"INTERNATIONAL SOLIDARITY" AND ECONOMIC INEQUALITY

— With Special Reference to the Problems of Capital Flows to Developing Countries —

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At present, when more than half of the "Development Decade" has passed, the economic development of developing countries is far behind the targets set forth at the beginning of this decade. The author analyses this problem, particularly from the viewpoint of capital movements, and comes to the conclusion that the existing system of capital movements to developing countries today must be re-examined; a new world loans or grants system should be established in combination with efforts in the direction of total disarmament.

I

"During the previous decade there was valuable progress in various directions clearing the way for intensified action during the present decade. It came to be generally recognized that the progress of under-developed countries is one of the most important problems of the world economy, and the principle of partnership of the developed and under-developed countries in solving this problem was accepted. This principle of international solidarity was not previously applied beyond national boundaries. The resolution adopted by the General Assembly at the beginning of the development decade on 'Concerted action for economic development of economically less-developed countries' [General Assembly resolution 1515-XV] signifies the acceptance of this principle."

The above words are those of Secretary-General U Thant, speaking about the "Development Decade."[1] I quote them here because the terms "international solidarity," "the principle of partnership," and "concerted action" will become increasingly important in the coming years. Some might say, however, that it is not surprising that the Secretary-General stresses concerted action among nations for the economic improvement of the less-developed countries. Modern communications have made it virtually impossible to treat the solution of any kind of problem, especially an economic problem, solely within the organizational boundaries of the nation-states. We are now living in what might be called a "homosphere" or an "econosphere," a web of interconnecting economic relations extending over the globe. Some might say that it is inevitable that the problem of economic development in the under-developed Third World (Asia, Africa, and Latin America) should be considered in the light of world interest, and not merely national interest.

1 *The United Nations Development Decade: Proposals for action,* Report by the Secretary-General, United Nations, New York, E/3613, 1962, p. 1.

But in actual fact, our homosphere, our econosphere is not a closely integrated network of mutual interest. What we are actually facing (particularly in the northern half of the world) is a sharp division of interest between the socialist camp on the one side, and the "free world" on the other. Both camps have been consistently opposed to each other in virtually every political, economic, and military sphere, and while the southern half of the world has grown stronger and more independent since the end of World War II, it is still regarded as being on the sidelines, awaiting the outcome of the struggle between East and West. "International solidarity," "the principle of partnership," "concerted action," and "world interest"[2] are terms which will become more and more meaningful as time goes by, but we cannot say that they are truly indicative of the present world situation.

II

The emphasis on international solidarity in U Thant's report, and at UNCTAD (The United Nations Conference on Trade and Development, 1964), is a direct outgrowth of the succession of vigorous movements towards economic nationalism by post-war Asian, African, and Latin American countries. Referring to Asia particularly, the important thing in the rise of nationalism is the fact that the poverty of Asian peoples has been more sharply defined by the direct and indirect consequences of World War II. Speaking about Asian nationalism, W. Macmahon Ball says:

> "First, it is a revolt against foreign political control, against colonialism, against imperialism. ... Second, it is a social and economic revolt by people with a keener sense of their poverty and misery, and heightened resentment against the gross inequalities of fortune."[3]

Poverty, indeed, is one of the main goads to Asian nationalism, which seeks not merely political independence, but elimination from external economic relationships of the disadvantageous factors suffered under the colonial dependent economy. Asians feel that they must alter the monocultural economic systems established during the colonial age and, through industrialization, construct varied and self-supporting national economies.

The wish to industrialize is not a new one in Asia. Industrialization (and concomitant economic modernization) has been the primary goal of every Japanese government since the Meiji Restoration in 1868. It has been the constant objective of the Chinese Government since the Revolution of 1911. However, the climate for the industrialization of Asian countries today is much more unfavourable than it was for Japan and China in the pre-war days. Internally, the characteristics of the colonial economy are proving too firmly imprinted to undergo easy change. Externally, the present structure of world markets in the stage of highly developed capitalism makes it difficult

2 A clearer picture of this concept can be found in Kenneth E. Boulding, "The Concept of World Interest," Richard A. Falk & Saul H. Mendlovitz ed., *The Strategy of World Order,* 1966, World Law Fund, Vol. IV, pp. 494ff.

3 W. Macmahon Ball, *Nationalism and Communism in East Asia,* Victoria, Carlton, Melbourne University Press, 1956, p. 1.

for newly-risen countries to industrialize.

The most serious problem is that primary commodity prices have grown progressively weaker. As U Thant points out, the proceeds which under-developed countries derived from export sales of primary products and manufactured goods have been insufficient to finance industrialization at an acceptable growth rate. To achieve this growth rate, Asian countries must increase their exports and must continue to challenge the highly-developed countries to alter the existing economic world order.

African and Latin American countries must also do the same. Gradually, these countries have strengthened their solidarity, keeping pressure on the advanced countries, continually clamouring for a new world trade system. The resolution of the development decade adopted by the General Assembly in 1961 and the organization of UNCTAD in 1964 might be said to be directly attributable to the efforts of the under-developed countries, and it is they who have won whatever acceptance the term "international solidarity" has received to date. Their struggle has been a hard one, and is by no means ended. The advanced countries have not responded willingly to the principle of international solidarity, primarily because of the increased burdens they must bear. UNCTAD shows the result of this reluctance. Rather than realizing their expectations of a quick remedy for their economic ills, the under-developed countries received barely enough concessions to justify their strenuous efforts in UNCTAD. The more than 40 recommendations were adopted by the conference solely by virtue of the fact that the under-developed countries held leading positions in the conference, and the practical effects of the recommendations were vitiated by the reservations held by the advanced nations.

III

As is well known, the main economic objective for the development decade is to create conditions in which the national incomes of the developing countries can increase 5% yearly by 1970, and sustain this growth rate thereafter. The external foreign exchange resources necessary for this growth rate are expected to come as a matter of course from improvements in the trade positions of the under-developed countries. U Thant's report states that the minimum foreign exchange requirements would be met by an improvement in terms of trade of 10% over the present level, and by the developing countries' increasing their share in world trade from the present 26% to 28%. But, with about half of the development decade already gone, these increases have not been realized. International co-operation has achieved nothing definite in attempting to remove the barriers set up by the industrialized countries against the entry of commodities produced by under-developed countries, nor has it been effective in stabilizing the international commodity markets on which the developing countries depend so heavily. Rather than improving, the foreign trade records of these countries have become more and more disappointing.

Perhaps U Thant anticipated this decline; it is interesting to note that his report stresses capital transfer from advanced countries to developing countries as an alternative to the expansion of trade:

"The acceptance of the principle of capital assistance to developing countries is one of the most striking expressions of international solidarity as well as enlightened self-interest. If such assistance increases to, and maintains, a level of 1 per cent of the national incomes of the advanced countries during the development decade, as suggested by the General Assembly, this will represent yet another essential contribution to the success of the decade."[4]

It is logical to try to solve the problem of economic development by capital transfer, if expansion of trade is impossible. But, although the rate is now approaching a level of 1 per cent of the national incomes of the advanced countries, we must note that capital assistance from advanced countries to under-developed countries involves many kinds of complicated factors. Capital flow to the Third World is reminiscent of the methods by which Western imperialist powers once subordinated and controlled Asia, Africa, and Latin America. It would be best to erase this by making capital transfer in the form of grants or untied loans through world-wide multilateral agencies like the IBRD, IDA, or IFC. But up to now, unfortunately, the amount of capital aid through existing multilateral agencies has remained relatively very small, partly due to the fact that the countries in the Soviet bloc are not taking part in these agencies.[5] In the post-war period, most of the capital aid to less-developed countries has been made through bilateral relations (Table 1). Moreover, an interesting case in this type of foreign aid is that of the relationships of a great power with its colonies or its former colonies and dependencies which it regards as particularly in its sphere of interest or its sphere of influence. British grants to sterling areas, the similar and even more extensive grants of the French to franc areas, and the American Alliance for Progress to Latin American countries might be the most striking and typical cases of it. We must also pay considerable attention to increased American grants and lendings to the buffer countries abutting on the borders of the two camps of East and West, countries such as India, Pakistan, South Korea, South Viet-Nam, Turkey, Egypt, and Yugoslavia (Table 2).

In effect, the loan system or the grant system in the world today is not organized in the world interest, but in the national interest of each great power. Today, official statements and reports at the United Nations and other international conferences or organizations often emphasize "international solidarity" or "concerted action" in respect to the development problem of less-developed countries. Nevertheless, the actual results are insufficient to solve the problems of capital assistance and expansion of trade.

4 *The United Nations Development Decade*, p. vii.

5 In connexion with this point, it may be necessary to take into account the high ratio of subscription by the U. S.-U. K. in the IBRD, IFC, and IDA. It was 43.17% in IBRD, 50.47% in IFC, and 46.60% in IDA in 1962. (IBRD, *The World Bank, IFC and IDA: Policies and Operations*, Washington, D. C., 1962.)

IV

As we have seen, most of the capital aid to less-developed countries in the world today can be regarded as an important means whereby great powers can build up and hold a sphere of interest or influence. This is reflected in the terms "neo-colonialism" or "neo-imperialism" used today. I do not, however, intend to discuss whether it is appropriate to call the present state of capital flow neo-colonialism, for its import is a more pressing problem than its appellation.

Capital flow from advanced capitalist powers to their sphere of interest today is greatly different from that of pre-war days. From the latter half of the nineteenth century, generally speaking, Asia, Africa, and Latin America were outlets for surplus capital of investors in the imperialist powers, and the treasure-troves wherein they could obtain large profits and many valuable raw materials. Private long-term capital flowed out in torrents, mainly in the form of direct investment. Colonial expansion was one of the most important foreign policies of the great powers, and they wrangled with each other and often started wars of imperialism.

But today private long-term capital is increasingly a smaller part of capital flow to less-developed countries, and a greater part is being taken by central government capital in the form of official grants or loans (Table 3).[6] In connexion with this tendency, more interesting is the fact that the flow of private long-term capital of advanced countries is no longer a perpendicular one from North to South, but has largely changed to a horizontal one between expanding markets within the North. This is a remarkable phenomenon indeed! The increasing flow of private long-term capital out of the United States to Western Europe in the form of direct investment would be a typical example (Tables 4 & 5).

What does this tell us? Should we understand that it means contemporary capitalism has found an outlet for its surplus capital in expanding both domestic and foreign markets within industrial countries? If so, is the reason to be found in the rapid technical innovations in the field of heavy and chemical industries, or to a series of new economic policies such as the spending policy recently adopted by capitalist government? Or both? Should

[6] According to OECD's *Development Assistance Efforts and Policies, 1966 Review,* the flow of private capital to less-developed countries has increased in 1964 and 1965. On the basis of preliminary estimates total private capital flows, i. e., direct investment, portfolio investment, and other net lending as well as net export credit, increased to $3.2 billion in 1964 and $3.9 billion in 1965, from about $3 billion in 1960 and 1961, and $2.4 billion in 1962 and 1963. As for this latest tendency, however, we must pay attention to various actions which were taken in developed countries to make foreign investment in less-developed countries more attractive and more easy. The United States incentive programme has been the most striking example. The "Investment Guarantee Program" expanded substantially in 1965 and now covers 73 less-developed countries. Also, it should be noticed that the following step played an important role. During 1965, capital flows to less-developed countries were exempted from the restrictions under the United States programme, which was taken to improve her balance-of-payments position by restricting certain capital flows (pp. 39–41).

we ask whether contemporary capitalism has lost the economic motives to hold on to its colonies? Has it found vigour to prosper without colonies? It is a fact that recent technical innovations have created a great deal of substitute raw materials, and we cannot deny that the importance of the South has declined as a source of raw materials except for petroleum, mining, smelting, and some other products. Neither can we neglect the fact that it has become difficult to find skilled labour commanding sufficiently advanced skills in the South. Increased political instability in the South may be counted as one of factors in its decline. In any case, it is a fact that Asia, Africa, and Latin America are gradually becoming isolated from the private long-term capital flow heretofore normal in international capital movements in the capitalist world. I see in these facts a great change in contemporary capitalism, although I cannot conclude here whether this change is a temporary one or not.

V

As I have stated in the previous chapter, private long-term capital has a strong tendency to move horizontally between advanced countries and, though somewhat digressing from the original subject of this paper, I should like to mention here my view of the position of Japan. Quite recently, private capital in the form of direct investment, particularly that of the United States, has shown strong signs of entering Japan. Since the war Japanese Government and business circles have made every effort by laws and administrative procedures to avoid an influx of Western capital into Japan in the form of direct investment. As to the introduction of new techniques necessary for economic growth, Japan adopted a system of purchasing technical licences, borrowing financial resources for this separately from American banks. Thus, foreign capital entered Japan not in the form of direct investment, but in the form of debt capital or indirect investment (Tables 6 & 7).

But since Japan joined OECD in 1964, Western countries, particularly the United States, have intensified their pressure for the liberalization of foreign capital transactions with Japan. At the Fourth Japan-U. S. Businessmen's Conference, Chicago, Oct. 19–20, 1965 for instance, an American delegate, A. Lewis Burridge, Vice-President, Winthrop Laboratories, stated:

> "Running counter to Japan's advance toward a true open economy has been a strong vein of domestic protectionist sentiment which has been particularly effective in checking progress toward liberalization of foreign direct investment in Japan, an essential condition to full partnership and equality with the leading industrial nations of the free-world. ... When those who foster the philosophies of protectionism and excessive nationalism voice opinions and encouragement towards the restriction of the free flow of goods and capital between Japan and other members of the free-world economy, they hinder Japan's progress toward equality in the free-world community and strike a blow at the very heart of their own economy which depends importantly for its future progress on full international economic partnership. ...We urge that consideration be given to the growing development of the so-called " international corporation " or " international cooperative group of indus-

tries." concept wherein the division of labor, flow of goods, and the flow of equity capital are controlled by strong ties between international firms throughout the industrialized sectors of the world. ...We, as representatives of the American business community invite our counterparts in Japan to combine our respective resources and work together in complete partnership towards reversing protectionist and nationalistic trends at home and abroad which are harmful in the long-run to our respective economies. We ask the Japanese business community to seriously consider that Japan's own actions towards the imports of goods, services, and foreign capital will no doubt play a major role in the establishment of international policies towards the import of Japanese goods, services, and investment."[7]

Similar remarks can be found in the address by Secretary of Commerce John T. Connor at a Joint Meeting of the American Chamber of Commerce in Japan, Tokyo, July 8, 1966.[8] What is shown by the claims expressed by Mr. Burridge and Mr. Connor is the fact that the American business world (taking note of the recent economic growth in Japan and valuing highly the potential of the largest market in Asia with a population of one hundred million), which has so far laid stress mainly on capital export to Western Europe, is now showing its real intention of direct investment in Japan.

This problem of liberalization for foreign capital transaction, particularly of direct investment from America to Japan, was taken up as an important problem and made a focus of discussion of the Fourth Annual Meeting of the Joint U. S.-Japan Committee on Trade and Economic Affairs (July, 1965) and the Fifth Annual Meeting, Japan was made to promise to draw up specific plans for liberalization of investment policies before the Sixth Meeting next year.

The entry of American big business into European markets has so far produced some remarkable phenomena. One of them is that, just as the United States and Canada now form an inseparable econosphere through capital transactions, the United States and Western Europe are forming a similar econosphere united by capital movements. On the other hand, however, as American big business has begun taking over European enterprises and expanding their share in European markets, there has begun to appear in European countries a movement towards a kind of economic nationalism, to oppose the control of powerful American capital. The recent concentration and combination of big enterprises and the reorganization of the business world founded on them can be seen as a concrete expression of Western Europe's opposition against the entry of American big business. What is more remarkable is that each European government positively supports this expression, and the ties of governments and big enterprises have been strengthened because of it. These trends will perhaps be important factors in promoting the coalition of big business and the state. Ultimately, nationalization of big enterprises in important fields might result. These signs can already be found clearly in Italy, France, and England.

7 "Investment Policies of Japan and the United States" (pamphlet), pp. 1–7.

8 U. S. Information Service Press Branch, Press Release, 66–71R, American Embassy, Tokyo, (pamphlet), pp. 1–14.

In the face of the growing pressure by Western countries to liberalize capital transactions, Japanese government authorities and the business world are now groping for a way to reorganize the industrial world, and are softening the antimonopoly law for this purpose.

Thus, private long-term capital flow between advanced capitalist countries and particularly capital entry of American big business into Europe and Japan, is a very active part of contemporary capitalism. As a result, international capital combination is promoted on one hand, and concentration of capital and the adhesion of big business and the state are stimulated on the other. What kind of changes will these processes bring to the system of contemporary capitalism?

VI

Regarding the Third World, I have already stated that government financial resources occupy an increasing part of capital flow to less-developed countries. I must point out, however, that this does not mean private long-term capital flow to less-developed countries has become insignificant in any way. In the fields of petroleum, mining, and smelting particularly, the position occupied by direct investment to less-developed countries remains fairly important, and there is no doubt that revenue or income from them is considerable (Table 5). Besides, regarding the increasing official capital flow to less-developed countries, not all are grants. We must note that loans with hard conditions in respect to term of repayment of principal and interest rates are common (Tables 8 & 9), which means that less-developed countries are under the mounting pressure of commitments to repay principal and interest on previous investments.

As a general trend, however, we may say that official grants are gradually increasing in capital flow to less-developed countries, and, in the case of official loans, the conditions for the repayment of principal and the interest rate are becoming less strict with hard loans shifting towards soft loans (Tables 8 & 9). It seems that we cannot interpret these trends as deriving only from the normal economic motives of capitalism. Of course, we should not ignore the economic inducements of large future markets and outlets of the South for surplus manufactured goods, especially for capital goods and intermediate goods produced in the North, which supplies the purchasing power to the South by government grants and loans. But, at the same time, the political advantage of encouraging the Third World, which demands an increase of capital assistance with soft conditions, may be one of the very important motives of bilateral official grants and loans to less-developed countries. In this respect, it might be said that on the flow of financial resources from advanced countries to developing countries today there is cast the dark shadow of the Communist-Capitalist systems centring on the United States and Soviet Russia. As we have seen, in the post-war period the economic aid of the United States, the United Kingdom, France, or other advanced countries to less-developed countries has shown a strong tendency to flow to areas which these great powers regard as their respective spheres of interest. It not only means that an imperialist struggle between these great powers to secure and enlarge their respective spheres of interest has been continuing, it also no doubt implies a kind of "international division of labour" for advanced countries to co-operate in forming a united front to extend official capital flow to less-developed countries.

VII

I have so far examined the situations and attitudes of advanced countries in relation to increasing government grants to less-developed countries. Here let us inquire into the situations and attitudes of less-developed countries which accept government grants. Needless to say, the increase of government grants, rather than private capital or government loans, helps a developing country by lessening the burden of principal and interest payments. But where grants are bilateral, the recipient country will have to pay something in return to the donor country, and it cannot avoid getting some impact on its political and economic independence. The case of the Philippines, which permitted the free activities of American private capital within the country in return for having the United States promise a good deal of economic assistance at its political independence in 1946, is a typical one.

For a long time Asian countries were cut off from their economies by the monopolistic rule of foreign capital supplied by the Western great powers. As far as they intend to depend on foreign capital from the United States and other industrial countries, they cannot wipe out their superintendence and control completely. In South and Southeast Asia, some countries consider, however, that they cannot help depending largely upon foreign capital to speed up industrialization and economic development, if immediate expansion of trade is impossible. Some of the countries which follow the capitalist way of development are the Philippines, Malaysia, and Pakistan, and Taiwan might probably belong to this group.

On the other hand, however, some countries are groping for different measures to develop a self-supporting economy gradually, keeping the influence of foreign capital from the West as small as possible, though more or less depending on it. This system is called the "socialist pattern of society" or "democratic socialism," and its framework is that of a mixed economy or state capitalism; the state takes the initiative of economic development and supporting the growth of the private sector as well as enlarging the public sector. Some, such as India, Ceylon, Indonesia, and Burma are looking for this way, though there are considerable differences as to whether the public sector or the private should receive stronger stress.

It is important to point out that economic nationalism in Asia contains keen criticism against capitalism itself, because of its original opposition to the colonial administration of capitalist great powers. Capitalism has hitherto contained within it a number of influential critical elements, as is well shown in labour movements, but the intensification of such criticism is peripheral areas like Asia after World War II brings an important impact to bear on the world capitalist system. It must be said that its world historical significance is extremely large. Therefore, the appearance of the mixed economy inclined to socialism is worth notice, and it is necessary to pay attention to its future development. In this respect Indonesia, Burma, Cambodia, etc. are remarkable. For these countries succeeded Mainland China in forcing requisition of foreign enterprises and their nationalization.

The above measures of Indonesia, Burma, Cambodia, etc. will achieve the results of thoroughly overthrowing the structure of the colonial dependent economy, in so far as they intend to remove the economic grounds of their former master countries and let their enterprises serve their own national economic interest through nationalization. But the problem is how to create new economic functions instead of merely demolishing those old economic functions. The rise of such economic nationalism may not overcome poverty, unless it has the ability to organize its energy towards a new self-supporting economy. We need to realize the difficulties in the path of the socialistic growth of Asian small countries. Also, it seems that the scale of economy has some important significance in the establishment and growth of a socialist economy. It is said that Taiwan, Thailand, the Philippines, Malaysia, or Pakistan, which seem to choose the way of capitalist growth, by receiving large introductions of foreign capital from industrial great powers, have recently shown a relatively high tempo of economic growth (Table 10).

Room is left, however, for doubt as to how much the statistical figures reflect the actualities. Also, as far as a nation assists and adjusts the activities of the private sector, permitting it a wide range of freedom of activities, as in Pakistan or the Philippines, the old economic structures may often be preserved, and the semi-feudalistic land system of anti-modern commerce or usury will remain, the inequality of wealth within the country growing larger, and the rule of Western capital surviving firmly.

VIII

What is important for the economic development of under-developed countries is not simply the rise of the rate of growth of aggregate incomes. The rise must be associated with improvements in internal income distribution. The ultimate objective of economic development is social progress, and social reform is a necessary condition of economic improvement.

Thus, social reform has indispensable importance for the economic development of under-developed countries, but here we intend to limit the argument to the problems of external relations. If we limit the problems to external environments, it is evident from what has been discussed so far that expansion of trade is preferable to an increase of aid for economic development and the economic independence of under-developed countries. If the principle of international solidarity for economic development of developing countries is to be accepted, countries in the North should, first of all, be much more active in the expansion of the trade of developing countries, for as we have seen, capital movements to less-developed countries today contain a lot of complex elements. In order that capital transfer from advanced countries to developing countries be effective as an alternative to the expansion of trade, a new international policy of increasing grants through multilateral agencies must be established in the future. These multilateral agencies need not be limited to existing institutions like the IBRD, IDA, or IFC. I have not so far referred to the relatively small amounts of economic assistance from the Soviet bloc countries to less-developed countries at all. For I do not know how to estimate it, either quantitatively or qualitatively, mainly because we cannot obtain detailed materials for it. It cannot be denied, however, that it has strong political implications which attract the Third World to the East in opposition to economic aid from the West. Thus, if it is recognized that increasing grants from both the West and the East to less-developed countries have considerably effective functions which would strengthen the struggle between the East and the West to bring the Third World over to either of the two camps, and accordingly impair the political and economic independence of these countries, it is an inevitable conclusion that a new international policy for economic assistance to these countries through multilateral agencies, including Soviet bloc countries, will have to be found. The establishment of such a new world loans or grants system must greatly contribute to securing the political and economic independence of newly-risen countries, to mitigating the opposition between the East and the West, and accordingly to creating a new peaceful world.

After all, it is clear from what has been stated that the existing system of capital movements to developing countries today must be re-examined generally. As to this point, last, reference should be made to relationships between the heavy expenditures on armaments which many countries now bear and the foreign aid to under-developed countries. As is generally known, the present expenditures on armaments alone are about equal to the aggregate of national incomes of all under-developed countries, and about ten times their net capital formation. By the unanimous and oft-repeated declaration of the General Assembly of the United Nations, contained in resolution 724 (VIII), governments agreed to devote a portion of the savings achieved through internationally supervised world-wide disarmament to an international fund within the framework of the United Nations, to assist development and reconstruction in under-developed countries. Truly, disarmament offers the best opportunity to create a world grant system organized on the basis of world interest above and beyond the opposition between the East and the West. This system would be likely to involve a much larger volume of grants from the rich countries to the poor than now exists. Also, owing to this, the political and economic independence of the under-developed countries must be further strengthened, which will make possible the dawn of a new human society. In this sense, and also for peace in the world today, we must not stop pursuing complete general disarmament.

Table 1. THE FLOW OF ASSISTANCE TO LESS-DEVELOPED COUNTRIES, 1963–1964 (Million U. S. dollars)

	1963		1964	
D. A. C. Members				
Official Contributions:				
Bilateral Grants		3,949		3,796
Bilateral Loans		1,731		1,759
Contributions to Multilateral Organizations		384		367
Total Official Flow	6,064		5,921	
Private Contributions:				
Bilateral Flow		1,961		2,581
Investment Multilateral Organizations		−12		153
Total Private Flow	1,949		2,734	
Total Official and Private Flow from D. A. C. Members[(a)]	8,013		8,655	
Non-D. A. C. Members				
Bilateral Flow (official and private)	630		...	
Other Industrial Countries[(b)]		205		
Sino-Soviet Countries		425		
Multilateral Flow (official and private)	30		27	
Other Industrial Countries[(b)]		24		21
Sino-Soviet Countries		6		6
Total Flow from Non-D. A. C. Members	660		...	
Net Additional Outflow from Multilateral Organizations[(c)]	252		233	
Total Receipts of Less-developed Countries	8,925		(9,700)	

Notes: 1. Small discrepancies in totals are due to rounding.
2. a) Official loans and private credits of 5 years maturity or less are excluded.
b) Australia, Finland, New Zealand, South Africa, Sweden, and Switzerland.
c) Difference between total listed receipts of multilateral organizations in each year and disbursements in the same year, net of capital subscriptions, bond purchases and repayments by less-developed countries.

Source: OECD, *Development Assistance Efforts and Policies; 1965 Review*, p. 42.

Table 2. PRINCIPAL RECIPIENTS OF NET OFFICIAL BILATERAL DISBURSEMENTS BY THE UNITED STATES 1963 (Million U. S. dollars)

Recipient	Grants[(a)]	Net Lending	Total
India	392	348	740
Pakistan	227	154	382
South Korea	222	17	239
South Viet-Nam	210	—	211
Turkey	163	14	178
United Arab Republic (Egypt)	140	33	174
Brazil	87	51	138
Yugoslavia	104	24	128
Chile	12	97	110
Total of Above Recipients	1,557	738	2,300
All Other Recipients and Unallocated	1,094	151	1,240
Total	2,651	889	3,540

Note: a) Including loans repayable in recipients' currencies and transfers of resources through sales for recipients' currencies.

Source: OECD, *The Flow of Financial Resources to Less-developed Countries 1956–1963*, p. 114.

Table 3. THE FLOW OF FINANCIAL RESOURCES TO LESS-DEVELOPED COUNTRIES AND MULTILATERAL AGENCIES BY MAJOR CATEGORIES 1956 TO 1963 (DISBURSEMENTS) INDUSTRIAL OECD MEMBER COUNTRIES COMBINED

(Million U. S. dollars)

Disbursements	1956	1958	1960	1962	1963
Total Official and Private Flow, Net (A+B+C+D)	6,243	7,268	7,985	8,476	8,486
Total Official Flow, Gross	3,492	4,676	5,366	6,481	6,585
Total Official Flow, Net (A+B)	3,270	4,381	4,942	6,014	6,048
A. Total Official Bilateral Flow, Net	3,046	4,016	4,277	5,381	5,662
Grants	1,843	2,415	2,511	2,696	2,664
of which Reparations and Indemnification Payments	106	149	133	157	140
Loans Repayable in Recipients' Currencies, Net	80	105	217	414	306
Transfer of Resources through Sales for Recipients' Currencies, Net	667	676	901	870	989
Official Lending for more than One Year, Gross(a)	678	1,116	1,072	1,867	2,239
Official Lending for more than One Year, Net	457	821	648	1,400	1,703
Amortization Received(a)	222	296	424	467	537
B. Multilateral Contributions, Net	224	365	664	633	386
C. Total Private Long-term, Net	2,578	2,717	2,580	1,914	1,872
Direct Investment and Other Lending, Net	2,552	2,276	2,375	1,668	1,903
Portfolio Investment in Multilateral Agencies, Net	26	441	205	247	−31
D. Guaranteed Private Export Credits for more than One Year, Net	395	170	463	548	566
Credits for more than Five Years, Net	73	27	93	285	231
Credits of One to Five Years Inclusive, Net	322	143	370	262	335

Notes: 1. Totals include "net official multilateral contributions" and "net private portfolio investment in multilateral agencies" of Iceland, Ireland, and Luxemburg for the period 1960–1963.

2. a) Includes "Other bilateral government long-term capital."

Source: OECD, *The Flow of Financial Resources to Less-developed Countries 1956–1963*, p. 134.

Table 4. DIRECT INVESTMENT FROM U. S. TO SELECTED COUNTRIES AND INDUSTRIES, 1929–1964

	Value (Million U. S. $)	%	Canada	Latin America	Europe	Other	Petroleum	Manufacturing	Other
1929	7,528	100.0	26.7	50.0	18.0	5.3	14.8	24.1	61.1
1950	11,788	100.0	30.4	37.7	14.8	17.1	28.8	32.5	38.7
1957	25,262	100.0	34.2	33.4	16.4	16.0	35.8	31.7	32.5
1964	44,343	100.0	31.2	20.0	27.2	21.5	32.4	38.0	29.6

Source: U. S. Department of Commerce, *U. S. Business Investment in Foreign Countries*, 1960, p. 93, and *Survey of Current Business*, Sept., 1965.

Table 5. VALUE OF DIRECT INVESTMENTS ABROAD FROM U. S. BY SELECTED COUNTRIES AND INDUSTRIES, AT YEAR-END 1950, 1957, 1964, AND 1965

(Million U. S. dollars)

Area and Country	1950	1957	1964 (r)	1965(p)						
				Total	Mining and Smelting	Petroleum	Manufac-turing	Public Utilities	Trade	Other
All Areas, Total	11,788	25,394	44,386	49,217	3,794	15,320	19,280	2,134	4,191	4,499
Canada	3,579	8,769	13,796	15,172	1,755	3,320	6,855	486	881	1,875
Latin American Republics, Total	4,445	7,434	8,894	9,371	1,114	3,034	2,741	596	1,034	852
Other Western Hemisphere	131	618	1,311	1,437	310	500	199	45	91	291
Europe, Total	1,733	4,151	12,109	13,894	55	3,429	7,570	60	1,716	1,065
Common Market	637	1,680	5,426	6,254	16	1,617	3,688	46	658	229
Other Europe	1,096	2,471	6,683	7,639	39	1,811	3,811	14	1,058	836
Africa, Total	287	664	1,685	1,904	361	1,020	292	(**)	114	117
Asia, Total	1,001	2,019	3,112	3,611	37	2,384	673	61	253	203
Middle East	692	1,138	1,332	1,590	3	1,491	43	4	13	36
Far East	309	881	1,780	2,021	34	893	629	58	240	166
Oceania, Total	256	698	1,593	1,811	162	499	950	2	103	95
International	356	1,041	1,885	2,017	...	1,133	...	884	...	...

(continued)

(Table 5; continued)

Area and Country	Net Capital Outflows						Income(a)					
	1964 (r)	1965(p)					1964 (p)	1965(p)				
		Total	Mining and Smelting	Petro-leum	Manu-factur-ing	Other		Total	Mining and Smelting	Petro-leum	Manu-factur-ing	Other
All Areas, Total	2,416	3,371	98	1,013	1,494	766	3,670	3,961	443	1,798	1,095	625
Canada	239	896	1	161	389	345	634	692	110	112	315	145
Latin American Republics, Total	143	171	−14	−80	214	50	895	888	185	468	109	127
Other Western Hemisphere	124	89	57	− 5	34	3	116	126	82	18	15	12
Europe, Total	1,368	1,432	− 1	372	732	328	654	760	8	17	532	203
Common Market	807	814	(*)	135	543	135	275	365	(*)	18	305	43
Other Europe	561	618	(*)	236	189	193	379	395	(*)	− 1	227	169
Africa, Total	141	160	− 2	130	40	− 8	301	332	55	233	21	22
Asia, Total	224	438	1	352	56	29	983	1,033	2	921	44	66
Middle East	42	254	1	246	3	4	836	822	...	813	4	5
Far East	181	184	(**)	106	53	25	148	211	2	107	40	62
Oceania, Total	98	142	56	41	88	17	59	62	1	−11	59	12
International	80	43	...	41	...	2	27	69	...	30	...	39

Notes: 1. a) Income is the sum of dividends, interest, and branch profits.
r) Revised.
p) Preliminary.
2. *) Combined in "other industries."
**) Less than $ 500,000.

Source: U.S. Department of Commerce, *Survey of Current Business*, August, 1964; September, 1965; and September, 1966.

Table 6. TRANSACTIONS IN U. S. PRIVATE ASSETS NET; INCREASE IN ASSETS (−) (Million U. S. dollars)

		Direct Invest-ment	Foreign Securi-ties Newly Issued in U.S.	Re-demp-tions	Other Trans-action in Foreign Securi-ties	Claims Reported by U. S. Banks and Residents		Total
						Long-term	Short-term	
Western Europe	1961	−724	−57	30	−233	−115	−47	−1,146
	1962	−867	−195	33	−16	−84	−177	−1,306
	1963	−924	−272	23	3	−503	−87	−1,760
	1964	−1,368	−35	35	151	−651	−417	−2,285
	1965	−1,432	−95	35	120	135	25	−1,212
Canada	1961	−302	−237	55	−88	10	−503	−1,065
	1962	−314	−457	83	79	−37	−64	−710
	1963	−365	−693	107	37	2	−16	−918
	1964	−239	−700	87	17	−277	−423	−1,535
	1965	−895	−709	108	147	−63	851	−561
Japan	1961	−29	−61	2	−11	−34	−695	−828
	1962	−54	−101	4	−23	−108	−245	−527
	1963	−68	−164	9	−29	−120	−449	−839
	1964	−78	...	18	...	−135	−502	−697
	1965	−21	−52	7	7	−24	71	−12
Latin American Republics	1961	−173	−18	14	−18	−108	−150	−453
	1962	32	−102	14	−22	−39	−102	−219
	1963	−69	−35	18	−1	21	−100	−166
	1964	−143	−201	13	−2	−121	−562	−1,016
	1965	−171	−37	10	−4	−94	−39	−335
Asia and Africa (excludes Japan and South Africa)	1963	−248	−68	10	7	−15	−87	−401
	1964	−247	−116	6	15	−42	−195	−579
	1965	−549	−134	6	5	−212	−125	−999

Source: U. S. Department of Commerce, *Survey of Current Business*, (U. S. International Transactions by Area), June, 1966.

Table 7. DIRECT INVESTMENTS TO SELECTED COUNTRIES FROM U. S. (Million U .S. dollars)

	Direct Investment Total, 1963	As Percentage of GNP in 1963	As Percentage of the Value of Trade with U. S. in 1964
Japan	475	0.8	13.0
Canada	13,016	32.6	146.5
United Kingdom	4,216	5.0	163.6
West Germany	1,772	1.9	71.8
France	1,235	1.6	96.1
Italy	668	1.5	49.1
Switzerland	668		116.1
Netherlands	445	3.1	37.5
Belgium-Luxemburg	351		34.3
Venezuela	2,807		180.8
Australia	1,277	7.1	141.9
Brazil	1,128		121.0
Colombia	465		88.8
Peru	448		107.6

Source: Federation of Economic Organizations, *Nichi-Bei keizai-kankei no shomondai* (Problems of Japan-U.S. Economic Relations), Tokyo, 1966, p. 105.

Table 8. BREAKDOWN BY MATURITIES OF OFFICIAL BILATERAL LOAN COMMITMENTS* BY INDUSTRIAL OECD MEMBER COUNTRIES COMBINED, 1961, 1962, AND 1963

Maturity Periods	Percentages of Total Official Bilateral Lending		
	1961	1962	1963
More than 1 to 5 Years Inclusive	12.3	7.5	−0.1
More than 5 to 10 Years Inclusive	17.8	11.2	13.3
More than 10 to 20 Years Inclusive	36.0	23.4	34.2
20 to 30 Years Exclusive	17.6	25.5	17.7
30 to 40 Years Exclusive		0.5	1.3
40 Years and More	16.3	31.9	33.6

Note: *) For certain countries in some years, gross disbursement data.
Source: OECD, *The Flow of Financial Resources to Less-developed Countries 1956–1963*, p. 36.

Table 9. INTEREST RATE STRUCTURE OF OFFICIAL BILATERAL LOAN COMMITMENTS* BY INDUSTRIAL OECD MEMBER COUNTRIES COMBINED, 1961, 1962, AND 1963

Interest Rates	Percentage of Total Official Bilateral Lending		
	1961	1962	1963
Less than 1 per cent	14.7	35.5	35.3
1 to less than 3 per cent	3.0	3.2	6.3
3 to less than 5 per cent	10.2	16.1	18.3
5 to less than 6 per cent	52.3	26.1	29.7
6 per cent and more	19.2	18.1	10.1
Not Available	0.5	1.1	0.3

Note: *) For certain countries in some years, gross disbursement data.
Source: OECD, *The Flow of Financial Resources to Less-developed Countries 1956–1963*, p. 35.

Table 10. AVERAGE ANNUAL RATE OF INCREASE OF GROSS NATIONAL PRODUCT AT CONSTANT PRICES IN DIFFERENT PERIODS[a]

(1) National Aggregates (%)

Burma	1950/51–1963/64	4.8	1952/53–1963/64	5.5	1962/63–1963/64	−3.4
Cambodia	1952–1963	5.8	1952–1955	3.3	1955–1963	6.8
Ceylon	1951–1964	3.1	1951–1956	1.7	1956–1964	3.8
Taiwan	1951–1964	8.1	1951–1956	8.7	1956–1964	7.8
India[b]	1951–1964	3.9	1951–1957	3.0	1957–1964	4.6
Indonesia	1951–1960	3.3	1951–1957	5.2	1957–1960	0.0
Malaya	1955–1964	4.8	1955–1959	2.6	1959–1964	6.6
Pakistan	1951/52–1964/65	3.4	1951/52–1957/58	2.3	1957/58–1964/65	4.5
Philippines	1951–1964	5.4	1951–1955	7.4	1955–1964	4.5
Thailand	1951–1964	6.1	1951–1958	4.3	1958–1964	8.1

(2) Per Capita Product

Burma	1951/52–1963/64	2.6	1953/54–1963/64	3.4	1962/63–1963/64	−5.2
Ceylon	1951–1964	0.5	1951–1956	−0.8	1956–1964	1.2
Taiwan	1951–1964	4.5	1951–1956	5.1	1956–1964	4.3
India	1951–1964	1.8	1951–1957	1.0	1957–1964	2.3
Indonesia	1951–1960	1.1	1951–1957	3.0	1957–1960	−2.4
Malaya	1955–1964	1.6	1955–1959	−0.5	1959–1964	3.3
Pakistan	1951/52–1964/65	1.3	1951/52–1957/58	0.1	1957/58–1964/65	2.3
Philippines	1951–1964	2.2	1951–1955	4.2	1955–1964	1.3
Thailand	1951–1964	2.9	1951–1958	1.2	1958–1964	5.0

Note: a) Periods are separated when there are obvious breaks in the trends. Data for early years whose trends are too different are not included. Data for Burma, Cambodia, and Malaya are for gross domestic product.
b) Net national product.
Source: United Nations, *Economic Survey of Asia and the Far East 1965*, p. 157.