CHAPTER X

THE BILATERAL ECONOMIC AID OF THE MEMBERS OF THE UNITED NATIONS AND REGIONAL ASSISTANCE PROGRAMMES

In this chapter the bilateral economic aid of the donor members of the United Nations to underdeveloped countries and regional assistance programmes will be briefly examined. The vastness of this topic does not permit a detailed examination; however, it is necessary to have a brief look at this subject, in order to draw some conclusions as to the success and failure of the United Nations assistance to underdeveloped countries.

A. The United States

Economic assistance provided bilaterally by the United States to underdeveloped countries through its various programmes in the form of goods and services, dollars or other currencies amounted to the equivalent of $1.4 billion in 1957, $1.7 in 1958, $1.9 billion in 1959, $2.04 billion in 1960 and $2.09 billion in 1962.¹ These figures are calculated according to the United Nations definition of economic aid. The United States has supplied to underdeveloped countries, between July 1, 1945 and June 30, 1960 economic aid equivalent to $24.4 billion.²

It is interesting to compare this amount with that of the United Nations assistance, which is only around $4 billion for the same period. It should also be noted that the total U.S. economic assistance through international organizations has not been more than $1.5 billion during that period. This amount includes the subscriptions of the U.S. to IBRD, IFC and her contributions to the U.N. technical assistance programmes, to the Special Fund, UNRRA, UNICEF and UNRWA.³

United States bilateral assistance is given through a variety of programmes, which have been established since the Second World War as specific needs appeared and additional action was needed. It

¹ See the reports of U.N. Secretary-General on international economic assistance to underdeveloped countries, Doc.E/3131, E/3395 and E/3556, and “An Act for International Development,” Department of State publication, No. 7205, Series 169, p. 32.
² U.S. Foreign Assistance and Assistance from International Organizations, Published by the office of statistics and reports of ICA, 1961.
³ Ibid., p. 98.
was with the Point IV programme, incorporated in the Act for International Development of 1950, that the United States promulgated for the first time her intention to help the less privileged peoples.

There are three major United States assistance programmes: 1) Mutual Security Programme, 2) Export-Import Bank, 3) Public Law 480.

1. Mutual Security Programme

This is the largest of the three aid programmes. Until 1961, it operated through two different agencies: International Cooperation Administration and Development Loan Fund.

   a. International Cooperation Administration (ICA). This administration was established as a part of the Department of State in July 1955, by Executive Order 10610. It was responsible for the following activities of the Mutual Security Programme:

   (i) Technical Cooperation (Point IV). This is the technical assistance part of the U.S. aid programme. Under it, the services of U.S. technicians are furnished to less developed countries, foreign technicians are trained and small amounts of supplies and equipment are provided.

   (ii) Defense Support, Special Assistance and Contingency Fund. These programmes are parts of the Mutual Security Programme and were administered by ICA.

   (iii) Investment Guarantee Programme. Under this programme ICA offered guarantees against certain risks to investments abroad and sought to encourage the flow of private American investment to underdeveloped countries.

   b. Development Loan Fund. This Fund was established in 1957 and was a Government Corporation. Its purpose was to provide long term and flexible financing to underdeveloped countries to aid their development process. Its capital was appropriated each year by Congress. During its first year of operation it loaned $300 million and in 1959 this amount rose to $625 million. The interest rate for non-profit making projects was $3\%$ per cent and for profit making enterprises it ranged between $5\%$ and $5\frac{1}{4}$ per cent.

2. Export-Import Bank

Another major part of U.S. international financing is carried out by the Export-Import Bank which was established in 1934. The Bank's main purpose is to assist and to encourage the overseas trade of United States private enterprise by financing export sales of specific items, and also to make loans to foreign Governments and to private American