

The U.S. Foreign Assistance Program

1st
Chart

1. Essentially a static program over time, it has been declining in the last 4 years. Over 20 years the program represents about \$115 billion. It required about 1.5 percent of GNP in 1949, and about .5 today. Program has run \$5+ - 6+ billion a year since its inception. Program is predominantly economic assistance although in the middle years, military assistance was almost equal to economic assistance.

2. Regional distribution of economic assistance has drastically changed over the period of the program. Initially, almost wholly assistance to Western Europe, the program is now almost wholly centered in the less developed countries (LDC's). Even among the LDC's there have been precipitous changes. Latin American assistance from 1946-1960 was more than doubled in 1961 and has been maintained at the higher level. The Near East-South Asian expenditure has been the most nearly constant of the group although it continued to increase through 1962. Far Eastern assistance which was high in the immediate aftermath of the Marshall Plan has been constant to declining since 1957, but will probably increase with a continuing Viet Nam responsibility.

2nd
Chart

3. The range of the program is enormous, from basic assistance in education and technical training through provision of low cost food, to business loans for private and state entrepreneurs, to complex military and scientific programs. The second board indicates the nature of the program through time.

a) increasing emphasis on economic assistance as opposed to military assistance,

b) increasing use of food in these programs which implies greater demand on local resources for assistance (food sold to secure local funds which are then used for loans to local activities),

c) increasing use of long-term bankable approach but not the use of this instrument which obtained before expansion of the "soft window" approach.

d) rise in the share of "other" reflects increasing use of international and interregional approaches, but note that this remains a small percentage of the total.

3rd Chart

4. Obligations under the program have changed sharply over the program. There has been an increasing shift from grants to loans with a surprisingly high rate of service on these loans. Interest payments reflected on this board exclude a value equivalent to \$500 million on Title I loans (i.e., soft currency payments, loaned to the payee country).

4th Chart

5. Where is the program by area and where does it go from here.

a) Europe, on a net basis is now minus, i.e., more repayments than new loans. Loans are going to Southern tier except for some military loans to create new communications systems.

b) The Latin American program moves around very precipitously 1965 looks this way, if the oil problem should get straightened out in Argentina and Peru, they'd both be back in this picture. Colombia will

be back in 1967. D.R. will probably stay in the picture. Mexico is a transient based on large Ex-Im bank loans.

5th
Chart

c) Near East and South Asian program will probably stay at near current levels. Indian and Near East increases in economic assistance will be balanced by reductions in military assistance in both Pakistan and India.

d) Far East programs will probably return to the higher levels of the Korean war years and its aftermath. Excision of aid to Viet Nam might reduce the visible totals but not the actual expenditures on assistance. Korea and Taiwan may be expected to fall off some. Thailand and Laos to increase.

e) African programs tend to shift widely a la Latin America, we'll have a big bill in Zambia in 1966 with the potential for a larger one in 1967, otherwise there'll be little change unless Congo comes unhinged.

Figure 1.
United States Military and Economic Assistance Program:
Annual Obligations by Region

Year	Millions of Dollars					
	Near East- South Asia	Latin America	Far East	Africa	Europe	Total
1953	743.5	422.3	1,124.4	39.7	4,131.7	6,885
1954	801.0	98.0	1,821.3	33.7	2,862.5	5,831
1955	948.4	361.4	1,598.2	37.9	1,997.0	5,195
1956	1,022.3	373.5	1,770.1	36.3	2,198.0	5,598
1957	1,260.9	684.3	1,584.8	92.9	1,861.7	5,421
1958	1,608.2	424.7	1,618.6	109.6	1,388.9	5,358
1959	1,622.6	637.1	1,672.6	191.9	1,247.6	5,695
1960	1,966.1	404.9	1,320.7	224.3	1,165.5	5,208
1961	1,762.8	1,033.0	1,339.5	472.2	879.8	5,756
1962	2,250.1	1,320.4	1,310.3	519.3	702.0	6,572
1963	2,190.3	1,095.4	1,589.2	518.8	786.8	6,863
1964	1,957.7	1,320.6	1,299.5	407.8	714.9	6,272
1965	2,096.4	1,103.9	1,416.5	356.5	521.1	5,725.6
46-65	23,097.6	9,818.3	25,509.4	3,227.2	46,349.5	
Military Only	5,767.3 25%	740.1 8%	9,400.8 37%	171.8 5%	16,249.4 35%	

United States Military and Economic Assistance
by Major Activity
Average 1953-1957, 1961 and 1965 (Percent)

	<u>Average</u> <u>1953-57</u>	<u>1961</u>	<u>1965</u>
AID Programs	31.4	35.4	37.1
Food for Peace (PL 480)	9.2	22.0	28.2
Title I	(7.0)	(18.7)	(18.5)
Export-Import Bank (Long-term loans)	5.1	15.4	9.1
Other Economic Programs	<u>1.8</u>	<u>1.5</u>	<u>3.4</u>
TOTAL ECONOMIC	<u>47.5</u>	<u>74.3</u>	<u>77.8</u>
Military Assistance Program	51.0	24.2	22.2
Credit Assistance	(Neg.)	(0.6)	(1.7)
Grants	(51)	(23.6)	(20.5)
Other Military Assistance	<u>1.5</u>	<u>1.5</u>	<u>--</u>
TOTAL MILITARY	<u>52.5</u>	<u>25.7</u>	<u>22.2</u>

**United States Military and Economic Assistance
by Basis of Obligation
Average 1953-1957, 1961 and 1965 (Percent)**

	<u>Average 1953-57</u>	<u>1961</u>	<u>1965</u>
TOTAL LOANS	11.9	36.8	47.8
TOTAL GRANTS	88.1	63.2	52.2

Billions of Dollars

Total loans 1946-65	32.7	Total repayments 1946-65	12.1
Total grants 1946-65	83.2	Principal	8.5
		Interest	3.6

Figure 10

United States Military and Economic Assistance Program:
Regional Breakdown: Europe and Latin America

Millions of US\$

<u>Year</u>	<u>Europe</u>		<u>Latin America</u>	
	<u>Total</u>	<u>Military</u>	<u>Total</u>	<u>Military</u>
1953	4,131.7	2,866.8	422.3	11.2
1954	2,862.5	2,225.9	98.0	34.5
1955	1,997.0	1,541.2	361.4	31.8
1956	2,198.0	1,754.0	373.5	30.4
1957	1,861.7	1,379.0	684.3	43.9
1958	1,388.9	926.6	424.7	47.9
1959	1,247.6	710.8	637.1	54.0
1960	1,165.5	873.4	404.9	53.7
1961	879.8	571.2	1,033.0	108.6
1962	702.0	425.8	1,320.4	132.0
1963	786.8	418.5	1,095.4	63.7
1964	714.9	327.7	1,320.6	69.1
1965	521.1	309.0	1,103.9	66.5

Latin America 1965

	<u>Total</u>		<u>Economic</u>	
Brazil	289.3	} 70%	277	} 73%
Mexico	200.9		199.6	
Chile	143.0		131.5	
Dominican Republic	90.8		89.1	
Venezuela	49.9		41.6	

Europe 1965

	<u>Total</u>		<u>Economic</u>	
Italy	109.8	} 81%	6.4	} 83%
Spain	109.0		68.7	
Yugoslavia	102.1		100.9	
Netherlands	50.2		--	
Denmark	49.3		--	

**United States Military and Economic Assistance Program:
Regional Breakdown: Far East, Near East-South Asia, and Africa**

Millions of Dollars

<u>Year</u>	<u>Near East-South Asia</u>		<u>Far East</u>		<u>Africa</u>	
	<u>Total</u>	<u>Military</u>	<u>Total</u>	<u>Military</u>	<u>Total</u>	<u>Military</u>
1953	743.5	300.4	1,124.4	722.7	39.7	--
1954	801.0	359.9	1,821.3	676.7	33.7	3.9
1955	948.4	277.8	1,598.2	533.2	37.9	0.9
1956	1,022.3	370.4	1,770.1	747.7	36.3	4.6
1957	1,260.9	365.7	1,584.8	614.5	92.9	5.2
1958	1,608.2	637.2	1,618.6	747.4	109.6	9.9
1959	1,622.6	506.9	1,672.6	746.8	191.9	6.9
1960	1,966.1	391.6	1,320.7	587.0	224.3	10.2
1961	1,762.8	245.9	1,339.5	562.7	472.2	11.6
1962	2,250.1	264.9	1,310.3	597.3	519.3	23.9
1963	2,190.3	430.1	1,589.2	659.7	518.8	26.6
1964	1,957.7	288.9	1,299.5	615.6	407.8	28.4
1965	2,096.4	392.5	1,416.5	679.1	356.5	21.3

Near East-South Asia 1965

	<u>Total</u>		<u>Economic</u>	
India	752.3	} 84%	725	} 86%
Pakistan	375.5		349.3	
Turkey	334.0		203.1	
U.A.R.	152.9		152.9	
Greece	147.3		34.4	

Far East 1965

	<u>Total</u>		<u>Economic</u>	
Vietnam	481.0	} 88%	270.8	} 85%
Korea	384.9		186.6	
Taiwan	174.2		61.5	
Japan	102.4		64.8	
Thailand	98.5		41.3	

Africa 1965

	<u>Total</u>		<u>Economic</u>	
Tunisia	55.8	} 57%	54.1	} 57%
Liberia	41.9		41.3	
Morocco	41.4		37.4	
Nigeria	34.0		33.3	
Congo	29.5		25.5	

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