To: Mr. Hopkins  
From: Lincoln Gordon  

I am returning to you the attached file on correspondence about the Rockefeller Board report. This correspondence was forwarded to me by Mr. Elsey, with the request that I return it to you.

Attach.  
cc: George Elsey
April 11, 1951

The President
The White House

Dear Mr. President:

This is in reply to your communication of March 9 with which you forwarded the report of the International Development Advisory Board on foreign economic policy for underdeveloped areas.

We have studied this report carefully and find that though it has many admirable qualities, there are a number of its recommendations which are subject to serious question. Perhaps some of our criticisms grow out of the very brief treatment given to agriculture in this report. We understand that three members of the Board, Robert F. Daniel, John A. Hannah and Clarence Poe, have continued work on the agricultural aspects of the report and will be happy to supply you with a supplement if you so desire. Perhaps such a supplement would clear up some of the points which we are raising. In any event it seems important to submit our frank reactions to you before any action is taken.

The responsibilities of the Department, as the food and agricultural arm of the United States Government, have resulted in many diverse operations—abroad as well as at home. Our present foreign work includes such activities as study of foreign production trends so that we may plan our own production to meet the needs of world markets and our own requirements; determining foreign allocations of U. S. agricultural commodities in scarce supply; procurement, when necessary, of foreign agricultural products, including products of critical and strategic importance; intensive efforts to secure increased production in foreign areas of such critical and strategic crops; development of foreign markets for U. S. farm products; studying methods of improving land tenure and otherwise strengthening the family farm throughout the world; and searching the world for new plants or new varieties of old plants which would be helpful to U. S. agriculture. In addition, for the past decade we have been actively engaged in a program of technical agricultural assistance to other nations. All of these functions are related to some phase of our domestic responsibilities. Some are so closely related as to be almost inseparable.

I am sure it was not the intention of the Board to remove all these functions from the Department of Agriculture. Nevertheless, it is essential that we carefully consider how these functions are to be correlated with the activities of the proposed new agency.
2. The President

Our detailed report is attached. The following, however, summarizes our basic reactions:

General:

We agree with the proposal for an over-all agency but believe that its major function should be to coordinate U. S. foreign economic policies and programs, with only limited responsibilities in the action field.

Technical Assistance:

1. We believe that the agency should coordinate the program in Washington and in each recipient country but that the technical work should be contracted to those subject-matter agencies that are willing and able to do the work. Funds for technical assistance should be voted to the agency and allocated by it to the cooperating agencies.

2. We believe that the Department of Agriculture is the most effective agency through which technical assistance work in agriculture can be carried out. The cooperative system of the Department of Agriculture and the Land-Grant colleges, the farm organizations, and other local agencies which are now participating in this program have the necessary reservoir of trained manpower, of knowledge, and of supporting and servicing facilities. For years, technical assistance has been a function and a field of outstanding achievements of these groups, working in enthusiastic cooperation.

3. We, therefore, strongly disagree with the proposal for regional corporations to be the major organizational unit for operating the food and agriculture program. Both the language of the report and the past history of the "Institute approach" indicate that the Department and the Land-Grant colleges would be used for little more than a source from which to recruit personnel, rather than as experienced institutions whose responsible and effective participation and continuity of service would be sought.

4. We believe that the concept of technical assistance for economic development may well become one of the most successful aspects of U. S. foreign policy. If this is to be achieved, the identity of the technical assistance program must be maintained. This means that it must in some way be kept separate from those programs which are shorter range or are primarily designed to furnish material or other forms of direct economic aid. Another requirement of success for the technical assistance program is that it be continued for a long period of time. The recipient governments must clearly understand that this is our intention. This is another argument for maintaining its separate identity.
Commodity Operations Closely Related to Domestic Programs:

1. We recognize the need for broad coordination in the field of allocations of U.S. supplies, international allocations, and international commodity agreements. However, programs of these types which include food and agricultural commodities are so closely interrelated with the interests of the American farmers and with the domestic agricultural programs, that, in our opinion, the basic operating responsibility for foreign food programs should be vested in this Department.

2. Regarding allocations of U.S. food and agricultural commodities to foreign countries, there may be some merit in centralizing the claimant agency function with respect to securing and presenting countries' import needs from the United States. We do not agree that export allocations should be made on a global basis. Proper allocations require consideration of each country's needs in relation to the requirements of other countries and of domestic claimants.

3. Offshore procurement of food is largely a technical operation. It requires interpretation and application of standards, grades, and domestic sanitary requirements. It requires special knowledge of techniques necessary in the handling and shipping of perishables and semi-perishables. Experience and knowledge of alternate sources of supply are essential. Also we consider the foreign procurement of food an integral part of the job of maintaining adequate food supplies in the United States, and for assuring that such supplies are distributed properly. In view of the fact that this department has had long experience in foreign food procurement, we believe that it is the agency best qualified to perform this function.

4. As to international commodity agreements in the field of agriculture, we agree that the development of such agreements should be subject to our-all foreign policy objectives, but believe that the administration of such agreements is tied so closely to the domestic programs that the operating responsibility for such programs should be in the Department of Agriculture.

Regional Administration:

Though the Department's strongest objection in the field of administrative structure is to the institute-type approach, it also sees serious disadvantage in administration on a regional basis since this would create another horizontal layer between the people doing the work in each country and the responsible leaders in Washington. The Department of Agriculture would prefer a functional approach with effective coordination at the Washington and country levels. Necessary regional planning can be done on a staff basis. Our reasons for these recommendations are set out in the attached statement.
4. The President

Foreign Aspects of Programs to Protect and Improve Domestic Crops and Livestock:

1. This work includes international cooperation in plant exploration, exchange of breeding materials, search for parasites of harmful insects, plant and animal quarantine work, and joint projects to prevent the spread of plant and animal diseases. It is assumed that the Rockefeller Board did not intend to make any changes in this work. Certainly the Department would strongly recommend against change. The work is highly technical, it has been carried on by the Department for many years, and so far as we know the method of its administration has not been questioned.

The essence of what we are saying in this letter, Mr. President, is that the Department of Agriculture earnestly desires to bring its total competence to bear in the most effective way possible in this program of total diplomacy.

Respectfully,

[Signature]

Attachment
View of the Department of Agriculture
on the Report to the President by the
International Development Advisory Board

Our detailed comments can best be divided into two sections: (1) Technical Assistance to Underdeveloped Areas, and (2) Foreign Credit Operations Related to Domestic Programs.

I. Technical Assistance to Underdeveloped Areas

1. Department's past views and policies on Technical Assistance.

Before referring to detailed provisions of the Report the Department of Agriculture would like to review basic considerations that it has stood for in deliberations with regard to the development of the Point IV Program. It wishes to do this in order to present the background against which it has analyzed the basic recommendations made by the Public Advisory Board.

(a) It is the belief of this Department that the orientation of the Point IV Program should be basically agricultural. Increasing food production should be a major objective. Improvements in the agricultural efficiency of nations can facilitate the industrial development to which they rightfully aspire.

(b) The Department has supported from the outset the centralizing of authority so as to have an efficient and well coordinated program.

(c) It has emphasized decentralizing of program execution so as to make the most effective utilization of existing competence in the field of Agriculture.

(d) In line with (a) and (c), the Department has maintained that within the framework of an overall integrating and coordinating agency, the Department was the most effective organization to carry out the agricultural aspects of the program. The interrelations between domestic and foreign action in the field of agriculture has become so close that whichever agency is responsible for one should also be responsible for the other.

(e) The Department feels that a program of the type envisioned under Point IV should be a total American effort. There is great interest within the United States on the part of State agricultural colleges, private agricultural organizations, experiment stations and extension services to be direct participants in foreign economic programs. The organic relationship between the Department and the state institutions has facilitated the creation of joint committees and other joint instruments to utilize the resources of these institutions in carrying out our foreign programs in the field of agriculture.
(2) The Department believes that technical help should go directly to the problem in a specific country with a minimum of intermediate controls, such as regional institutes or regional offices. Thus agricultural agencies both private and public must have relatively direct channels to like agencies in foreign countries.

(3) The Department believes that agricultural experts working in foreign countries must be tied organization-wise to their basic source of accumulated knowledge and latest information and methods in their respective fields.

3. In view of these considerations the Department agrees with some of the recommendations of the report. There are, however, some aspects of the report with which the Department takes issue and believes that unless they are brought into harmony, will seriously hamper the development of an effective and efficient technical assistance program.

(a) Utilizing the Department of Agriculture: The Department has been operating technical assistance programs in foreign countries for over a decade. Today, under the expanded program of technical assistance it is operating in 39 countries. Thus the framework exists through which to expand its facilities to undertake the agricultural work of the Overseas Economic Administration. The advantages of this are obvious. It would save the expensive and time-consuming training of new personnel and the developing of procurement and programming agencies. Furthermore the Department has working relationships with the land-grant colleges, developed over many years which is now resulting in individual colleges taking responsibility for work in individual foreign countries. This step has received widespread commendation.

(i) Although it might be assumed that the Department of Agriculture, and through it the land-grant colleges and other State institutions, could participate directly in the operations of the Overseas Economic Administration, still this report on its general approach seems to write these agricultural institutions out. It indicates, for example, that the six regional institutions would recruit, hire and direct personnel in the various substantive fields. If this is the case, it is difficult to see how the Department of Agriculture and the land-grant college system can do much in the program other than furnish personnel. Certainly the door is not open for a major contribution. That the Department would not be fully utilized is seen not only in the wording of the report but in the history of the institute-type program which the Board began to set up. Such programs in the past have made little use of the Department of Agriculture except as a source from which to hire personnel.

(ii) If the Department and the land-grant college system are to effectively contribute to the program it will be necessary to give them real responsibility and function in it. In this
The Department cannot stress too strongly that a technical assistance program, to be effective in the field of agriculture, must be a long-term program. Such things as the breeding and distribution of improved crops and livestock, the establishment of agricultural extension services, land reform programs and the control of animal diseases require many years. This makes the disadvantage of creating a separate "foreign department of agriculture" in the U.S. Government much more serious than if this were to be merely a short duration undertaking such as the European Recovery Program.

The foreign recipients realize the time-consuming aspects of this work just as we do. It is believed that if they know that the Department of Agriculture, with its long history, is to be responsible for the agricultural phases of the work they will have stronger conviction of its permanence than if a new agency is set up. Their view on this matter will be conditioned by the short-range nature of PAE and PIA - the two other domestic agencies which the U.S. has set up to operate in foreign countries.

Agricultural work such as that mentioned above must draw on past experience and knowledge from all over the world. It must also draw on scientists covering hundreds of fields of specialization. The Department of Agriculture together with the cooperating Land-Grant colleges, constitutes such a reservoir of knowledge and personnel to service the foreign work. To reproduce the needed portions of this organization in a new agency would be so costly as to be prohibitive.

The logic of this leads the Department to recommend that the new agency be given power to coordinate the technical assistance program at Washington and in each recipient country, but with the understanding that the technical phases of the program would be carried out by the existing subject-matter agencies whenever they are willing and able to do so. These agencies...
Would also participate in the development of the program. In each country the top agricultural man would be administratively responsible to the coordinator appointed by the new agency, but would receive technical guidance from the Department of Agriculture or from Land Grant Colleges and other institutions working through the Department. Supporting agricultural personnel would be supplied by the Department and other institutions cooperating with it. Needed regional coordination would be obtained as a staff, or consultative, function and not as part of the line of administrative authority.

(c) Regional Organization of Doubtful Value. If the Department of Agriculture is asked to work through a new organization set up on a regional basis, it will do its best to comply. However, it is felt that a regional-type organization is bad, regardless of whether the subject-matter agencies of this Government are participating. Following are some of the reasons for this belief:

(i) Some degree of cooperation is essential with the subject-matter agencies and they are all set up on a functional basis - agriculture, health, education, etc.

(ii) As the Board suggests, a high degree of cooperation will be needed with the specialized agencies of the United Nations. They too are set up on a functional basis - FAO, WHO, the Bank, the Fund, etc.

(iii) Past U. S. experience in this field has been primarily through functional-type organizations. This is true of the Scientific and Cultural Cooperation program and essentially true of the ECA. The only significant organization set up to operate on a regional basis is the Department of State and it has not as yet demonstrated its ability in the operation of economic programs.

(iv) Under the regional approach there will be required six different organizations in the field of agriculture, each presumably operating as parts of separate institutes. This in effect is developing new organizations to do the job that might more effectively be done by organizations already in existence. Having six separate agricultural organizations will impede the mobility of personnel, the mobility of decision and the possibility of fairly direct operation between United States agricultural institutions in this country and agricultural institutions abroad. It will throw onto government structure another layer vertically in addition to the six layers horizontally.
The report states that "since down-to-earth planning can be done only in terms of specific countries, their problems and resources, the Advisory Board recommends that the Overseas Economic Administration plan and operate the new agency on a regional basis." We agree that the country is the basic unit but believe that this argues against, rather than for, regional administration.

Past experience indicates that the program for each underdeveloped country grows primarily out of conditions within that country. Relations with its neighbors are very secondary in developing technical assistance programs. Furthermore, the foreign agricultural areas with which one country will have most in common are frequently on other continents. Thus tropical Brazilian agriculture has much more in common with the tropical areas of Asia than with the temperate areas of its neighbor, Argentina. In fact, close tie-in of all programs of tropical agriculture would be extremely valuable from the point of view of facilitating operations. Implementing exchanges of personnel, library materials, planting materials, and other agricultural aspects are worldwide and can be facilitated much better if the program is set up on a functional basis rather than on a regional basis.

It should be noted that if the new agency is given operating responsibility in such fields as commodity agreements, allocations, and off-shore procuring, the arguments against regional organizations become much stronger. All of the experience of this Government would indicate that international action on such commodities as cotton, wool, wheat, and oils - commodities which are growing in many regions - cannot be effectively approached through a regional organization.

Although the Department recognizes certain values in a regional approach, it feels that these can be achieved without basing the organizational framework on a regional area.
II. Foreign Commodity Operations Related to Domestic Programs

The following programs and legislative authorities now exercised by the Department of Agriculture might be affected if the proposed U.S. Overseas Economic Administration is established:

1. Allocation of Food and Agricultural Products to Individual Foreign Claimants—(Authority, Defense Production Act of 1941, and Delegation to Secretary of Agriculture in Executive Order 10261, dated September 2, 1950.) It is proposed that the OEA act as claimant agency for all foreign countries for all their export needs from the United States; that allocations be made to OEA on a global basis; that OEA be responsible for suballocations to individual foreign countries; and that OEA be responsible for seeing that necessary export licenses are issued to implement the country allocations. Although not specifically mentioned in the proposal, it must also be assumed that OEA would have responsibility for receiving requirements directly from foreign claimants.

Comment:—The Department of Agriculture has the responsibility for allocating U.S. food supplies and we feel that the proper discharge of this responsibility would require us to make allocations to individual claimants—foreign as well as domestic.

At present we are subject to the policies and directives of the Director of Defense Mobilization in conducting allocation requirements, and export control programs. However, the Director of OEA has not attempted to withdraw operating functions from Agriculture. We receive individual country requirements from the Economic Cooperation Administration for all countries in which they have a program, and receive requirements directly from all other foreign countries except for occupied-area requirements which are submitted to us by the Department of Defense. We make foreign allocations on an individual country basis utilizing a formalized interdepartmental committee structure to give us advice and assistance. We are responsible for giving the necessary directives to the Commerce Department regarding the imposition of export controls and licensing operations to implement allocations to foreign countries or for other supply reasons.

We would have no objection to a centralized agency initially receiving requirements for all foreign countries, provided that requirements data for individual countries were made available to the Department of Agriculture and that responsibility for all individual allocations, foreign as well as domestic, remains with the Department of Agriculture. The
total foreign allocation is not a residual from domestic requirements and can be built up only by the review of the needs of individual country claimants weighed against the needs of other individual claimants. We require our own civilian and military claimant agencies to submit and justify their requirements on an individual program basis, and believe that the only way in which equitable allocations can be assured is to treat requirements of all claimants in the same manner.

2. Offshore Procurement of Foods—(Authority, Commodity Credit Corporation Charter Act, Public Law 806, 80th Congress.) It is proposed that WRA assume policy responsibility for all offshore procurement of U.S. Government agencies. Particular stress is laid on the importance of coordinating the procurement of strategic and critical materials from abroad.

Comment—During World War II and the years immediately following the Department of Agriculture purchased nearly two billion dollars worth of food and agricultural commodities in foreign countries which supplemented a much larger volume of such purchases made domestically to fill the needs of the military and our Allies. The initial foreign purchase operations of food and agricultural commodities by this Department was undertaken with the approval of the President in 1942. In January 1944 by Executive Order, authority for the procurement of food and agricultural commodities abroad other than food in Canada and sugar in the Caribbean area was transferred to the Foreign Economic Administration. Complete authority for all such foreign procurement was returned to Agriculture in January 1946.

In addition, during World War II the Department of Agriculture was responsible for coordinating the procurement by all U.S. Government agencies of food and agricultural products purchased at home or abroad, except for those foreign purchases by the Foreign Economic Administration which were under the control of other foreign countries.

These wartime authorities have now expired. However, under the Charter Act of the Commodity Credit Corporation we are still engaged in some offshore procurement activity. A considerable part of this procurement is on an individual contract basis with such agencies as the WRA. We also made a large purchase of Cuban sugar last year in order to meet our needs at home.

It is our feeling that this function would suffer if it were divorced from Agriculture's responsibility for safeguarding the nation's food supply. We regard procurement, both domestic and foreign, as extensions of our allocation authority. We do not feel that we can delegate to any other agency the job of implementing allocations, or see to it that the necessary supplies are available to meet requirements.
Under the Sugar Act of 1918, the Secretary of Agriculture is directed to fix an annual quota for the amount of sugar needed to meet the requirements of consumers in the United States and is also authorized to fix quotas for the importation of sugar from foreign countries to meet this need. Last year in order to protect the American supply, it was necessary for this Department to purchase 800,000 tons of the Cuban crop. We would object strongly to any transfer of this authority from the Department of Agriculture.

It is important to recognize that the problems involved in the purchase of food and agricultural commodities differ in many respects from non-agricultural commodities. Standards or grades must be utilized as the basis for purchase in order to obtain a salable product and to minimize losses. Since the United States has such high standards and sanitary requirements, purchase of food and some agricultural commodities is quite difficult. While it is important that these standards and sanitary requirements not be allowed to interfere with obtaining commodities needed, it likewise is important that these standards and sanitary requirements on foreign purchases not be dropped too low because of the problems which develop at home when adjustments of this type are made on foreign purchases and not on domestic purchases. Throughout the years this Department has built up the necessary staff and technical knowledge regarding the application of U.S. grades, standards and sanitary regulations to foreign purchases. We are in position to work with foreign governments in advising them how to meet our requirements and for determining when our own requirements can be adjusted without harm to the domestic economy.

3. Import Controls—(Authority, Second War Powers Act, as amended by Public Law 880—81st Congress.) The OPA proposal does not specifically mention import controls. However, it must be assumed that the recommendation includes the exercise of these controls in the implementation of procurement and foreign-country allocation authority.

Comment:—During World War II, import controls on all food and agricultural products were exercised by this Department in connection with our allocation activities. At present we are responsible for the administration of import controls with respect to certain fats and oils and to rice. These import controls are designed to assist in the liquidation of certain stocks of fats and oils held by the U.S. Government, and to encourage the movement of foreign supplies to areas where they are needed most. Such controls probably will not be necessary to aid in the liquidation of U.S. Government-held stocks in the next few years. However, they will be needed to channel essential materials to particular users, and as a means of implementing allocations. We feel that import controls are an integral part of our allocation authority and we are now authorized under Executive Order 9013 to impose import controls if necessary. The exercise of this authority should remain within the Department of Agriculture. We would have no objection to a centralized
agency assuming responsibility for the issuance of licenses to individual importers. However, such licensing should be done within policies and limits established by this Department.

4. **International Commodity Arrangements**—The GIA proposal does not mention international commodity arrangements such as the International Wheat Agreement. The International Wheat Agreement Act of 1949 authorizes the United States entry into the agreement, and authorizes the President to impose such controls on the importation and exportation of wheat and wheat flour as may be necessary to implement the agreement. This authority has been delegated to the Secretary of Agriculture and the Department is now using funds of the CCC to make export subsidy payments.

**Comments**—International commodity arrangements such as the Wheat Agreement are essentially devices for stabilizing world trade and prices in basic commodities. They are of special interest to domestic producers of the commodities of exporting countries in providing export markets at stabilized prices. These agreements are especially important during periods of actual surpluses or threatened surpluses, but could also be of extreme importance during periods of shortages in meeting the supply needs of friendly nations at stabilized prices. When used in this manner, commodity agreements serve the double purpose of stabilizing export markets as well as advancing the economic and defense interests of the United States.

We agree that the development of international agreements should be subject to overall foreign policy objectives of the U.S. Government. Such control in the development of international commodity arrangements is now exercised by the Department of State. The administration of the operating program under the Wheat Agreement is the responsibility of the Department of Agriculture. We do not think that this responsibility should be transferred to a centralized agency. Administration of the Wheat Agreement program is tied very closely to the domestic agricultural program and requires a close working knowledge of requirements and production in foreign areas.

5. **Barber Activity**—(Authority, Public Law 85-61st Congress.) The proposal states that GIA assume responsibility for the coordination of the purchase of strategic and critical materials by the General Services Administration. This Department has no present responsibility for such purchases except as far as GIA requests Agriculture to act as its agent in procuring these materials. However, under Public Law 85 - 61st Congress, the Department's Commodity Credit Corporation is authorized to exchange agricultural commodities it acquires for strategic and critical materials procured abroad. CCC may, under certain conditions, transfer materials obtained to the Munitions Board stockpile and receive reimbursement or it may otherwise dispose of such materials.
Comments: Since the enactment of this authority, nine transactions have been completed which have resulted in the transfer of $2,310,000 worth of strategic and critical materials to the stockpile. These transactions have been completed only with the concurrence of the Emittances Board and the General Services Administration. The barter authority is an extension of this Department's responsibility for safeguarding the nation's food and agricultural supply. The legislation places in the Secretary sole responsibility for determining whether any agricultural commodities should be made available for barter purposes.

It could very well be that with foreign countries insisting more and more on guarantees of commodity deliveries from the United States in exchange for materials we need from them, this barter authority may be of increasing value in the future. We have no objection to conducting such operations within over-all foreign economic objectives of a centralized agency, but feel that the present procedure for purchase and resale to the stockpile should be continued.