

This is not to say that foreign aid is or should be devoid of short-term political goals or of regular congressional review. It should be a basic role of the foreign aid agency, under the general policy authority of the Department of State, to use foreign aid to further U.S. political interests as appropriate. But this is no reason to allow U.S. commercial interests in the economic development of underdeveloped countries to fall within the province of an agency whose dominant goals are necessarily and legitimately political.

Therefore, I suggest that the executive and legislative branches should seriously consider the establishment of an American development bank with authority to borrow in the market and relend at variable terms and conditions to underdeveloped countries in order to help them finance purchases of American equipment.

COMMODITY POLICY

The third matter on my list is commodity policy—international action to affect world trade in the food and raw materials produced and exported by underdeveloped countries. First, a few words about existing policies. The U.S. Government now follows a policy of examining, on a case-by-case basis, international commodity agreements aimed at stabilizing prices and, in effect, thereby raising the incomes of commodity exporting nations above the levels that would prevail in a free market.

These agreements are in some way similar to rich countries' policies for their own domestic agriculture. It is also the policy followed by unofficial agreement in world markets for such products as petroleum, aluminum and, to a lesser degree, copper. The U.S. currently participates in two official international commodity agreements: the International Coffee Agreement and the International Wheat Agreement. Tin and olive oil are also subject to international commodity agreements, to which the United States is not a signatory. Among products of primary interest to underdeveloped countries, only three other products can seriously be considered as likely candidates for international price fixing agreements: cocoa, tea, and sugar.

It is time, and I suggest long past time, that the United States agreed to an international cocoa agreement. We have been negotiating for 9 years, with negotiations regularly breaking up over trivial issues; 1 or 2 cents a pound difference in proposed floor prices; the size, financing and composition of buffer stocks, if any, et cetera. It may well be true, as Senator Long has said, that some commodity agreements are objectionable on the grounds that they transfer incomes from poor people in rich countries to rich people in poor countries. But, by and large this is not true of cocoa, which is produced mainly by small farmers in West Africa. Furthermore, free market cocoa prices fluctuate excessively from year to year, thereby making it almost impossible for a cocoa farmer to relationally plan his investment in new trees, spraying, fertilizing, et cetera. This fluctuation also increases the difficulties faced by governments of cocoa exporting countries in following a rational foreign exchange policy.