Max Praed

AN AMERICAN DILEMMA

A University Extension lecturer who recently visited the United States makes some pungent comments on economics and morals involved in capitalist "aid to the hungry."

Let's spread the word
Our surplus food
Can stop this guy from going Red.
The word comes back
Alas alack
The guy's already dead.

—New Left Jingle.

AMERICAN SOCIETY, like our own, is in the main monumentally indifferent to the proliferation of starving bellies in the world. Certainly you see a few articles in the better newspapers where a warning is sounded by a scholar, a government agency or UNESCO. But you also find things like the full-page advertisement inserted by Forbes (a business and investment magazine published in New York) in the New York Times of May 5, 1966, which depicts a reclining Asian with glassy eyes and his ribs sticking out. Under the picture it says, in large type: "Hey mister. Want to buy a shiny new car with white walls, air-conditioning, full power and stereo?" In smaller type the caption continues:

"Are you one of those people who thinks foreign countries should get off the dole and pay for what we send them? India did that. We are now holding the equivalent of two-thirds of the entire currency of India. They have paid it to us for food. And they are still starving. As a matter of fact, two billion of the world's people are near starvation. They are a very poor market for the things American business would like to sell them. Cars, for instance.

“Our government is up nights dealing with the world hunger problem. As Forbes says, 'In so doing, it will also create tremendous opportunities for businesses that have the know how, the foresight and the capital to help end hunger.' How? Don't we end hunger by sending food? Yes. When necessary. But remember India. We want these countries to grow their own. Besides, sending them a million dollars in food aid will feed only 70,000 people for a year. But sending a million dollars
Hey mister.
Want to buy a shiny new car with white walls, air-conditioning, full power and stereo?
worth of fertilizer from American industry would help feed 200,000 people for a year. That's the big idea.

"Making good markets out of starving nations is such a huge opportunity for American business, Forbes recently did a special report called "Feeding the world's hungry millions: How it will mean billions for U.S. Business! And a few out of the 425,000 Forbes subscribers have probably already figured out how they can do well by doing good. That's what Forbes is for.

This report is "generally optimistic" but it is prefaced by "the views of an extremely well-informed businessman who thinks the prospects for feeding the world over the next few decades are dim." He is Thomas M. Ware, chairman of International Minerals & Chemical, who, when he is not aggressively expanding his fertilizer interests, altruistically devotes himself to being the chairman of the Freedom From Hunger Foundation. This "engaged and aroused citizen" does not base his pessimism on a shortage of fertilizer, of implements, of seeds or even of land. The trouble is even more basic: it lies in the human mind. "Intelligence," he says, "is capital. We've spent billions on education in this country to get the amount of intelligence we have today. The underdeveloped countries haven't, and they aren't going to be able to catch up overnight." Nobody could legitimately accuse the humanitarian Tom Ware of being a racist. He believes that hunger itself breeds ignorance. "If half the people in the world are starving," he says, "then half the world's minds are permanently maimed. They just don't have the voltage between the cars to get any work done. How can a mental dwarf who has no energy grow more food?" The proper use of fertilizer takes intelligence and education. "An American farmer knows just what he needs, and has the capital to pay for it. But a man who can't read . . ." Ware is concerned that effective American action may be too long delayed. "When you double the population, you're going to double the number of Sukarnos, Cubas, Vietnams, library burnings, and the like. More accurately, you're going to get eight times as much trouble."

Ware hopes his gloomy view is wrong. Forbes hopes so, too. In fact, American capitalism sees clearly the desirability of keeping alive those two thousand million starving people (increasing to four thousand million, it is predicted, by the end of the century), in the hope that they will become intelligent enough to appreciate the advantages of owning a Chevy and thrifty enough to save up their pennies for the down payment.

U.S. foreign aid in 1965 totalled an all-time record of more than $5.5 billion. A small proportion of this — as can be said about
all such programs — was genuinely altruistic in that it was sent to hospitals and other deserving institutions and actually spent in the recipient countries. However, most of the foreign aid funds allocated by the U.S. — and many other countries — are used on the home market to buy supplies which are shipped to the recipients. Such programs may therefore be described more accurately as foreign and domestic aid. While the actual amount that America spends in this way is most impressive, we should be wary of the apparent inference that American generosity also merits description in superlative terms. The fact is that in 1965 four Western nations — France, Belgium, the Netherlands and the United Kingdom — spent in public and private assistance to the “have not” capitalist countries a higher percentage of their national incomes than did the U.S.

As Forbes points out, for American business to do well by doing good the underdeveloped nations must learn to produce more food. The U.S. Government is therefore putting a great deal of pressure on the “have not” countries to make it attractive for U.S. companies to build fertilizer plants abroad. For a long time, India insisted that it handle all the distribution of fertilizers produced in that country by U.S. companies and that it also set the price. “Standard of Indiana understandably refused to accept these conditions,” says the Forbes report. What happened? The U.S. Government Agency for International Development put food shipments to India on a month-to-month basis until the Indian Government let Standard of Indiana market the fertilizer itself at its own price.

If I interpret capitalist economics correctly, the present state of the American economy provides solid underpinning for pessimism regarding the immediate future. Big war appears to be the only available market large enough to absorb the produce of America’s huge automated productive capacity. Despite increasing large-scale governmental manipulation, the U.S. economy needs something more than that to maintain recent growth rates — to say nothing of increasing the rate. The Vietnam war on its present scale is just not big enough. Somehow the war budget must generate into an expenditure of $125 billion rising to $140 billion — much more than the present operation — to provide the expansion needed to build the Great Society.

Three important factors in the overall slump are automation, consumer saturation of goods and services and the fact that the average American family’s total debt in 1965 was a staggering 60 per cent of its annual after-taxes income. If we add to these the paucity of massive, new, solvent markets and the depletion of certain strategic mineral resources we have signs of stormy econo-
nic weather ahead. For example, in August 1966 there were 1.5 million shiny new 1966 cars languishing in dealers' showrooms. Never before in the history of the American automobile industry had so many current models been in stock when the manufacture of the new season's cars had already begun. (Admittedly Ralph Nader's research and courageous car safety campaign must have influenced many people to postpone their new car purchases, but this accounts only in small part for the stagnant market.) Where were the customers?

Where, too, were the avenues for reinvestment? With human toil and hand tools, primitive societies for thousands of years produced increments so small that the rate of reinvestment in the new techniques was restricted to the order of about once in a hundred years. Today the tomato-picking machine in the Central Valley of California can pay for itself in seven working days, or a capital reinvestment rate of 4,332 times in a century!

All this means that U.S. industry, having outfitted itself with automated, mass-production equipment, now has to put on the brakes. Many industries are finding themselves operating their equipment at far less than capacity load because to do otherwise would flood the market with surplus goods, i.e., goods which some people already possess and others cannot afford. Other industries operate at near capacity only because of the growing demand for war materials — not a markedly increased domestic demand. The only potentially large market remaining in the U.S. today are the poor. The poor are not saturated by goods and services like the middle and upper classes — but they do not have the money or "prospects" to indebt themselves deeply for cars, services, houses and appliances. Automation complicates the picture further because it makes income more uncertain for the unskilled and semi-skilled classes. In order even to continue purchasing the bare necessities for survival — to say nothing of any rise in purchasing power — growing numbers of underprivileged people will have to be subsidised by welfare or some form of guaranteed annual income.

According to various estimates there are between 30 and 50 million underprivileged people in America. Of these, about eight million Negroes and four million others (mostly Mexicans, Puerto Ricans, Indians, etc.) are comparable in plight with the two thousand million undernourished, illiterate people in the underdeveloped countries. In Asia and Latin America in the past five years the population has risen by 12% and 17%, respectively, while the production of food has risen by only 10%. Having failed to prosecute the "war on poverty" at home, by what magic will American capitalism wage it successfully abroad? How will
two-thirds of the human race, now facing famine, be transformed into an expanding, solvent market for American goods and services?

The Forbes report says that the "war against hunger" will be fought on two fronts. The first will be a crash program to supply the underdeveloped countries with food. "Foreign aid," formerly geared primarily to industrial development, will be directed more toward agricultural development. Food production will be expanded by the big American farmers who will get bigger although fewer in number — from over three million today to an estimated "immensely prosperous" 500,000 by 1976. The farmers of Canada and Australia are expected to share this boom. Food shipments are "designed to cope with such emergencies as the recent drought in India, which already has led to Communist-organised riots in the state of Kerala." In the long run, the second front is expected to be decisive. Every nation receiving U.S. aid will have to build up its own agriculture as swiftly as possible. It will receive fertilizer and farm equipment free at first but later will be expected to buy them from U.S.-owned factories within its borders. Farmers will be taught how to make the most of the land and governments will be induced "to re-rig archaic policies in the field of price incentives, farm credit and land reform." Underdeveloped countries will have to ignore the "Soviet experiment" and put agriculture first or they will not get aid.

So we have the blueprint. U.S. agricultural aid will be followed by U.S.-owned fertilizer and farm implement factories, then by other U.S.-owned industries which will employ the natives who will save their pennies until they can afford more food than they produce. The model is Western Europe, which used to receive agricultural aid from the U.S., but is now its biggest market for feed grains and poultry, or Japan which formerly received massive agricultural aid but now buys huge quantities of U.S. farm products annually on a straight cash basis. The American prospect for the starving Asian in the Forbes advertisement is therefore that he, or his surviving children, will ring up their pennies on Uncle Sam's cash register whenever they want to buy anything from a chicken to a Cadillac.

Unfortunately for the American dream, as the poor increase in numbers they are likely to fulfil, in superdeveloped America as in underdeveloped countries, the gloomy predictions made about the starving "other half" by the dedicated fertilizer-spreader Thomas H. Ware. That is, along with the burgeoning Sukarnos, Cubas and Vietnams there is likely to be a multiplication of Stokely Carmichaels, Malcolm X's, Wattses and Detroits.