual PL 480 Report*:

Agricultural exports under the barter program were directed increasingly to markets in the less developed countries. In many cases barter exports were in lieu of dollars which Federal agencies otherwise would have spent abroad.¹⁶

The operation of the food aid barter programme may be likened to a situation where a person exchanges his gold nuggets for which he has no immediate use for someone else's paper cups because he wants something now to use for drinking water. Copper is a strategic raw material. Suppose Africa barter its copper for food. The copper may be used for such purposes as construction of power lines which would improve power generation and transmission, refrigeration, etc., spreading by multiplier effect throughout the food donor's economy for many years to come. For Africa, the food may be consumed, at the longest, for one year. Foreign food availability, however, depresses incentives for domestic food production, making African farmers poorer. For how long such disincentive will last in our economies is not known. But one thing is certain: the poorer farmers get, the less they become inclined and able to make investments for improvements in their farming and hence the more underdeveloped African agriculture becomes. *Barter trade by itself is not bad. What is bartered for what, is what is usually the problem.* We should recall that, for some one hundred or so years of our recent history we carried on an essentially barter trade with Europe and its New World diaspora involving exchange of vast amounts of superior and choice African labour for rum, guns and powder, and meretricious jewelry. We know what rum does to the mind, and what that mind can do with a gun, and what jewelry does to the ego. That trade left in its wake in Africa devastation, depopulation and disintegrated societies, but prosperity for our trade partners.

There is an interesting case that suggests that Title III has frequently been used to pressurize third world countries to

part with their strategic raw materials in exchange for food. The case itself may have been the forerunner to barter food aid. In 1951, India made an emergency request to the US to buy part of US surplus grain to stave off famine precipitated by failure of monsoon rains. The US refused, demanding that the Indian Government lift the ban it had placed on the exports of India's monazite sands, and barter the monazite for US food. Monazite contains thorium, an element necessary for the production of nuclear weapons. The US stood its ground and India, faced with famine, had to succumb.¹⁷

In 1977, there was an amendment which essentially converted the old barter sales programme to what is now called the "Food for Development Program." The new programme, still referred to as Title III, provides for:

Sales agreements under the authority of Title I that would include (1) multiyear commitments of US food aid to a country; (2) loan repayment forgiveness; and (3) a greater developmental assistance emphasis, especially in areas of agricultural development.¹⁸

The following citation explains provisions (1) and (2) above:

Title III authorises Food for Development programs for the purchase of a specific annual value of agricultural commodities by the recipient country, to be delivered over a period of 1 to 5 years. Commodities made available under Title III are financed... under authority of Title I. However, Title III permits local currency proceeds utilized for development purposes specified in the Act to be credited against the dollar repayment obligations incurred by Title I sales agreements.¹⁸

And the following quote explains provision (3) above:

In return for these multiyear commitment and loan forgiveness provisions, the recipient country must undertake development effort(s) which complement but do not replace, other development assistance by Agency for International Development (AID), or other donors, or by the foreign government itself. The effort must be additional to what is currently underway, already committed by donors, or specifically included in the recipient country's own development budget.¹⁸

What about accounting and reporting?

The government of the importing country must report quarterly on deposits and disbursements of local currency in connection with the food for Development Program. The US Embassy must: (1) determine that the local currency equivalent of the dollars (cost of the food aid) . . . has been deposited in a special account; (2) review the disbursements of these local currencies from the special account by the importing country; and (3) certify that those disbursements meet the conditions qualifying them for application against loan repayments.¹⁸

The long and short of it all is this: A country can now sign a food aid agreement either as a straight dollar credit sales purchase (Title I) to cover 1 year at a time, or as dollar credit sales purchase with the Food for Development conditions attached (Title I/III) to cover up to 5 years, subject of course to certain eligibility requirements. If we sign the former we buy the food on credit, use it here, and pay for it in dollars over an extended period. If we sign the latter we are required to buy the food on dollar credit, sell it here, and deposit the cedis realized into a special account monitored by the US Embassy. The amount of Cedis in this account must be equivalent in value to the dollar amount of the credit purchase we made. We are then required to use these Cedis on brand-new agricultural development projects supposedly agreed on by us and them. If we used *all* the Cedis on the agreed projects, we would then not be required to pay for the food, hence the loan* forgiveness. If we failed to do so, we would be required to pay for the food in dollars as if it were a straight Title I agreement, hence "no loan forgiveness".

*When a country signs a food aid agreement, it actually purchases the food directly from commercial grain exporters in the US and the US Government pays for it in dollars to the exporting company. What the US Government pays is then treated as a loan to the recipient country, to be repaid with interest. This is what is meant by the US Government financing the food imports.

New developments have certainly taken place in the Food-for-Peace Law, that have strengthened the Law as an instrument for increasing "the consumption of United States agricultural commodities in foreign countries", one of the latest being President Reagan's Five-point Initiative on food aid which was announced recently. The most important of these five points is the "pre-positioning of grain stocks in selected Third World Regions" supposedly to enable a faster response to emergency situations. The trouble with this arrangement is that it can, and probably will, discourage local efforts at devising internally-based and hence surer food security systems in those regions with the pre-positioned grain stocks. (Surer because if you have a security system that you do not control you can be denied access to it when you need it, or it can be used against you. More bluntly it can be used to black-mail you). Thus, the result of such pre-positioned grain could be increased dependence of third world countries on US food. And we should not deceive ourselves that the Americans are so naive as not to foresee this development.

Title II Programmes

Title II of PL 480 deals with donations of free US food for purposes of child and maternal feeding, food-for-work, famine and disaster relief, school lunch programmes, etc. In volume, Title II comprises no more than 20 per cent of all PL 480 programmes. Although it is supposed to be free food, and in spite of its small volume, Title II food aid programmes have an insidious character to them that calls their philanthropic professions into question. For example, food-for-work has frequently been used on projects that will eventually create a demand for other US products. School lunch programmes present an interesting example to which we shall come later.

Whenever there is a Title II programme in action, this is

how costs are shared: The US ships the food to the entry port of the recipient country; all expenses from the port onwards — clearing, transportation to point of distribution, preparation and feeding costs, etc. — are the responsibility of the recipient country government.

Title I Programmes

Title I programmes are the most important for several reasons:

- i. they provide for the largest volume of PL 480 shipments;
- ii. they provide the local currency which the US uses in recipient countries for purposes it pleases and even in non-recipient countries;
- iii. they provide the US with a means to circumvent free orthodox trade channels for improving its balance of payments position;
- iv. they provide a means for forcing recipient countries to buy other non-farm products from the US.
- v. they provide the US with the means of influencing agricultural and economic development in recipient countries in a manner consistent with American domestic and foreign policy.

All Title I food aid sales are covered by agreements. The following are some of the conditions set by PL 480 and written into each agreement, and which the recipient country must fulfil.

1. Usual Marketing Requirements (UMR)
2. Export Limitation
3. US Flag ship requirement
4. Initial Payment Requirement
5. Currency Use Payment
6. Deposit of Payment Requirement
7. Labelling and Publicity
8. PL 480 Self-Help Requirements.

Usual Marketing Requirements

Farm products being sold under food aid to recipient countries by the US are from stocks in excess of what the US can sell at commercial rates on the world market. If a food-deficit country buys on credit from these stocks, it will not go to the world market to buy. Absence from the world market implies that there will be a reduction in effective demand for food and feed grains and hence a possible drop in sales at commercial prices by the US. As the Law puts it:

... In carrying out the provisions of (the PL 480 Act) the Secretary (of Agriculture) shall take reasonable precautions to safeguard usual marketings of the United States and to avoid displacing any sales of United States agricultural commodities which the Secretary finds and determines would otherwise be made for cash dollars.¹⁹

To do this the Act demands that for each agreement, the recipient country satisfy usual marketing requirements (UMR). One such requirement is that in addition to what a country buys on credit (ie. food aid) it must also buy under full commercial terms, i.e. spot cash, quantities of the same commodities (covered by each agreement) it has been buying commercially in the past. As an example, the 1967 and 1980 Ghana – US Title I food aid agreements (Tables 1 and 2) show the following as food aid (i.e. credit purchases) and UMR (commercial purchases) quantities.^{20,21}

The usual marketing requirements are to be purchased “within the supply period of” each agreement, that is within the period the “food aid” quantities are being shipped in. This is one way there can suddenly be a lot of cheap food in a country, depressing local food prices and discouraging local food production. It is also one way markets have been opened up or widened for US food as stipulated in the PL 480 Act. It should be realized that, with the UMR provisions, a country receiving food aid is making a double purchase from the same source, thus increasing the market size for that

source. (And hence contributing to “doubling” and “tripling” commercial purchases of US agricultural commodities by the food aid receiver). Without the law, you purchased only once, with whatever amount you could come up with.

TABLE 1
1967 TITLE I AGREEMENT

<i>Commodity</i>	<i>Food Aid Quantity (metric tons)</i>	<i>UMR Quantity (metric tons)</i>
Tallow	7,400	12,000
Cotton	6,000	1,500
Tobacco	350	1,150
Rice	10,000	32,000
Wheat Flour	10,000	36,000

TABLE 2
1980 TITLE I AGREEMENT

<i>Commodity</i>	<i>Food Aid Quantity (metric tons)</i>	<i>UMR Quantity (metric tons)</i>
Wheat	33,500	97,500
Corn & Sorghum	30,000	26,400
Rice	10,000	16,000

A second UMR condition is that the importing country give an undertaking not to “tranship” to a third country food items it purchases under Title I. Thus, suppose Burkina Faso is in distress but for some reason is unable to obtain assistance, Ghana could not send some of its food purchased on credit under Title I to Burkina Faso. The recent transaction between Ghana and Burkina Faso by permission of the US is perhaps the first of its kind. But the products are not the same. Even in this case it is not clear whether the intention of the US is to change the grain-eating habits of the Burkinabe from predominantly sorghum and millet diets to maize diets.

Export Limitation

Another condition that operates essentially to safeguard US usual marketing is “export limitation.” This prohibits the recipient country from “export(ation) of any commodity of either domestic or foreign origin which is the same as, or like, the commodities”²² purchased under such agreement. The export limitation period normally covers the period beginning from the date of signing an “agreement and ending with the final date on which such commodities are imported and utilized.”²²

Table 3 shows some export limitation provisions extracted from Ghana – US PL 480 Title I Agreements:

US Flag Ship Requirement

Section 108 of the Food-for-Peace Law demands that commodities contracted for purchase under the Law “be transported in United States flag vessels.” As the 1980 Ghana – US Title I food aid agreement stated:

Promptly after contracting for United States flag shipping space to be used for commodities required to be transported in United States flag vessels, . . . the Government of the importing country. . . shall open a letter of credit, in United States dollars, for the estimated cost of ocean transportation for such commodities.²²

TABLE 3

SOME LIMITATION PROVISIONS EXTRACTED FROM GHANA
—US PL 480 TITLE AGREEMENTS

<i>Commodity Supplied</i>	<i>Export Limitation Applies to:</i>
Wheat/wheat flour	Wheat, wheat flour, rolled wheat, farina, etc. or same products under different name
Com/sorghum	Corn, corn meal, grain sorghum, etc., and any other feed grains including feeds containing predominantly such grains.
Rice	Rice (brown, paddy, or milled)
Cotton	Raw cotton and/or cotton textiles
Tobacco	Unmanufactured tobacco

Initial Payment Requirement

A certain percentage of the total purchase price of the contracted commodities is always required to be paid initially to the US in US dollars. Usually the initial payment is 5 per cent.

Currency Use Payment

Currency use payment, also a specified percentage of the purchase price of the food aid, is required to be made to the US within one year of the agreement for use by the US to meet its expenditures in the importing country or in a third country. In the former case, payment is often in local currency; in the latter, payment is either in the currency of the third country or some other currency specified by the US.

The currency use payments in the Ghana 1967 and 1980 Title I agreements were 20 per cent and 10 per cent respectively.

Deposit of Payments

Provision is made in each Title I agreement regarding how and where payments are to be deposited. In all, Ghana – US Title I agreements available to me, the following provisions have been made.

Dollar payments shall be remitted to the Treasurer, Commodity Credit Corporation, United States Department of Agriculture, Washington D.C., 20520, unless another method of payment is agreed upon by the two governments.”

Payments in the local currency. . . shall be deposited to the account of the Government of the United States of America in interest bearing accounts in banks selected by the Government of the United States of America in the importing country.

Identification and Publicity

The law also demands that commodities purchased under Title I be appropriately labelled and publicised in the importing country. As Section 103 (c) of the law states:

The President (of the US) shall obtain commitments from friendly purchasing countries that. . . food commodities sold for foreign currencies (that is local currencies) under Title I of this Act shall be marked or identified at point of distribution or sale as being provided on a concessional basis to the recipient government through the generosity of the people of the United States of America and obtain commitments from purchasing countries to publicise widely to their people, by public media and other means, that the commodities are being provided on a concessional basis through the friendship of the American people as food for peace.

As stated in the *1970 PL 480 Annual Report*,

Although the law requires commitments of this nature only for foreign currency sales, it has generally been the policy to require

publicity and identification of commodities wherever possible, for all Title I sales.²³

Watch the choice of words in the Law. By such a clinical, and shall we say crafty, choice of words for such identification and publicity, it appears to the people of the importing country that the food is indeed coming in free from the US. And pressmen and government officials are under obligation to maintain the deception.

Self-help Requirements

Section 109 of PL 480 stipulates that:

Before entering into agreements with developing countries for the sale of United States agricultural commodities on whatever terms, the President (of the US) shall consider the extent to which the recipient country is undertaking wherever practical self-help measures to increase per capita production and improve the means for storage and distribution of agricultural commodities, including:

- (a) development of the agricultural chemical, farm machinery and equipment, transportation and other necessary industries through private enterprise....
- (b) creating a favourable environment for private enterprise and investment, both domestic and foreign, and utilizing available technical know-how.

The following passage from Susan George's book, *How the Other Half Dies*, explains further the genesis and purposes of self-help measures.

PL480 has also been one of the major promoters of the Green Revolution. In 1966 when the "surplus" concept was dropped in favour of gradual conversion to dollar sales, the law added a certain number of provisions known as self-help measures to which recipient country governments were obliged to commit themselves when they contracted for PL 480 aid. These measures include in all cases, "creating a favourable environment for private enterprise and investment (both domestic and foreign), the use of available technical knowhow, as well as programs to "control population growth." The leverage that the US gains through the imposition of self-help measures in the contracts allows it to push HYVs* and mechanisation. For example. . . in

Indonesia, the "government will make every effort. . . to encourage farmers to use optimum quantities of fertilizers, pesticides and HYV seeds . . . Ghana has liberalised import licences for agricultural equipment and machinery. . .

Every country with a food-aid contract must submit a twice-yearly report on how well it is progressing in the implementation of the imposed self-help measures.²⁴

It is needless to say that nearly all the materials required to satisfy the "self-help measures" must be imported from the US. Often US dollar and counterpart funds are loaned to recipient country governments for such purchases in what are called food-aid-related agreements.

There is nothing wrong in undertaking measures to use HYVs,* to mechanize one's agriculture or to improve the availability of inputs for agriculture.

The question is in the choice of strategies and steps and methods. The Americans have done it their own way, the Chinese have done it their own way, and the Japanese have also done it their own way, and all three countries have become self-sufficient in food. It is important that the choices we make allow us to pursue the policy we have been professing all these years: helping the small farmer increase his output and productivity. We must also recognize that mechanization of agriculture can be initiated at various levels of the technology but that whenever the level chosen is too high considering the skill level of farmers and operators, and social, political and economic configurations in any society, it brings in its wake concentration of productive resources in the hands of a few people, landlessness, unemployment and poverty, leading to a whole range of social and political consequences.

*HYV= high yielding variety or Green Revolution type variety. These often need plenty of water, fertilizers and pesticide protection to yield well.

Self-help measures Ghana has undertaken in connection with food aid include.²⁵

- i. The Weija Irrigation Project; Special mention being made of award of contract for the engineering and construction, and procurement of irrigation equipment and sprinklers;
- ii. the URADEP Project: "some ten activities" referred to;
- iii. reduction of the subsidies on agricultural inputs;
- iv. adoption of HYV (Green Revolution) rice seeds;
- v. promotion of increased use of fertilizer;
- vi. capitalization of the erstwhile Food Marketing Corporation;
- vii. the MIDAS Project: supposed to be an institutionalized co-ordinated system to deliver HYV rice seeds, fertilizer, credit (for tractors, combines, etc) and extension services to farmers. Through MIDAS*, the Ghana Seed Company and a fertilizer company were established. There were some arrangements with the Agricultural Development Bank for credit and with the Ministry of Agriculture for extension services. All these programmes crashed except the Ghana Seed Company, thanks to the diligence of the seed company employees.

Though these programmes and more have been initiated and carried out partly with our own resources (and partly with U.S. counterpart funds), it is doubtful whether this was done upon sober and critical reflection that we needed the programmes in the forms in which they have been carried out rather than as a result of food-aid we received.

*MIDS is the acronym for Managed Inputs Delivery of Agricultural Services.

As to whether "self-help measures" actually benefit recipient countries, the following two quotations will throw some light on the question.

Food-for-Peace has resulted in substantial income to our economy as a whole, including suppliers of farm machinery, seeds, fertilizer, and insecticides. It has meant an additional \$1.4 billion to the American shipping industry.²⁶

The economic development built into food aid programs measurably improves US export sales opportunities. A Department of Agriculture study shows that when per capita income of less-developed, low income countries increases 10 per cent, dollar sales of US farm products to these countries go up 21 per cent. In other words, as incomes of foreign consumers rise, their purchases of US farm products increase twice as fast. In this way a number of countries have moved from aid to trade.²⁷

In other words, after implementing the imposed "self-help" economic development measures we become more dependent on the US for food. One may ask: If these "self-help" economic development measures built into food aid are supposed to help us become more self-sufficient, particularly in food, how come we become more dependent on the US for food after the measures have been implemented?

GHANA – US TITLE I AGREEMENTS

Between 1966 and March 1981 Ghana signed a total of 17 Title I food aid and food-aid-related agreements. Since then, other Title I agreements have been signed: one in August 1982 for 17,500 metric tons rice (UMR=17,700 metric tons) and 5,600 bales of cotton (UMR=15,000 bales), one in 1985 for 9,000 bales of cotton and one on July 18, 1986, for 25,000 bales of raw cotton and 5,400 metric tons of long grain rice²⁸; each of these latter agreements also had its UMRs.

USES OF LOCAL CURRENCY FUND

Some 25 odd purposes have been listed by PL 480 for which local currencies generated by Title I food sales may be used by the US in recipient countries. We shall briefly discuss some of these uses.

Loans to Recipient Governments

About 50 per cent of local currency funds (LCFs) is often loaned with interest to recipient country governments for carrying out developments that America approves of and which are supposedly agreed on jointly by the US and the recipient government. The provision in the Food-for-Peace Law is that the US President must determine that such developments are "in the national interest of the United States."²⁹

This is the source of the US counterpart funds that go into development projects in recipient countries. Perhaps most people assume that counterpart funds are free. Such assumption is far from the truth.

Private Enterprise (Cooley) Loans

Part of the LCF is often loaned to US firms for business development in recipient countries. Section 103 (e) provides that the President shall approve.

. . . loans (from the LCF) to United States business firms, . . . and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in (recipient) countries. . . for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however,* that no such loans shall be made for the manufacture of any products intended to be exported to the United States in competition with products produced in the United States. . . .³⁰

US Uses

Several programmes and activities in recipient countries are listed under "US Uses" for which provisions have been made under the Food-for-Peace Law for allocation of local currencies. These include:

- Acquisition of foreign technical and scientific information considered beneficial to the US.
- Market development activities to promote US agribusiness in recipient countries.
- Utilization research in foreign countries to enhance consumer acceptability of US food products.
- Research grants to US Agencies eg. the Smithsonian Institute for non-agricultural research in recipient countries.
- Curriculum development in recipient countries to foster education along directions favoured by the US.
- Acquisition of property abroad eg. US Embassy buildings, and residential facilities.
- US Embassy overheads and expenses, and US Information Services.
- Paying for US obligations in recipient as well as third countries.
- International Education and Cultural Exchange.
- Workshops sponsored by USAID.
- Sales of local currency to US government travellers and American tourists.
- Collaborative research in which research grants from the LCF are given to scientists in recipient countries to conduct research into problems of particular interest to the US.

As stated in the *1969 PL 480 Annual Report*:

These funds are used for collaborative research activities with scientists in governmental laboratories, universities, medical

institutions and health agencies and institutions in . . . foreign countries. The program takes advantage of unusual and unique resources and opportunities overseas, and provides for the utilization of the talents and skills of qualified foreign scientists in their indigenous environments.³¹

A particularly repulsive case in which advantage was taken of the “unusual and unique” conditions in recipient countries and the “utilization of . . . foreign scientists in their indigenous environments” involves the use of Yugoslav women as guinea pigs for testing new contraceptive drugs and abortion techniques.

In Yugoslavia, three major studies on the safety of oral contraceptives were initiated to further elucidate any relationship between oral contraceptive drugs and abnormalities in cervical cytology; cervical cytology and histology and subsequent fertility or the development of congenital anomalies in the children of women using selected contraceptive drugs. A project comparing the medical effects of inducing abortion by curettage and by suction was also initiated in Yugoslavia.³²

The background to these “major studies” appears to be the discovery that one of the side effects of certain female fertility-related drugs is the development of cervical cancer in the puberty-age daughters of women who have used the drugs prior to the birth of their daughters.³³ Thus, to avoid further harm to US women and possible law suits against the contraceptive drug companies the testing must be done elsewhere. It may reasonably be expected that those drugs found dangerous will never find their way on to the shelves of drugstores in America.

In the light of this the revelation in the January 14, and 16, 1987 *Ghanaian Times* editorials of plans by the US to test an AIDS virus vaccine in Africa must be of more concern to us than it presently is. Even though in this particular case America and Western Europe are the most suitable places to test the AIDS-vaccine, the US is choosing Africa. One should, therefore, ask what are the “unusual and unique resources

and opportunities” in third world countries that the US finds suitable for carrying out such studies?

On the resource side may be listed an ignorant poverty-stricken population, the availability of willing scientists and administrators more interested in the purely technical aspects of investigations and less inclined to consider their psychological and social effects, etc. On the opportunity side may be counted the apparent thinking among policy-makers, administrators and technical people in third world countries that any so-called foreign aid is good for us, lack of regulation and vigilance against hazardous imports, and willingness of some officials to assist foreign businessmen and others against their own people for mercenary gain, and poor support for the research work of local scientists by local funding sources.

Common Defence

Section 104 (c) of the Food-for-Peace Law provides for the use of part of the LCF “To procure equipment, materials, facilities, and services for the common defence including internal security”³⁴ in recipient countries. This provision has been used mainly to supply and train the military and police in US client states or countries in which the US has political interests. It has been used extensively in South Vietnam during the Vietnam War.³⁵

Grants

Grants from the LCF to recipient country governments have generally been no more than 5 per cent of the total funds. For example in 1964 out of a total of \$1.061 billion in local currencies planned for use only \$27 million were for grants, amounting to 2.54 per cent.³⁶

HOOKING THEM YOUNG ON TO THE FOOD MARIJUANA

It is easy to make a law "to increase the consumption of United States food in foreign countries" but quite another matter to achieve that increase, especially where little or none has been consumed before. But the think tanks of American agricultural policy have found a way out by the use of several ingeniously designed and insidious programmes. These collectively come under Title II or food donations programmes, and are supposed to be beneficial to third World countries.

According to Section 201 of the Law:

The President (shall) . . . furnish agricultural commodities on behalf of the people of the United States of America, . . . to combat malnutrition, especially in children; to promote economic and community development in friendly developing (countries), and for needy persons and nonprofit school lunch and preschool feeding programs outside the United States.³⁷

We shall discuss only one of these programmes: the "international school lunch program".

According to Mr. McGovern:

The brightest chapter in . . . the entire Food-for-Peace effort is the international school lunch program. . . . Usually the lunch is meager fare compared to our domestic program. In many cases it consists of a roll and a glass of reconstituted non-fat dry milk.³⁸

There have been school lunch programme activities in this country in the past. And there is at present sister programmes going on, like the weighing-in centers for preschool children and church free US food distribution. It should also be recalled that for a number of years in the late 1960s and early 1970s, large quantities of non-fat dry milk were distributed free continuously to schools in this country, supposedly to combat malnutrition.

Admittedly, there is widespread malnutrition in this country. So there is nothing wrong with some philanthropist pitching in with free food to help us. That is even in line with the teachings of the good old Book. But native Ghanaian custom and wisdom frown on the habit of the children of one family eating, even when occasionally, from the kitchen of another family, no matter how poor or persistently malnourished the first family might be or how closely related the families.

But why would McGovern regard the “international school lunch program” as the “brightest chapter” “in the entire Food-for-Peace effort”? Perhaps the next few extracts will help us appreciate why:

Japanese school children who learned to like American milk and bread in US sponsored school lunch programs have since helped to make Japan our best dollar purchaser for farm products.

The great food markets of the future are the very areas where vast numbers of people are learning through Food-for-Peace to eat American.³⁹

and this:

Japanese diets are becoming more and more Amercanized as consumers – especially in the younger age bracket – continue to develop an appetite for US foods such as hamburgers, french fries, hot dogs, and pizzas. The growing demand for all these, as well as for a wide variety of other canned, frozen and preserved foods, gives US exporters an opportunity to strengthen their sales in the Japanese market, according to Dorothy VanEgmond-Pannell, a US school-lunch-program expert who recently completed a market development tour of Japanese schools.⁴⁰

It will be recalled how in the recent past we have learned to like foods like bread, milk, margarine, etc. to such an extent that we have lent our support to whatever coup maker who comes along to promise us more of these. And only God knows what things we are learning to like now.

A good fraction of US donation food passes through the World Food Programme (WFP). It should thus be clear by

now why it is important to know the nationality of Mr. Ingram, the Executive Director of the WFP, and to appreciate what was at the back of his mind when he was advising those African government officials in Abidjan last September to integrate food aid more solidly into their economic development programmes.

But the larger portion of US food donation is handled by the so-called voluntary and philanthropic agencies, namely:

Catholic Relief Services (CRS)

Lutheran World Relief (LWR)

Co-operative for American Relief Everywhere (CARE)

Seventh Day Adventist Services (SDWS)

Church World Service, etc.

If the purpose of these food donations is to get us hooked on to American foods and so make us dependent on US agricultural exports, then can we seriously continue to regard the food aid activities of these agencies as philanthropic and beneficial to us? Here is what McGovern says about these voluntary agencies:

The relationship of the voluntary agencies to the government has been a most effective Food-for-Peace partnership.

Doubtless, our private agencies, including the church related groups, receive some organisational benefit for their efforts as well as the credit they reflect on our country. . . the private agencies have strongly re-inforced each other and the government aid programs as well*.⁴¹

Indeed, the ground we have covered in our contact with Western Europe and its diaspora has been one of exploitation of us by them. The ground for this exploitation has been

*For some of these agencies, it is difficult to accept that they are truly private. For example, 69 per cent of CRS's 1978 budget (\$ 179m out of \$ 257m) came from US government sources. In 1979, 80 per cent of CARE's budget (\$165m out of \$ 207m) also came from similar US government sources.⁴²

prepared by the West's "civilizing missions" led by the colonizer, and is now being made possible by the West's "developing missions" led by the so-called development experts. According to Ngugi, a close look at the footprints of these missioneries will reveal to anyone that, closely associated with the footprints of the colonizers and now of the development experts are those of the traders and the Cross-and-Bible-carrying messengers of a universality-pretending god. Ngugi captures this observation in this short piece:

The missionary carried the Bible.

The soldier carried the gun.

The administrator and the settler carried the coin.

The Bible, the Coin, the Gun

Holy Trinity.⁴³

That is a sobering fact. And for as long as we ignore it, for so long will our exploitation and wretchedness get more intense and our destiny be decided by others.

There is right now another voluntary agency programme probably more insidious than food-aid school lunch going on in third world countries: the child sponsorship programme. Basically, this is what it involves: a voluntary agency set up to deal in child sponsorship manages to register several children in third world countries. These children are normally considered to be disadvantaged for one reason or another e.g. malnourished, from poor parents, refugee children, etc. The agency then turns to the people of America and invites well-meaning people to become sponsors of these children by paying to the agency usually a minimum of \$20 a month per child sponsored. All kinds of gimmicks are used to get sponsors, including the use of purchased TV time in which third world children are presented in the most wretched light possible. The agencies claim that they use the monthly payments for feeding, clothing, medical care and education of the sponsored children. The sponsors are put in direct contact with their wards and are encouraged to send gifts and

communicate frequently with them. A dossier is kept by the agencies on each child and his/her sponsor relationships. It is probable that these American sponsors (and indeed America as a whole) will become a significant influence in the growth of these third world children psychologically, in aspiration, and in formation of ideas. The result would be that large numbers of people would then be created in a third world country that will become partial to American interests, place a higher premium on their own and their country's subservient relationship to America and a lower premium on true sovereignty for their country. By such a scheme, a new remote-control device would have been put in place to advance the manipulation of third world countries.

One such child sponsorship agency is the Christian Children's Fund Incorporated, with Dr. James MacCracken as Executive Director and Sally Struthers, a popular TV star as National Chairperson. If you are familiar with American TV shows, you will no doubt know that Sally Struthers is the young woman who plays Archie Bunker's daughter, Gloria, in *All In The Family*. It will be interesting to carry out a study to determine how the American Field Service programme and exposure to Peace Corps teachers is contributing to the apparent alienation of our youth. It will also be interesting to find out the background of the eight Ghanaians involved in the "Soussouddis affair."

INTERNATIONAL FRANCHISING: OPENING DOORS FOR US FOODS

It is worth recalling that PL 480 is "An Act to increase the consumption of United States Agricultural commodities in foreign countries". Food is not like clothing. A man can use two or three or even four shirts a day or buy so many shirts

some of which he might use only once or twice. A woman may also buy so many pieces of clothing and never get to use any; shoes she may put on only once. But food is such a commodity one can buy and consume only so much of and no more. In any one day or year an individual or nation can eat or consume only so much food. If the individual eats and is satisfied by food from his own farm he will not go to the market-place to buy someone else's food. (I find this fact as one of the reasons some of the developed market-oriented countries are so anxious to change our rural subsistence-based economies into market economies and have them more strongly integrated into the world market economy.) Similarly, if a nation consumes foods of its own production, it will not go to buy food from another country. Thus, the only way you can "increase the consumption of United States" foods in another country, even though that country may be producing enough food or is capable of doing so, is by changing the tastes of the people of that country towards American foods.

One way this is being done – outside PL 480 – is through international franchising in food.⁴⁴

Basically international food franchising is the practice whereby a food company in one country grants to a company in another country a licence under which the licenced company uses the name, and/or business format, and/or recipes of the licensing company to sell prepared foods or offer staple or recipe-type food services. The licensed company, the franchisee, pays to the licensing company, the franchisor, royalties for the privilege. In most food franchises, the franchisee must also, most of the time, buy the needed ingredients from the franchisor.

According to William B. Cherkasky, Executive Vice-President of International Franchise Association (IFA) of America:

Based on average sales per establishment figures the total foreign franchise market was around \$ 8 billion in 1981. Of this about \$ 2 billion was in restaurants, about half a billion dollars was in food retailing other than convenience stores, some \$800 million in convenience stores and another nearly \$700 million in hotel, motel and camp ground category.⁴⁴

In other words about \$ 4 billion was in foods sales of one kind or other. According to Cherkasky again:

IFA is a non-profit trade association representing over 450 member companies. Members are franchisors, the parent companies. IFA's mission is to promote franchising as a way of doing business and to serve member companies, which include the largest franchisors in the world.

To a question from a Foreign Agriculture⁴⁴ correspondent as to "What sort of success have international franchises had in opening up markets for US agricultural products?", Cherkasky offers this answer:

First, franchises in other countries help to westernize the tastes of foreign citizens. . . . This acculturation process is helping to increase the demand for American foodstuffs in the non-franchised segment of the market as well. . . . Second, in some markets, the franchisees simply cannot get dried eggs or dried milk, for example, from local suppliers. . . . Consequently they must import from the United States.⁴⁴

TELLING THIRD WORLD ANIMALS THE BEST WAY TO EAT

We have seen how PL 480 is being used to "increase the consumption of United States" foods abroad. Now let us see how PL 480 is being used to "increase the consumption of United States" feed grains by third world animals.

One way this is being done is by telling third world animals how to eat. The method involves US feedgrains and input-

end animal products exporters teaming up with USDA, USAID, and American agricultural universities, and going to a target third world country with a proposal to help develop the animal husbandry industry of that country as a means of improving the protein food supply situation of the target country. In reality the aim always is to restructure the animal production industry of the target country so that it comes to depend on the US for feedstuffs, veterinary products and, where possible, breeding stock. Each of the co-operating agencies plays a crucial part in the success of the plan. USAID provides the philanthropic-development cover and internal financing using LCFs as loans to the target country; USDA does the co-ordination in the US and arranges credit financing of the first few purchases of feed grains, under Title I; and the American university provides the technical and scientific support required and carries out any training that might be needed eg. to teach the "correct" ways to feed livestock, and husbandry under confined conditions. When the target country officials are sufficiently enticed, the plan is approved and the team proceeds to change the animal feeding and keeping regime of the target country towards a dependence on US feed grains and other products.

An example of such a programme is described in a USDA feature article titled "USFGC (US Feedgrains Council) Sheep Program in Africa, Mideast Could Up US Feedgrain Exports."⁴⁵ The opening paragraph runs thus:—

After centuries of traditional sheep feeding and breeding regimes, some Mideastern and North African countries are entering into programs of modern, intensive-production methods and will result in a larger demand for US feedgrains.

The article goes on to say:

Proposed by the US Feed Grains Council (USFGC), a private nonprofit commodity group co-operating with USDA, . . . to promote exports of feedgrains the plan, . . . calls for (*inter alia*):

Division of sheep feeding ranges into local administrative districts, and the placing of grazing restrictions, based on each area's sheep carrying capacity.

Limits on the size of each country's nomadic sheep herd to reduce grazing pressure on steppe pastures.

Weaning lambs at 6 weeks of age and immediately feeding all-concentrate diets to bring the lambs to market at a much earlier age. . . .

The article notes further that:

The countries involved in the USFGC lamb program are relatively small importers of US feedgrains at present, although the potential for growth is strong, depending on the speed with which the four nations undertake feeding regimes based on high energy rations.⁴⁵

The US will not allow mutton exports from the programme to its domestic market so those countries must find dollars from some where else to buy the feedgrains and veterinary products that the new industry will need. May be those countries are rich countries: (the countries are Iraq, Syria, Morocco, Iran) so that dollars will not be a problem. But for a poor third world country short on foreign exchange, it seems that one of the worst courses of action to take is to build an animal industry dependent on imported feedgrains whose prices it cannot control in any way without a guarantee as to how it is going to be getting the foreign exchange to meet the increased volume of feed imports. The irony of it all is that it really costs much less to improve pastures than it costs to import feedgrains, and that while grain prices are subject to the whims and caprices of grain exporters, pastures are under complete control of third world governments. That is not to mention the chances of a political embargo on grain exports.

A second example of how the development of the animal industry in third world countries is being carefully chaperoned to come to depend on US feedgrains is reported for Tunisia

in a USDA/FA feature article titled "Market Development Pays Off in US Holstein Exports to Tunisia."⁴⁶

The article reports that in the past "Tunisia had never purchased (dairy cattle) from the United States" but rather "favoured cheap dairy semen and subsidized bred heifers from Europe," avoiding "the more expensive US Holsteins" and "high transportation costs from the United States." "However, two years of concentrated market development efforts" has changed all that. Working through the formulation of "Tunisia's current five-year development plan (1982–1986)" and the Tunisian "Office of Livestock and Pastures", a group of co-operating US agencies managed to get the Tunisian authorities to initiate "a \$ 400–million investment in the livestock sector" that calls for importing from the US "35,000 dairy heifers and 375,000 doses of semen" plus dairy equipment to "establish 10 milk processing plants and 42 collection centers". In addition, the feedgrains and concentrate feedstuffs and veterinary products will be imported from America.

The US agencies involved in this programme were listed as USAID, The Trade and Development Program (TDP), USDA's Offices of International Co-operation and Development (OICD), Animal and Plant Health Inspection Service (APHIS), the Holstein Friesian Association of America, and US Feed grain exporters. Profiling these agencies, the article states that "The Trade and Development Program (TDP) provides 'seed money' and contacts to encourage developing country investments that will be of benefit to US Business" (emphasis mine)

Knowing the terms in which publicity about such programmes are couched, one can almost hear the echoes of USAID, Tunisian officials and Tunisian journalists trumpeting that the programme is a major US philanthropic effort to help Tunisia improve its livestock sector to meet the dairy needs of Tunisians, especially those in the lower income bracket.

They would, however, fail to say or recognize how much more dependent Tunisia would become on US feedgrains, veterinary products and dairy genetics to sustain that industry, and what ransom situation they are creating for Tunisia.

ROLE OF AGRICULTURAL EXPORTS IN THE US ECONOMY

Reading through *Foreign Agriculture*, USDA's monthly publication dealing with activities under PL 480 and general agricultural exports, one of the striking things you notice is the ecstatic and tongue-smacking manner in which USDA headlines its feature articles. Here is an example, with dates of publication indicated:⁴⁷

PL 480 Food Aid – Big Success in the Pacific Rim; An impressive list of Asia countries have “graduated” from PL 480 recipients to cash customers,

– October 1984

Title I – Building Commercial Expertise at Home and Abroad,

– October 1984

US Food Aid Builds Markets for Processed Grain Products,

– October 1984

Market Development Opens Doors in Arab World,

– June 1984

South African Drought Creates Markets for US Corn,

– June 1984

Nigeria's Food Deficit to Require Larger Imports of US Farm Products,

– June 1981

USFGC Livestock Feeding Programs Help to Boost US Grain Sales to Japan,

– September 1980

Nigeria: Potential Market for US Cotton,

– June 1983

Mexico: Fertile Market for US Agricultural Exports,

— June 1983

(We should recall that the Green Revolution started from Mexico as far back as the middle 50's).

Sharp Rebound Seen for US Farm Exports to India,

— December 1980

US Farm Exports Hit Record \$40.5 Billion in Fiscal 1980 Another High Seen for 81.

— December 1980

US Farm Exports At Record \$41.3 Billion in 1980.

— April 1981

These headlines suggest that agricultural exports are important to the US economy. But just how big a role they play and how food aid has contributed to the evolution of that role was not too clear. Perhaps a further research into USDA publications would yield material to clarify this. The search was undertaken, and luckily, lo and behold, the USDA had published in its Fact File in *Foreign Agriculture* of June 1983 a summary titled "Agricultural Exports: Their Role in the US and World Economy" detailing just how important agricultural exports are to the US economy and how PL 480 has brought that about. To allow readers a full appreciation of this important aspect of food aid, I have included a full text of the summary as an appendix to this paper.

At this point we may ask: Just how sincere is the US in maintaining that it is trying to help third world countries achieve self-sufficiency in food?

FOOD DEPENDENCY : A TOOL OF NEO-COLONIALISM

What has been the effect of food aid on the economies of African countries? The first thing to consider is the frequent assertion that food aid tends to discourage local food production. I wish I had hard figures to substantiate that. The

second thing to consider is how much African countries spend on food grain imports. That will indicate the kind and extent of pressures on African economies. For a clue let us hear from Professor Adebayo Adedeji, Executive Secretary of the Economic Commission for Africa:

Thanks to US Public Law 480 ("Food-for-Peace"), we have acquired tastes for goods that we can never produce due to our climatic conditions. And it is essential for us to be able to accustom our tastes to goods our climate enables us to produce. We are currently spending \$ 5-\$6 billion on wheat. We estimate. . . that by the turn of this decade we will be spending more than twice that to import wheat.⁴⁸

That is more than \$ 12 billion on wheat alone by 1990. Add to that the other foods, both processed and unprocessed, and this mostly from the West, and we can begin to see in monetary terms the extent of our dependency on the West for the most basic need to life – food.

How do the food donors see this dependency? For a clue let us hear from Senator Hubert Humphrey, Vice President of the US from 1965 to 1969, the man reported to have worked the most to get the Food-for-Peace Law passed.

I have heard. . . that people may become dependent on us for food, I know this is not supposed to be good news. To me that was good news, because before people can do anything they have got to eat. And if you are looking for a way to get people to lean on you and to be dependent on you, in terms of their co-operation with you, it seems to me that food dependence would be terrific.⁴⁹

In simple direct language, what Mr. Humphrey is saying is that: Look here, fellow Americans and Western Europeans, if you want people of the third world to continue to be your slaves, find a way to starve them. Military means are too expensive and ineffective.

We have just referred to what may be considered evidence that our economies were purposely directed towards indus-

trial development and away from agriculture. That simple strategy created two dependencies; First, where we have to depend on the West for the money, hardware, and raw materials to initiate and service that industrial enterprise, and second, where we have to depend on the West for food to feed the millions that have been pulled into our cities partly as a result of that so-called industrial development and partly as a result of neglect of our agriculture. (So when we complain of rural-urban exodus and our youth refusing to take to farming, we should realize that it is all planned, and begin looking seriously for appropriate solutions, rather than crawling to the people who created the problem for us). Those two dependencies generated something else. Both the so-called industrial development and the food needed foreign money, and since we do not have enough of it the West comes in to loan us their money, and more loans to service the earlier loans, and on and on, resulting in a third dependency – Debt dependency, or what Cheryl Payer calls The Debt Trap.⁵⁰

Consider this: In 1977, Ghana's debt service ratio was 44 per cent.⁵¹ The ratio for 1986 was about 55 per cent. Implication? The condition is not different for most, if not all, of black Africa. According to the *People's Daily Graphic* of January 9, 1987, "American Corporations have drained from Africa 3.5 to 4 times more money than they have invested in African economies."⁵² In other words, when they bring \$ 1 here, they take away \$ 4–\$ 5 every year. According to the same issue of the *People's Daily Graphic*, "US Corporations pump every year more than \$ 200 billion out of developing nations"; and all of black Africa is "developing".

Is it not yet time to consider the West's development aid, including food aid, a tool of neo-colonialism?

EVERYONE SATISFIED IN THE US?

As pointed out earlier, the phrase “surplus agricultural commodities” in the Food-for-Peace Law does not take into account the poor and hungry of America. There are poor and hungry people in America who cannot buy the so-called surplus food. To back that claim let us hear from Paul G. Hoffman, the man who was first Director of the Marshall Plan and later became Director-General of the United Nations Development Program (UNDP):

We all know that our economy is riddled with soft spots, we have an unacceptable rate of unemployment, and there are widespread pockets of domestic poverty. Now in order to revitalize our economy and open new job opportunities on the very large scale required, we have simply got to expand our foreign trade. The only way we can win new markets is by creating customers. We have the chance to do just that on the scale of hundreds of millions.⁵³

In other words, devising a way to make people become dependent on US products. And food aid (*a la* PL 480) is doing “just that”: creating customers by the hundreds of millions for the US agricultural and food industry.

Quite often, many organizations come into third world countries under the cloak of private non-profit voluntary philanthropic organizations with a professed aim to help poor nations of the third world overcome their development problems. Some of these organizations are those engaged in food aid distribution such as Catholic Relief Services, CARE etc. And we have seen above that the activities of these organizations can hardly be considered philanthropic.

Another type of such supposedly philanthropic organizations are those engaged in general “developmental” activity not related to food aid, an example of which is TECHNO-

SERVE, INCORPORATED, based in the US, with its Ghana offices in the East Cantonments area, Accra. The following three citations are from *Technoserve's 1984 Annual Report*:

Technoserve is a private, nonprofit organization. We provide training and technical assistance to enterprises comprised of large numbers of rural people. We call them "community-based enterprises."

The results of this assistance include job creation, increased levels of income for needy people, and overall improvement in living conditions, without creating dependence on outside assistance.

John C.L. Doku, Technoserve's Program Director in Ghana, received the prestigious Paul Hoffman Award. This award is made to honor the memory of the first administrator of the United Nations Development Program. It is to recognize excellence by individuals in providing assistance to poorer countries.⁵⁴

Funny, and strange! isn't it? Technoserve claims that its aim is to help poor people (and that includes Ghanaians) without creating in them a "dependence on outside assistance" and yet they have instituted an award, a prize, for their operatives in honour of someone who believed in creating dependence in third world people on the US! Furthermore, what would we say if the Germans should come to us and say: *We have noticed that you desire peace, but it has been eluding you for years. In fact, we also had that problem before, but thanks to our best brains, we have developed a mechanism for peace, and now we have perfect peace in our country. We want to help you develop that perfect peace too. And to show our sincerity we have instituted an Award that we shall give to anyone of you who shows excellence in working with us for peace. The Award is called The Adolf Hitler Award for World Peace. This is to honour our most distinguished leader of the German Peace Movement!* What, indeed, would we say to them? And yet organizations like Technoserve come here to do something much more insidious, and we open up wide for them, giving them the

protection of our laws.

In spite of all that we have read and heard about America undermining the drive for peace and better livelihood everywhere in the third world, we still rank America highest among the do-gooders when it comes to foreign aid. Well, let's hear again from Paul G. Hoffman, whether we are justified in our ranking:

During the last twenty-five years I have been working in the field called "foreign aid". And almost every day of that time I saw serious damage done to America's national interests by the use of this particular phrase. . . the words "foreign aid" led us to base vital policy decisions on what was considerably less than half a truth.

Doesn't it badly distort reality to call something that creates large numbers of jobs for American workers "foreign aid"? Are actions that greatly increase our export earnings "foreign aid"? Is it "foreign aid" when we help to secure for ourselves new sources of essential raw materials? Is it "foreign aid" when we follow a course that could eventually lower the cost of goods and services Americans need every day?⁵⁵

Well, that was Paul G. Hoffman. It would seem that "for almost every day of" the time he occupied the chair at UNDP his singular aim has been to find ways of making it possible for the US to exploit third world countries ever more effectively. This shows how utterly absurd and dishonest Technoserve's claims are.

These utterances by Paul Hoffman (or should we call them confessions?) should make us sit up to ask, "Is that how the UNDP operates?" "To make us more dependent on, and servile to, the industrialised West?" "Is that how all UN agencies operate?" "Are the powers-that-be at the UN committed at all to genuine development in the third world?" "How much trust can we place in the UN?" "Wouldn't it be better if we took our own destiny in our own hands?"

We should recall that China did it all WITHOUT THE UN. We should also recall the Congo crises, Angola, and now

South Africa. May be a limited trust is better. (I should emphasize that I am aware of the good work of some of the UN agencies like UNESCO). We may make this argument: If in a boat with several rowers rowing downstream one man turns and rows against the current, he can never turn the boat in his direction. So if Paul G. Hoffman succeeded in his aims at the UNDP it is probable that he was able to do so because the system he headed was either based on a philosophy or structure, or has come to assume a philosophy or structure, that makes it possible for the US (and its allies?) to exploit and underdevelop third world countries.

And what did Mr. John F. Kennedy, that glamouriser of foreign aid, have to say about the thing?

I wish American businessmen who keep talking against the (foreign aid) program would realise how significant it has been in assisting them to get into markets where they would have no entry and no experience and which has traditionally been European. . . .

Last year 11 per cent of our exports were financed under our aid program. And the importance of this aid to our exports is increasing. . . .⁵⁶

That was in September 1963. Which is it reasonable to expect? That this percentage has gone down or gone up? From what the aid donors are saying it is logical to infer that the kind of aid poor Africa gets is determined not by Africa's needs but rather by what products the donors want to push. That is, the aid Africa receives is not determined by Africa's true developmental and technological needs but rather by the developmental and technological needs of the aid-givers. It can thus be concluded that the development taking place in Africa now is a distorted development not in the best interest of Africa.

We have heard a little about food aid. What needs to be pointed out is that "food aid" is just one small component of the "foreign aid" enterprise. There is military aid, there is

economic aid, educational aid, cultural aid, etc. So if that small component, food aid, is like this how is the entire enterprise?

THE FUTURE

To help us appreciate what the future is likely to be for us let us consider the following statement by Thomas R. Saylor, Associate Administrator of USDA's Foreign Agricultural Service:

World demand for wheat will continue to grow, and the growth will be largely outside the traditional markets (like West Africa where wheat and wheat products do not form the main part of diets). It seems to me that the course for the United States should be to encourage that growth and to maintain or increase the US producers' share of the gain.

To me that means domestic programs oriented to export trade, intensified market development, and aggressive merchandising of competitive-priced wheat.⁵⁷

Let us also hear from Dennis T. Avery, Senior Agricultural Analyst of the US State Department. Mr. Avery gave an address to the (US) Business Roundtable on September 10, 1984, in which he made the following assertions:

. . . the world is in the midst of a major surge in agricultural productivity. That surge will have major benefits for the world, but present a major dilemma for the agricultures of the developed countries. . . .

. . . Meanwhile, commercial demand for farm products has not been increasing as we expected it would. . . . As a result, the developed countries are already struggling with large farm surpluses,

. . . (These) surpluses have been held in storage at great expense or dumped in third (world)-country markets where they depress incentives for farmers with no subsidies.

. . . There is also a broader awareness among both the LDC's (Less

Developed Countries) and developed countries of the dangers of aid dependency. As a result, there is little likelihood that the surplus problems of developed-country farmers will be alleviated with big food donation programmes, a la India in the 1960's.

All this probably sets the stage for the most competitive decade in farm export markets that the world has ever seen.⁵⁸

All these seem to be telling us that as regards the drive by the food-surplus countries to turn other countries to consume more of their farm products so as to ease their food surplus problems, like the Americans say it, "we ain't seen nothing yet." We should, therefore, expect that in the years ahead they are going to be devising ever-more clever schemes to change our tastes away from our own foods and make us more dependent on their food exports. Considered against this background, the advice of Mr. Ingram quoted at the beginning of this paper seems to be exactly one such scheme. The danger to African food and fibre agriculture is thus real and imminent, and the earlier we recognize this danger and sit up and devise countervailing measures the better for us.

One final question that needs to be asked is this: Throughout the PL 480 Act and in all PL 480 annual reports, countries contracting or considered eligible to contract for PL 480 agricultural commodity credit purchases — euphemistically referred to as receiving food aid — have been categorized as "friendly countries". The question then is this: Just what does the US consider as a friendly relationship with the third world? To the US is a "friendly country" one that is dumb and allows itself to be exploited by the US? And is an "unfriendly country" one that sees through the designs of the US and refuses to lay itself open to manipulation and exploitation?

To cut a long paper short, allow me to quote this:

Oh miserable citizens, what is this great madness?
Do you believe that the enemy has sailed away?
Or do you think any gift of the Greeks lacks deceit?

Is that what Ulysses is famous for?
Either the Greeks, shut in, are hidden in this wood,
Or this machine was built against our walls,
To look into our homes,
And to come upon the city from above;
Or some deception lies hidden:
Do not trust the horse, Trojans,
What ever it is, I fear Greeks even bearing gifts.⁵⁹

Some 3200 years ago, Cassandra and Laocoon stood before the people of Troy and issued that warning and plea. Since then the phrase "Trojan horse" has come to mean subversion introduced from the outside. In our time that warning and plea is still relevant and is directed to us in the third world, especially, in Africa, and it should invoke a fundamental response from us if the lessons of our 500 years of checkered relations with the West and its diaspora are not to be wasted. In those 500 or so years Western Europe and its diaspora have brought so many *Trojan horses* to our gates, and one after the other we opened the gates for all of them, sometimes unaware of what we were doing, sometimes under pressure; and they came upon us and laid waste of our societies. But in the late 1950s and early 1960s somehow the going got rough. We stood up and told them to their faces, that we knew they were all along bringing us Trojan horses. So they said they were sailing away. But like the Greeks, they did not. Smart as they are, they have devised new Trojan horses. Food aid is one such horse. And we should sit up and realize this, and take appropriate actions. If we do not, if we fail to examine and identify these horses as Trojan horses, then a worse fate than the one we experienced before awaits us.

APPENDIX

AGRICULTURAL EXPORTS : THEIR ROLE IN THE US AND WORLD ECONOMY*

Importance to US Farmers

More than a quarter of US farm income is derived from agricultural exports, nearly twice that of a decade ago.

In 16 states, agricultural exports account for a third to a half of total farm income. The States are Arkansas, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, North Carolina, North Dakota, Ohio, Oklahoma and South Carolina.

About a third of harvested acres are devoted to export.

A farmer can turn the energy used on the farm from one barrel of oil into enough crops to purchase 10 barrels of foreign oil.

Effect on US Economy

The United States exports more than three-fifths of its wheat, half its soybeans and rice and more than a third of its corn and cotton.

More than a million people in the United States work in jobs related to farm exports, more than half of them in non-farm industries.

Every dollar's worth of US commodities sold overseas generates an additional \$ 1.05 in economic activity in such areas as transportation, financing, ware-housing and production of supplies sold to farmers.

Farm exports account for a fifth of total US export earnings.

In fiscal year 1982, for example, farm exports created about 30 billion dollars worth of additional business in the non-farm community on top of the 39.1 billion dollars in farm exports. This business would not have existed without those exports.

US agriculture has a trade surplus of about \$ 23.7 billion while non-agricultural trade shows a deficit of nearly \$ 60 billion.

US Position in World Trade

In fiscal year 1982, the United States provided more than 45 per cent of world wheat exports and about 55 per cent of coarse grain exports. US farmers supplied nearly 90 per cent of world soybean exports and 22 per cent of the rice.

US agricultural exports to Japan in fiscal 1982 required a growing area greater than the land Japan has available for use in domestic production.

The United States accounts for only a fraction of the world's population — yet it provided about half of all world grain trade.

The United States is also a major farm importer. For example, the US market accounts for 82 per cent of Mozambique's agricultural exports, 61 per cent of the exports from the Dominican Republic, and 59 per cent of the exports from Rwanda.

US Food aid paves the way for US commercial exports. Consider this: In 1956–58, US food aid to 17 overseas markets was \$ 3.1 billion and commercial sales of all US products were \$ 3.6 billion. Two decades later, US food aid to these

same 17 countries was only \$ 756 million and total commercial sales were \$ 43 billion.

*SOURCE: "Fact File" in *Foreign Agriculture*, FAS/USDA, June 1983, pages 13 – 14.

NOTES

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2. Susan George, *How the Other Half Dies: The Real Reasons for World Hunger*, Rowman & Allanheld, Totowa, New Jersey, 1983, Chapter 8.
3. Susan George, *ibid*, pages 165–168.
4. Read "Herbert Hoover Feeds the World" by Walter Cohen and "Food As A Political Weapon" by Steve Talbot, in Steve Weissman and members of Pacific Studies Center and the North American Congress on Latin America, *The Trojan Horse: A Radical Look at Foreign Aid*, Rampart Press, Palo Alto, California, 1974, pages 151–156 and 157–170 respectively.
5. Preamble to the "Agricultural Trade Development and Assistance Act of 1954 (Public Law 480 – 83rd Congress) as quoted in the *14th Semi-Annual Report on Activities Carried on Under PL 480*. . . . During the Period January 1 through June 30, 1961.
6. "29 million Americans live on or below the poverty line. 12% of the children who live in poverty in the US are physically stunted because of malnutrition" quoted from *Food First Comics*, Institute for Food and Development Policy, 1885 Mission Street, San Francisco, California 94103 USA, 1982, page 17.
7. Chinweizu, *The West and the Rest of US: White Predators, Black Slavers and the African Elite*, Vintage Books, New York, 1975, page 270.
8. Susan George, *ibid*, page 177.

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11. *14th Semi-Annual Report on PL 480*, January – June 1961, page v.
12. W.L. Clayton, on the benefits to US agricultural exports of IMF and World Bank credits to push third World industrial development in preference to agricultural development. Quoted in France Moore Lappe, Joseph Collins and David Kinley, *Aid as Obstacle: Twenty Questions About Our Foreign Aid and the Hungry*, Institute for Food and Development Policy (IFDP) San Francisco, California, 1981, page 98.
13. George McGovern, *War Against Want*, Walker & Co., New York, 1964, page 22.
14. George McGovern, quoted in Susan George, *How the Other Half Dies*, *ibid.*, page 168.
15. *1965 PL 480 (Food-for-Peace) Annual Report*, page 113.
16. In January – June 1960 *PL 480 Semi-Annual Report* page vi.
17. India's monazite barter for US food, quoted in Lappe et al., *Aid as Obstacle*, *ibid.*, page 94 – 95.
18. Extracted from *PL 480 Concessional Sales and Food for Development Programs: Terms and Conditions, Planning and Implementation Procedures*. United States Department of Agriculture, Foreign Agricultural Service, Foreign Agricultural Economic Report No.213, December 1984, 34 pages.

19. This, and all subsequent citations of sections of the PL 480 Act are taken from the "Agricultural Trade Development and Assistance Act, 1954 (Public Law 480 – 83rd Congress, as amended by Public Law 89 – 808, 89th Congress, November 11, 1966)" as published in the *PL 480 Annual Report of 1966*.
20. See the 1967 and 1980 Ghana-US Title I food aid agreements. The formal title of these agreements, and all other Title I agreements is "Agreement between the Government of the United States of America and the Government of Ghana for Sale of Agricultural Commodities."
21. See note 20 above.
22. See any Ghana – US Title I food aid agreement.
23. *1970 PL 480 Annual Report*, page 18.
24. Susan George, *ibid.*, pages 174 – 175.
25.
 - Weija Irrigation Project – *1979 PL 480 Annual Report*, page 11.
 - URADEP Project activities – *1979 PL 480 Annual Report*, page 12.
 - MIDAS Projects – *1979 PL 480 Annual Report*, page 12.
 - Reduction of subsidies on agricultural inputs – *1979 PL 480 Annual Report*, page 11.
 - Adoption of "green revolution" rice seeds and increased fertilizer and agro-chemical use – *1969 and 1979 PL 480 Annual Reports*, page 42 and page 11 – 12.
 - Capitalisation of Food Marketing Corporation – *1969 PL 480 Annual Report*, page 42.
 - Other self-help measures and food-aid related self-help agreements – *1967 PL 480 Annual Report*, page 70.

26. George McGovern, *War Against Want*, *ibid.*, page 23.
27. "Shift from Aid to Trade", *1966 PL 480 Annual Report*, page 13.
28. *Amanee*, United States Information Service, Accra. See issues of November 1983, August 1985, and August 1986.
29. Section 104 (f) of the PL 480 Act. See note 19 above.
30. See note 19 above.
31. *1969 PL 480 Annual Report*, page 30.
32. Contraceptives testing in Yugoslavia, in *1970 PL 480 Annual Report*, page 61.
33. Robert Meyers, *D.E.S. The Bitter Pill* Seaview/Putnam, New York, 1982.
34. See note 19 above.
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36. Grants from LCF: for an example, see *1964 PL 480 Annual Report*, page 25.
37. See note 19 above.
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40. Japanese diets becoming more Americanized – *Foreign Agriculture*, FAS/USDA, November 1980, page 23.
41. George McGovern, *ibid.*, pages 30–31.
42. Read "Private Voluntary Organisations" under "Some Essential Facts about the Aid Establishment", in Lappe et al., *Aid As Obstacle*, *ibid.*, pages 170–171.
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44. "International Franchising: Opening Markets for US Foods, in *Foreign Agriculture*, FAS/USDA, March

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 54. *Technoserve Annual Report*, 1984, page 1.
 55. Paul G. Hoffman, *Fortune Magazine*, March 1972 (Time Inc.), page 118.
 56. John F. Kennedy, quoted in Gabriel Kolko, *The Roots of American Foreign Policy*, Beacon Press, Boston, 1969, page 70.

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