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HIST 586 Dr. Hoff

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**“Politics and the Plowshare”:**

**PL 480 in Crisis, 1972-80**

On July 10, 1974, Senator Robert Dole(R-Kansas) gave a speech to congress commemorating the twentieth anniversary of the Agricultural Trade and Development Act, also known as PL 480, or the Food for Peace program. Created to constructively dispose of surplus crops and signed into law by President Eisenhower on July 10, 1954, the program evolved into the bedrock foundation of American food aid, shipping millions of tons of food to foreign nations in need while spurring agricultural and economic development. Reminding his fellow senators of the importance of PL 480, Dole said, “In terms of lives saved and improved, this was and is the most constructive letter-number combination in all history”.<sup>1</sup> In earlier times, Food For Peace enjoyed high bipartisan status in Washington largely because of the these humanitarian strengths, and Dole continued by quoting from presidents Kennedy, Johnson, and Nixon, all of whom lauded the significance of the program for its compassionate use of agricultural abundance.

After 1972, however, Food for Peace needed more than rhetoric to survive. Throughout its 1960’s heyday, the program served multiple purposes, including use as an instrument of Cold War foreign policy and as a protection mechanism for the farm sector, in addition to humanitarian functions. But by the 1970’s, Senator Dole had good reason to remind his fellow congressmen of its importance. Even as the need for food aid exploded in less developed countries due to skyrocketing food prices, the resources available for program use dwindled far below the levels of previous years, down from

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<sup>1</sup> “Food For Peace – 20<sup>th</sup> Anniversary Statement, July 10, 1974” Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Senate Papers- Press Related Materials, Box 19, Folder 15.

eighteen million tons of food to a tenth of that amount by 1974.<sup>2</sup> By that time, the future of Food for Peace was in serious jeopardy.

Why was such an important program so marginalized? And, more broadly, what do the events of the 1970's tell students of U.S. government policy about the conditions that determine support for humanitarian aid? Agricultural history scholarship provides some important insights. I. M. Destler's "United States Food Policy 1972-1976: Reconciling Domestic and International Objectives" delivers an excellent narrative of the situation surrounding PL 480 in the crisis years of 1973 and 1974, but the fate of the program beyond 1976 receives little attention. Jacqueline McGlade's "More a Plowshare Than a Sword: The Legacy of US Cold War Agricultural Diplomacy", more fully charts the rise of foreign food aid and development programs from the end of World War Two, and PL 480 takes center stage. The primary thesis of McGlade's study revolves around the effect of Cold War-era programs on modern global agriculture; it argues that PL 480 was a humanitarian development program that occasionally strayed into use as an international policy tool. However, McGlade addresses the funding decline only partially, painting a misleading picture of the 1977 reforms to PL 480, which directed funds more specifically to needy countries but did not significantly raise spending or quantity of aid. Otherwise, scholarship focused on PL 480 between 1976 and 1980, during the Carter administration, scarcely exists. The fate of PL 480 during this period demands more study to understand its decline.

Investigating the activities of Senator Robert Dole illuminates many of the political issues surrounding the program and leads to more complete story. Senator Dole supported the PL 480 program enthusiastically, and took up the cause of promoting continued dedication to Food for Peace among legislators. Rich evidence of his attempts to keep PL 480 alive and well-funded can be found throughout his files, evidence that displays two major shifts in the nature of the program. First, the

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<sup>2</sup> "A Primer on PL 480 – Program History, Descriptions, Operations: A Brief Compilation of Explanatory Documents" U.S. Congressional Research Service (84-803 ENR), by Susan B. Epstein, Library of Congress, November 1984, Washington D.C., 19.

*priorities* of the program shifted, from practical use focused on foreign policy and domestic economic utility, towards a more humanitarian sensibility. Second, the *value* of the program, as measured by its funding, failed to respond to increasing need for food aid, and in some cases, dropped precipitously. Thus, the program was marginalized, but also reformed and institutionalized. These changes took place due to a myriad of interconnected factors, including reduced Cold War tensions, reduced farm lobby power, the increasing importance of global markets, and increasing cynicism born of political scandal; such changes show a political calculus changing to meet a different economic and political order. Developing a chronological analysis from the new and existing material on Food for Peace leads to a fascinating narrative rich with drama and scandal.

By broadening the analysis of Food for Peace with this research, important elements of the interaction between humanitarian aid and other policy considerations come to light. These elements hold great importance for understanding how political and economic variables affect the drive to help other nations. Foreign policy historians, agriculture analysts, and students of the Cold War need this information for a complete picture of events in the 1970's. Beginning with an overview of PL 480 program mechanics and some discussion of its use prior to 1972, this paper breaks the narrative into two periods: 1972 to 1976, and 1976 to 1980. The conclusion touches on the program in the early 1980's and analyzes the features of its evolution. The events described still influence policy and opinion today, and the connections between all the disparate elements should be observed with the knowledge that many trends noted here still hold relevance.

### The Structure of PL 480

PL 480 existed, and was in fact economically necessary, because of the U.S. government's role in mediating agricultural markets. During the New Deal, the federal government began taking a proactive role in stabilizing farm production, and in the 1950's, its primary tool was a target price system. Target

prices were calculated yearly by the department of agriculture (USDA), based on the cost of production and other factors relevant to the farming business. If prices for farm products dipped below the target price, then the government would pay the farmer the difference for crops sold, ensuring an acceptable price regardless of market trends. Other programs worked to support the farm sector and assure farmers of incentives adequate to justify consistently strong production. In the commodity loan program, for example, farmers could use stored surplus crops as collateral for loans in lean years, with the option to give up the unsold crops to the government without penalty if the market never demanded them. Thus, some of these programs involved the government buying or storing grain, and by 1954, the programs were repeatedly holding a massive glut of crops they could not sell without undermining the market price of the crop. So when it was created, the chief purpose of the Act centered on domestic economic concerns; the government wanted to get rid of the oversupply in a productive manner, and distributing it to friendly nations seemed like the best alternative, especially given the Cold War circumstances.

Four stated goals guided PL 480 since its creation, as outlined by the original 1954 Act. Those goals were the promotion of agricultural trade, humanitarian relief, aiding foreign nations in their economic development, and advancing American foreign policy. In order to serve these stated goals, three primary titles established PL 480's structure, although only the first two will be discussed here, as they accounted for the vast majority of aid. Title I covered special sales of commodities, paid for in the local currencies of the recipient country, often at a discount and under extremely attractive financing terms. Title II covered donations of commodities in times of extraordinary need, including famine. The majority of commodities were exchanged through Title I, which given the unreliable nature of many forms of currency used by the recipient countries, often amounted to a near giveaway of commodities. Title II saw consistent and regular use, the most flexible of the titles but also the one which required outright government expenditure. As PL 480 evolved, the local currencies obtained through Title I

increasingly saw use for local development projects. The program was revised by the 1966 Food For Peace Act, which focused more intently on humanitarianism by including self-help measures into contractual language, eliminating the need for commodities to be considered surplus, and increasing the availability for local currencies to be used to develop the economy of recipient countries.<sup>3</sup> Shipments peaked at nearly eighteen million tons in 1966.<sup>4</sup>

Following the 1966 Act, program expenditures notably declined, and while this may seem to have been bad news on its face, the reason for the decline was encouraging: foreign nations needed less grain<sup>5</sup>. Nations in Europe and Japan could stop requesting aid, supporting themselves agriculturally or, particularly in the case of Japan, producing wealth through industry which could be used to import food without the need for support programs. The largest recipient of aid between 1957 and 1971 was India, but in 1972, India informed the U.S. that food aid would no longer be required. Some progress had undeniably been made in the developmental mission of Food for Peace. The food aid donated in the early 1970's mostly went to nations that the U.S. supported as a matter of Cold War strategy, primarily South Korea, South Vietnam, and Cambodia. By 1972, the quantity dropped to around three million tons<sup>6</sup>. Global hunger seemed to be dwindling, even if it was not altogether gone.

While this period of improvement showed a program achieving its goals and responding to the needs of recipient nations, the events following 1972 cast a less beneficent image as the world food supply took a turn for the worse.

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<sup>3</sup> "A Primer on PL 480 – Program History, Descriptions, Operations: A Brief Compilation of Explanatory Documents" U.S. Congressional Research Service (84-803 ENR), by Susan B. Epstein, Library of Congress, November 1984, Washington D.C., 2-3

<sup>4</sup> *Ibid*, 17

<sup>5</sup> I.M. Destler, "United States Food Policy 1972-1976: Reconciling Domestic and International Objectives", *International Organization*, Vol. 32, No. 3, The Global Political Economy of Food (Summer 1978), 633

<sup>6</sup> *Ibid*, p. 635

### 1972 – 1976: Food for Peace and Globalization

In the early 1970's, the American economy found itself dealing with significant vulnerabilities, and among the most important was the nation's growing trade imbalance. The increasing cost of the Vietnam War and the Great Society reforms, combined with a growing appetite for foreign goods, created a situation in which dollars were leaving the country at a rate never before seen.<sup>7</sup> Inflation also diminished farmers' incomes, and with 1972 being a re-election year, Nixon needed their support. Faced with these difficulties, the Nixon administration decided to place more focus on expanding agricultural exports. Nixon nominated Earl Butz as Secretary of Agriculture, an administrator with a background in big agribusiness, with a mandate to increase both farm income and the quantity of grain sold abroad. In his first year on the job, Butz headed for the Soviet Union.

The USSR experienced its own domestic difficulties in the 1960's and 1970's. Having publicly promised to increase the quality of the Soviet diet to a degree that collectivized agriculture was not prepared to supply, Premier Leonid Brezhnev met with Nixon in Moscow, in April of 1972, chiefly to discuss arms reduction but also with an eye towards importing grain. Thus, with the assistance of Secretary Butz, the meeting produced the famous – or infamous - 1972 Soviet grain deals, which Nixon viewed as a boon to US agriculture and the balance of payments. The quantity of grain purchased by the USSR amounted to over 20 million tons of grains, nearly a fourth of the US crop for that year, and far more than the U.S. government expected the Soviets to buy.

These grain deals kicked off one of the most turbulent periods in American agricultural history, featuring fast rising prices due to inadequate supply until 1975, and then falling prices afterwards as surpluses reasserted themselves. The newly created international demand exploded with little in the way of established trade norms. The government was not prepared for the magnitude of the Soviet

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<sup>7</sup> Robert M. Collins, *More: The Politics of Economic Growth in Postwar America*, (Oxford: Oxford University Press, 2000), 117

sales and responded poorly to a situation of rising global scarcity in wheat. Inflation dominated the issues; for the month of December 1972 alone, the wholesale food price index rose six percent<sup>8</sup>, largely in response to the Soviet purchases, leading to a very unhappy American populace. One issue, the export subsidy on wheat, drew particular ire; the government promoted agricultural exports by subsidizing their cost at a relatively low target price, making up the difference between the high domestic market price and the presumably low export price necessary to facilitate trade. Thus, not only did the Soviet grain deal of 1972 raise the domestic price of food by increasing scarcity, but the taxpayers subsidized the deal, to the tune of over \$300 million.<sup>9</sup> President Nixon shifted some blame onto the export subsidy program,<sup>10</sup> which he ended the same year. While inflation angered the public, the rising prices also benefitted farmers and the trade imbalance at the time, as intended, while Nixon ably spun the situation to his advantage politically. In short, the government found an opportunity to gracefully back away somewhat from its previously assumed responsibility to regulate the farming business. The farm surpluses that made PL 480 necessary two decades earlier nearly disappeared for the next two years.

In many ways, the change in direction from a heavily subsidized farm sector to a hands-off globalized one seemed to have serious benefits. Reduced intervention in a healthy market seems hardly surprising out of a Republican administration, and indeed, long-standing programs were reduced or disappeared altogether during this period. The Soil Bank program, which paid farmers to leave land uncultivated, ended in 1973.<sup>11</sup> The collateral loan program shrank considerably in 1972 as farmers needed it less, although it would make a comeback in 1976.<sup>12</sup> Along with the elimination of the export subsidy, these changes represented a serious shift in American farm policy. For politicians, as well, the

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<sup>8</sup> Destler, "United States Food Policy 1972-1976: Reconciling Domestic and International Objectives", 626.

<sup>9</sup> Trager, James, *The Great Grain Robbery*, (New York: Ballantine Books, 1975), 63-64.

<sup>10</sup> Trager, *The Great Grain Robbery*, 77.

<sup>11</sup> J.J. Maidenberg, "Grain Surpluses are Building Again, But Control has Shifted to Farmers", *New York Times*, March 28, 1976, 1B.

<sup>12</sup> Maidenberg, "Grain Surpluses are Bulding Again", 4B.

need for regulation seemed to be disappearing as crop prices rose, and it likely did not escape their attention that America's newest large-scale grain consumer was America's foremost rival for international power. The Soviet Union, now seen as somewhat dependent on U.S. grain, could be considered far less of a threat, and the foreign policy calculus supporting programs such as PL 480 likely declined as well. The Cold War necessity for humanitarian intervention and support for allies took a back seat to domestic economic concerns and a more nationalistic bent in foreign policy. The notion of "food power" – using agriculture in a manner similar to OPEC's use of oil as a political and economic weapon - grew in popularity during this period.<sup>13</sup>

However, fast-increasing inflation complicated matters for the new direction of policy, and most onerously created economic problems for the buying public, small farmers, and PL 480 recipient nations. For the American consumer, pain resulting from rising food prices provoked the Nixon administration to freeze prices in 1973. Internationally, a soybean embargo went into effect the same year, ostensibly to prevent domestic undersupply, and was quickly repealed, the first such embargo of several that would fail as a policy move and undermine the concept of food power.<sup>14</sup> These half-hearted attempts to establish export controls for key food staples showed that the path to reduced regulation and more international trade would not be linear or simple.

Despite high prices on crops, small farmers continued to have problems in an environment more amenable to big agriculture than family farming. Small, diversified farms were struck with increasing input costs and frozen prices for their goods, squeezing them in exactly the kind of situation that government farm programs existed to prevent. That problem did not receive the level of attention it seemed to warrant, because the small, diversified family farm was vanishing. By the 1970's, less than five percent of the population was engaged in farming, and the lack of congressional support for them

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<sup>13</sup> William T. Weber, "The Complexities of Agripower", *Agricultural History*, Vol. 52, No. 4, (October 1978), 527.

<sup>14</sup> Weber, "The Complexities of Agripower", 532.

reflected their reduced political power.<sup>15</sup> The Soviet grain deals mostly benefitted the Soviets and grain trading companies, but not farmers. Many of them raged against the nomination of Earl Butz for Secretary of Agriculture, his strong preference for large-scale agribusiness no secret. Senator Dole's office received stacks of telegrams from small-farm Kansans expressing extreme disgust at the man's approach to policy, but most Republicans supported the nomination and so did the senator.<sup>16</sup>

Price inflation also changed the dynamics of the global food markets. With tremendous global demand placing upward pressure on food prices and creating markets that could absorb the full production of the farm sector, the domestic usefulness of Food for Peace withered. For Title II donations, purchased with government dollars instead of financed to other nations, the rapid inflation shorted the government of purchasing power. PL 480 shipments began to drop in 1972, barely clearing one million tons in 1974, the lowest amount in the history of the program. Farm products simply were not surplus to be disposed of anymore; crops became increasingly important as a product of normal trade between nations. The volume of farm exports from the United States, outside the purview of the Food For Peace program, expanded tremendously.<sup>17</sup> In 1973, Butz, a food power cheerleader, emphasized his lack of concern for PL 480, handing over a sheet to the Office of Management and Budget which showed the estimated crops available for PL 480 use: the amount was *zero*. Butz told the surprised accountants, "If Henry needs it, let the money come out of his budget!", referring to Secretary of State Kissinger.<sup>18</sup>

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<sup>15</sup> Hallberg, Milton C., *Economic Trends in U.S. Agriculture and Food Systems Since World War II*, (Ames: Iowa University Press, 2001), 18.

<sup>16</sup> "Individual Mail – Butz, Earl – Secretary of Agriculture, 1971-1972" Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Senate Papers – Constituent Relations, 1969-1996, Box 184, Folders 26, 27, and 28.

<sup>17</sup> Cochrane, Willard W., *The Development of American Agriculture: A Historical Analysis*, (Minneapolis: University of Minnesota Press, 1993), 272.

<sup>18</sup> I.M. Destler, "United States Food Policy 1972-1976: Reconciling Domestic and International Objectives", *International Organization*, Vol. 32, No. 3, The Global Political Economy of Food (Summer 1978), 634.

Kissinger indeed needed the program, and taking an idea from Senator and Food for Peace supporter Hubert Humphrey, organized the World Food Conference in Rome, which took place in November of 1974. The secretary's opening speech pushed high-minded humanitarianism, with Kissinger delivering the ultimately empty promise that, within ten years, no child would go to bed hungry. Kissinger and Butz worked at cross-purposes; in order to represent the U.S. effectively abroad, the state department required some flexibility from food aid programs to provide gestures of good faith, which would hopefully be reciprocated by OPEC in trade situations. The agriculture department, meanwhile, saw the conference as hurting their interests by requiring more aid instead of trade, hardly an incorrect assessment, and the disappointing, drought-savaged crop of 1974 only exacerbated the situation for farmers and the USDA budget. Yet the need for aid was undoubtedly real, as the increase in food prices hurt developing nations severely. Already challenged by poverty, they now faced greater competition from first-world nations for foodstuffs. Global hunger became a serious topic that demanded attention. Fasting out of sympathy for the disadvantaged became a trend in Washington. Dwindling food supply became a common topic, with over thirty mentions in the Washington Post over the course of 1974. Food aid, including the struggling PL 480 program, came under greater scrutiny as well. Destler notes the perversity of the Food For Peace program that did not escape its critics, foreign and domestic; when foreign nations needed food aid the most – during times of price inflation and economic contraction – the PL 480 program was set up to provide the least.

Senator Dole attended the conference as part of the American delegation, and he delivered a more politically pragmatic speech than Kissinger's, pushing for unity among nations and a moderate approach that balanced market and government solutions.<sup>19</sup> While he mentioned PL 480 donations, he suggested that nations come together to buy grain in markets instead of counting on the U.S. alone to

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<sup>19</sup> "Dole Urges Unity at Food Conference, November 13<sup>th</sup>, 1974" Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Press Releases, 1961-1996, Series 14: 1974, Box 1, Folder 582.

solve the problem, specifically mentioning OPEC nations. The politics of this speech reflect all of the factors at work which set the priorities for politicians at the time; foreign policy issues, domestic economic interests, and a humanitarianism tempered by the need to avoid dependency came together in Dole's speech. Upon arriving back in the U.S., Dole sent letters to Secretary Butz and Herman Talmadge, chairman of the Agriculture and Forestry Committee. Getting creative for his state's cattle and dairy industries, the senator raised the possibility of using milk and meat as PL 480 exports in his letter to Butz.<sup>20</sup> Cattle require years to raise, and even though meat prices were high, that was not due to wholesale markets, where prices were low enough that Dole considered future shortages possible if farmers were not making money on their cows. In his letter to Talmadge, the senator suggested convening the committee for the purpose of discussing increased PL 480 shipments, while offhandedly mentioning the possible use of meat and dairy products in those shipments.<sup>21</sup>

Both Kissinger and Dole wanted increasing PL 480 donations, and they were not alone. Senator Humphrey brought a bill to the floor that would have allocated 70% of all Food for Peace shipments to the least developed nations, and while the bill did not pass,<sup>22</sup> the idea behind the legislation showed promise on a humanitarian level. Kissinger wanted the effective opposite: more allocations that could be used for pragmatic political purposes, such as with OPEC and Egypt. Still, all sides understood that maintaining the image of the United States required providing aid, and ample pressure flowed through Washington to increase funding for the program. The committee convened that December, where Senators Dole and Humphrey learned that donations were already set to increase back to 1972 levels.<sup>23</sup>

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<sup>20</sup> "Food Relief – Letter to Butz, November 15, 1974" Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Press Releases, 1961-1996, Box 19: 1974-1975, Folder 38.

<sup>21</sup> "Requesting Committee Hearings on Food Relief – Letter to Talmadge, November 19, 1974" Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Press Releases, 1961-1996, Box 19: 1974-1975, Folder 39

<sup>22</sup> I.M. Destler, "United States Food Policy 1972-1976: Reconciling Domestic and International Objectives", *International Organization*, Vol. 32, No. 3, The Global Political Economy of Food (Summer 1978), 639.

<sup>23</sup> Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, Senate Committee on Agriculture and Forestry. "U.S. Food Stabilization and Foreign Commercial and Food Aid Demands" 93<sup>rd</sup> Congress,

Butz managed to keep the cost out of his budget. The emergency ended with PL 480 saved at the same anemic funding level that existed prior to the inflationary spike, but not markedly increased to deal with increased global hunger.

Market prices for foodstuffs came down over the next two years in fits and starts, with the Soviets again purchasing grain in 1975. That set off fears of a 1972 repeat in the Ford Administration; one sale was halted outright by Ford in 1975, and an embargo on Poland was briefly held later the same year.<sup>24</sup> While the fear of food price inflation may have been understandable, officials outside the USDA maneuvered around Butz and company to restrain trade, thus ignoring or misinterpreting supply conditions at the time. In fact, supply was ample enough and prices were descending fast enough that farmers seethed with anger over Ford's actions in holding back the export sales. Senator Dole told Butz, "I am not sure President Ford will ever recover from that in rural America". Ford would eventually attempt to handle this problem by selecting Dole as his 1976 running mate, succeeding in drawing support from the Farm Belt, although not in winning the election.<sup>25</sup> Having experienced the benefits of foreign trade, many farmers accepted a more outward-looking trade policy where domestic protectionism ceased to be a factor.

The new globalism undermined the prerogative of the government to utilize agriculture in a manner associated with both PL 480 and food power. For both ideas to work, one must assume certain conditions regarding the power of government in mediating agricultural markets that was effectively impossible in a globalized trade situation. In the case of PL 480, reduced surpluses and food price inflation increased the monetary and political costs of Food for Peace. Regarding food power, most analysts admitted that failing to sell to the Soviet Union while selling to other countries simply failed to

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<sup>2</sup><sup>nd</sup> Session, Dec. 10-12, 1974, p. 133-134 [HTTP://congressional.proquest.com.er.lib.k-state.edu/congressional/result/pqpresultpage.previewtitle/\\$2fapp-gis\\$2fhearing\\$2fhrg-1974-afs-0002/Hearing?accountid=11789](http://congressional.proquest.com.er.lib.k-state.edu/congressional/result/pqpresultpage.previewtitle/$2fapp-gis$2fhearing$2fhrg-1974-afs-0002/Hearing?accountid=11789)

<sup>24</sup> William T. Weber, "The Complexities of Agripower", *Agricultural History*, Vol. 52, No. 4, (October 1978), 533.

<sup>25</sup> Jake H. Thompson, *Bob Dole: The Republicans' Man for All Seasons*, (New York: Donald I. Fine Inc., 1994), 102.

be effective; the international markets always held ways to skirt embargoes for a determined buyer. The Ford Administration considered placing another grain embargo on the USSR, in response to their assistance of military rebel groups in Angola, but Ford assumed it would be ineffective.<sup>26</sup> In the conflict between the government regulation and the free market, the free market won.

These shifts towards reduced intervention lent themselves to the perception that PL 480 was less useful than it had been before detente. Therefore, to the extent that Food for Peace found use in the realms of foreign policy and domestic economics, its value in practical terms seemed to wane after 1972. Kissinger and Dole, particularly, understood the value of Food for Peace to the reputation of the United States as a society deserving its preeminence among nations, and wanted to retain this benefit. But reputation could not politically justify more than retaining the basic funding level; PL 480 survived, largely thanks to its humanitarian value, but did not thrive.

#### 1976-1981: The Reform of Food for Peace

After the many embargoes of the early 1970's, policy failures all, Washington and Moscow signed a long-term trade agreement which took effect in 1976. The Soviet Union was authorized to buy eight million tons of grain yearly, with approval for greater purchases dependent on U.S. government approval.<sup>27</sup> This trade agreement effectively marks the end of agricultural policy which looked inward, and instead focused outwardly on global markets. The use of embargoes seemed to be at an end; farmers despised Ford's use of embargoes on grain and the market repercussions which hurt their interests, and in alarming numbers, turned out for free market champion Ronald Reagan in the 1976 Republican primaries. Ford told the audience in the debates that year that there would be no embargoes, and opponent Jimmy Carter lambasted their use during the campaign as well.

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<sup>26</sup> William T. Weber, "The Complexities of Agripower", *Agricultural History*, Vol. 52, No. 4, (October 1978), 534.

<sup>27</sup> Weber, "The Complexities of Agripower", 533.

But these global markets were no more stable than domestic markets before them and small farmers continued to lose traction. From 1976, food surpluses again re-asserted themselves, and prices fell. Lack of adequate farm policy drew the ire of small farmers in particular: The 1977 omnibus grain bill made few changes to the system of target prices and did little to change the policies of Earl Butz.<sup>28</sup> The push for farm parity brought small farmers together, and objection to the limited scope of the 1977 omnibus bill prodded highly visible “tractor ride-ins” on state and federal levels.

In this environment, PL 480 continued to survive in truncated form, matching the approximate levels yearly after the program regained its composure following 1974, with around 6 million tons of grain shipped yearly. But the obvious question emerges: Why did PL 480 not make a serious comeback? Many agricultural problems of the time would have benefitted from an expansion of the program, in concert with greater farm supports similar to those in use prior to the globally focused reforms of Earl Butz. Carter, a farmer himself, must have been concerned with the plight of small farmers in a marketplace which hurt their interests. Developing nations still needed help, particularly in the agricultural sector; Carter commissioned a study on world hunger in 1978, and the results were released in 1980. That study emphasized that world hunger was still a serious issue which needed to be addressed, and recommended a restructuring of the Food for Peace program to meet global needs. The appearances of the situation support the case for a Food for Peace resurgence. PL 480 aid would have helped small farmers and developing nations alike, and the White House was now controlled by the Democrats, the party most likely to expand the program.

One possibility lies in the increasing hostility of many American voters to the prospect of enhanced government intervention in markets, stemming from widespread appearances of corruption. Watergate was just the beginning; Many progressive economic ideas took hits across the board in the

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<sup>28</sup> R. G. F. Spitze “The Food and Agriculture Act of 1977: Issues and Decisions”, *American Journal of Agricultural Economics*, Vol. 60, No. 2 (May, 1978), 225-35.

mid-to-late seventies. Unions found themselves beleaguered as corrupt, and also as the possible cause of the still-rampant inflation of the period. Economist Milton Friedman's free-market championing found a greater audience.<sup>29</sup> The ideal of less government and more market-based solutions gained some traction which would bear fruit with the election of Ronald Reagan a few years later. At the very least, Americans reacted with disgust at the growing number of instances in which individuals and organizations manipulated progressive programs and institutions, many with apparent ease. In the agricultural sector, the trend towards increased skepticism toward economic intervention showed in the cases of Food Stamp reform and the Koreagate affair.

The Food Stamp Act of 1977 provides evidence of public displeasure towards the corrupt use of taxpayer dollars in agriculture. Dating back to 1964, the Food Stamp program saw criticism for abuse by the non-poor, abuse by food stamp vendors, and the creation of black markets, which harmed the legitimacy of attempts to use government programs to ease the plight of the disadvantaged. Senator Dole authored amendments that restructured the program and eliminated the use of vendors and the buy-in requirement for food stamps, which became a part of the 1977 revision to the Act<sup>30</sup>, but this was just one example of corruption marring the reputation of a government program.

Another high-profile scandal coming from South Korea involved PL 480 directly. On October 24, 1976, the Washington Post published the first news story to focus on allegations of influence peddling in Congress by agents working for the South Korean government.<sup>31</sup> Dubbed "Koreagate" in the popular press style following Watergate, Congressman Donald Fraser (D-Minnesota) led a house subcommittee dedicated to fact-finding regarding American-South Korean relations, and the hearings held by the

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<sup>29</sup> Kim Phillips-Fein, *Invisible Hands: The Businessman's Crusade Against the New Deal*, (New York: W.W. Norton, 2009), 231

<sup>30</sup> "Committee on Agriculture and Forestry, Food Stamp Reform Act", Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Senate Papers – Legislative Relations, 1969-1996, Box 20, Folders 1 and 7.

<sup>31</sup> Robert Boettcher, *Gifts of Deceit: Sun Myung Moon, Tongsun Park, and the Korean Scandal* (New York: Holt, Rinehart and Winston, 1980), 241.

Fraser Committee turned up significant evidence of corruption. Much of the activity centered around a Korean socialite named Tongsun Park, who was working for the Korean Central Intelligence Agency, and Sun Myung Moon, leader of the cultish Unification Church. Park cultivated a group of high-powered contacts, including congressmen like Tip O’Neill and Richard Hanna. “At least seven Senators” may have taken campaign contributions indirectly from the government through Tongsun Park.<sup>32</sup> The end result seemed to be that South Korea acquired PL 480 Title I contracts on large quantities of rice, financed by the government at the program’s beneficent rates.<sup>33</sup> Although no ethics violations were levied on the Senators., the situation served as a reminder of PL 480’s Cold War origins, and the support for a corrupt, non-democratic government which could have purchased their food without it raised questions. Koreagate contributed to a growing sense of skepticism surrounding government corruption in its use of supposedly-humanitarian policy. Supporters of Food for Peace found the program embroiled in a scandal which threatened its reputation as a beacon of decency and progress for American foreign aid.

Inevitably, the problems of PL 480 received notice and criticism, along with a call to end the program. On March 13<sup>th</sup>, 1977, economic historian Emma Rothschild penned a large article *New York Times*, describing and criticizing the multitude of issues Food for Peace created and its apparent obsolescence. Although not without a sense of balance, the contradictions of PL 480’s multipart mission to be a humanitarian effort, a farm sector utility, and a foreign policy tool were laid bare. Rothschild found particularly onerous the sloppy controls, the many examples of logistical corruption, the connection to Cold War allies long since useless, and the tendencies towards dependency and ungratefulness in recipient nations. The Korean controversy, emerging as a political scandal simultaneously, warranted no direct mention, but the underlying theme of the article made clear that Rothschild could not have been unaware of it. Concluding on the final page, she recommended that

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<sup>32</sup> Boettcher, *Gifts of Deceit*, 336.

<sup>33</sup> Boettcher, *Gifts of Deceit*, 64.

Food for Peace be allowed to expire, saying, “My own view is that the time has come for the slow end of PL 480”. Barring that, she recommended a massive reforming of the program, and an end to the notion that PL 480 existed as a domestic surplus-disposal tool and focus it completely on foreign policy or humanitarianism, run by the State department instead of the USDA. Rothschild also acknowledged that doing so would likely reduce the program’s monetary support, saying, “It is no bad thing, in any case, for the PL 480 budget to dwindle slowly in the course of the 1980’s”.

Humphrey and Dole joined forces to defend PL 480. Perpetually concerned with maintaining the image of PL 480 as a moral program, Humphrey commented that Food for Peace was being “misused”.<sup>34</sup> With Senator Dole’s help, he pushed for changes to the program, resulting in the 1977 omnibus farm bill including serious reforms: With the passage of PL 94-161, the government was required to use 75% of the program’s resources to aid the least developed countries.<sup>35</sup>

In 1978, Dole introduced a separate bill, S. 2760, designed specifically to address worries that shipping companies were being chosen in an underhanded manner, directly reflecting concerns over the Koreagate scandal. In his address to the agriculture subcommittee, Dole said, “Madam President, about a year ago I offered a half-dozen amendments to Public Law 480 – the Food For Peace legislation – designed to help prevent program abuse such as is now being revealed to have occurred in past years as the Korean influence scandal investigations proceed... However, the Public Law 480 regulations need further tightening”.<sup>36</sup>

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<sup>34</sup> Jaqueline McGlade. "More a Plowshare Than a Sword: The Legacy of US Cold War Agricultural Diplomacy." *Agricultural History* Vol. 83, No. 1, (2009): 95.

<sup>35</sup> Economic Research Service, U.S. Dept. of Agriculture, “P.L. 480 Concessional Sales : History, Procedures, Negotiating and Implementing Agreements” by Amalia Vellianitis-Fidas and Eileen Marsar-Manfredi, 1977, Hale Library Stack F, A93.27:133-148, Manhattan, Kans.

<sup>36</sup> “A Bill to Revise P.L. 480 Regulation Governing Operations, March 17-April 5 1978”, Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans., Senate Papers – Legislative Relations, Box 724, Folder 33.

The S. 2760 bill failed to pass, but that same year, Senator Dole praised his fellow senators for passing the Dole Amendment, which set the minimum volume of food shipments for PL 480 at seven million tons, an increase over its level at the time and a greater volume than the program had seen throughout the 1970's.<sup>37</sup> This period also marks a shift in Dole's public image following his unsuccessful and widely criticized vice presidential run in 1976. Emphasizing greater compassion, the Senator's championing of school lunch programs, food stamps, and a generally moderate stance on farm and nutrition issues improved his public image.<sup>38</sup> Dole doubtless believed in the multi-part mission of PL 480, given his status as both a representative of a food producing state and a supporter of humanitarian food programs generally. His efforts underscore the reality facing Food for Peace, that it needed to be protected from abuse and neglect, and that the program's multipurpose nature was required to assure it. Still, between Dole and Humphrey, the focus of the program moved towards humanitarianism with these efforts.

Farmers needed help badly from anywhere they could get it. Agricultural problems did not relent during the late 1970's. By 1978, market prices returned to 1970 levels, but the costs of farm inputs had risen 60% due to inflation.<sup>39</sup> Small farms attempted to use increasing capital expenditure to increase output, and often overleveraged themselves in the process; Capital investment on farms would peak in 1979,<sup>40</sup> and real farm debt per acre would peak the next year.<sup>41</sup> Inflation continued until the end of Carter's term, and the 1977 farm bill failed to adequately address it, leading to a successful combined effort by Senators Dole and McGovern to increase the authority of the Agriculture Secretary to raise

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<sup>37</sup> "Senate Adopts Dole Amendment to Boost 'Food For Peace' Exports, Enacts Agricultural Trade Export Bill, Sept. 8<sup>th</sup>, 1978", Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Press Releases, 1961 – 1996, Series 16, Box 1, Folder 233.

<sup>38</sup> Jake H. Thompson, *Bob Dole: The Republicans' Man for All Seasons*, (New York: Donald I. Fine Inc., 1994), 105

<sup>39</sup> Willard W. Cochrane, *The Development of American Agriculture: A Historical Analysis*, (Minneapolis: University of Minnesota Press, 1993), 356.

<sup>40</sup> Milton C. Hallberg, *Economic Trends in U.S. Agriculture and Food Systems Since World War II*, (Ames: Iowa University Press, 2001), 34

<sup>41</sup> Hallberg, *Economic Trends*, 36

target prices in response to high production factor costs.<sup>42</sup> In his championing of both PL 480 and the Food Stamp Act, Dole showed an abiding faith in the idea that despite the increasingly global focus of agriculture, domestic farm support programs continued to have a place and government-managed distribution of food needed to stay.

The attempts by Humphrey and Dole to preserve Food for Peace succeeded, and while the quantity of aid never came close to approximating the volume distributed during PL 480's heyday in the 1960's, the future of the program seemed secure.

#### Beyond 1980: PL 480 the Institution

Following the 1980 elections, Dole found a friend in Ronald Reagan and his administration. Reagan integrated Food for Peace into his farm policy, which focused on global markets while maintaining a balance with the farm lobby at home. In 1981, Reagan donated \$45 million in PL 480 aid to Poland following a threat of Soviet invasion, using the program as a Cold War tool yet again. Reagan's Secretary of Agriculture, John Block, called the program a useful diplomatic tool,<sup>43</sup> which it remains to this day. Reagan's use of PL 480, and Senator Dole's support of it, highlights the necessary intertwining of food aid as a moral act with food aid as supporting American political and economic interests. The rhetoric surrounding the program as a humanitarian gesture draws great support, and for those delivering the rhetoric, separating the humanitarian from the more practical concerns seems difficult.

During the 1970's, Food for Peace underwent two separate changes: it declined and stabilized into an institutional program, and it became more humanitarian in focus. This took place because the practical uses of Food for Peace declined, and the continued survival of the program relied more heavily,

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<sup>42</sup> "To Further the Purpose of the Agricultural Act of 1977, Aug. 3<sup>rd</sup> – Sept. 11<sup>th</sup>, 1979", Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Dole Senate Papers – Legislative Subject Files, Box 728, Folder 11.

<sup>43</sup> Seth S. King, "Reagan Walking a Tightrope on Farm Policy," *New York Times*, September 28, 1981, A1.

but not exclusively, on burnishing the reputation of the U.S. abroad. The United States government benefits from maintaining an image as an institution capable of empathy, particularly in contemporary times, and astute politicians continue to recognize this. So PL 480's humanitarian purposes also constitute the main source of continued value it provides, polishing the image of its supporters and giving the impression of power legitimately exercised. Earl Butz showed little sensitivity to this concern in 1974, and his support for food power showed a political attitude more attuned to coercive use of assets than with the 'soft power' cultivated by foreign aid. Other politicians, like Dole and Kissinger, better understood the political value of empathy.

There are other benefits to the program beyond this concern with image. PL 480 affects the farm sector in some way, regardless of whether the program is run by the USDA or some other organization. The millions of tons of food used must come from somewhere, and so obtaining it must necessarily increase demand in the market and raise prices. Dole seemed to understand this; constant sale of seven million tons of grain yearly, no matter whether that grain is considered surplus, helps the farm sector and voting farmers.

Likewise, PL 480 supports foreign policy. Theoretically, all nations would enjoy preferential financing or outright donation of foodstuffs, but the government cannot grant such privileges to everyone for obvious economic and political reasons. The absence of such preferential treatment affects foreign policy as well, sending the message that recipient nations are favored or not favored by the presence or lack of aid. The government is tasked with taking responsibility for relations with foreign nations, and because of that, some tool like PL 480 helps immensely by giving it a level of control beyond the laws of international market economics. In the case of both domestic economics and foreign policy, PL 480 became an institutional program which affected both. Market purists continue to dislike the program, but little serious effort has been put forth to end it.

Jacqueline McGlade's narrative frames the program's purpose in one of two camps, one being a humanitarian mission, one being a tool for practical and therefore ostensibly self-interested government policy. This view holds fundamental flaws. PL 480 began as a multipurpose program, and its continuity relies on its practical value; the humanitarian purpose stands as an example of this, not an exception to it. The separation of the practical from the ideological, upon close examination, becomes nonsensical. The idea expressed by McGlade, that efforts to preserve Food for Peace in the 1970's represented a victory for a program humanitarian at its core, misunderstands what happened. If the idea that support for a program can be measured in dollars holds any relevance, PL 480 made little progress in the 1970's and barely survived the thawing of the Cold War. As for the core disposition of the program, circumstances in 1974 showed one very important facet of it; when supplies were down, the program kept them at home. PL 480 was created to share abundance, not to sacrifice it. But a humanitarian image still holds political value. Thus, Food for Peace maintains appeal and continues to survive; so long as the cost is low, the program holds little downside.

So if PL 480 survives by virtue of its practical benefits, and those practical benefits include maintaining a humanitarian image, then is PL 480 still a humanitarian program? If humanitarianism is simply defined as helping others without coercion, and holds that definition even if the help is conditional, then PL 480 has a humanitarian identity. So does capitalist trade, so this definition seems too broad. If humanitarianism means helping others at cost to you, and requires genuine sacrifice, then PL 480 is not humanitarian, as the program responded horribly to opportunity costs. One wonders if such humanitarianism has ever existed in government, and such a definition seems too narrow. Between these two extremes, if humanitarianism is defined as helping others based primarily on their need rather than the helper's interests, then PL 480 holds some humanitarian credentials. With this in mind, many government activities – like the use of target price systems – can be seen as 'humanitarian', and the dividing line between humanitarian and politically expedient becomes blurry to the point of

irrelevance. Senators Humphrey and Dole assured that most supplies would be directed towards the least developed, and therefore neediest, nations, and assured a minimum amount for the program's use. These efforts rest on more than humanitarianism alone, particularly for Dole. In his 1974 speech, Dole highlighted balance-of-payments benefits and foreign policy benefits, as well as humanitarian decency, and clearly thought it necessary to emphasize these benefits to draw support for the program.<sup>44</sup> The mix of ideology and pragmatism seen here is the combination necessary to establish and maintain institutions and succeed in politics.

President Reagan, understanding the value of image very well, approved of the Food for Peace program. He signed Joint Congressional Resolution 306 into law on July 10<sup>th</sup>, 1984, establishing Food for Peace Day, authored by Senator Dole and cosponsored by a total of seventy sponsors.<sup>45</sup> The combination of its purposes, practical and ideological, has given PL 480 broad enough appeal to survive into the twenty-first century.

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<sup>44</sup> "Food For Peace – 20<sup>th</sup> Anniversary Statement, July 10, 1974" Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Senate Papers- Press Related Materials, Box 19, Folder 15.

<sup>45</sup> "Food For Peace Day", Robert J. Dole Archive and Special Collections, Dole Institute of Politics, Lawrence, Kans. Senate Papers – Legislative Relations, 1969 – 1996, Box 302, Folder 25.