

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#1a memo	Komer to Bundy S 1 p <i>open 5-30-95 NLJ 93-320</i>	10/21/63	A
#2 memo	Komer to Bill S 1 p <i>open 2/6/92</i>	1/18/64	A
#2a memo	Komer to President S 1 p <i>open 9-6-95 NLJ 93-320</i>	1/17/64	A
#3 memo	Bell to Bundy S 1 p <i>open 9-21-93 NLJ 93-316</i>	1/10/64	A
#4 memo	Bell to Bundy S 6 p	1/7/64	A
#4b rpt	FY 1964 Foreign Assistance Fund... <i>open 12-6-99</i> S 8 p	[1963]	A
#4d rpt	Annex A C 11 p	[1963]	A
#5a memo	Bell to Bundy <i>open 9-21-93 NLJ 93-316</i> S 27 p	1/6/64	A
#6 memo	NSAM 276 S 1 p <i>open NLJ 92-271</i>	12/26/63	A
#7 memo	Duplicate of #6		
#8 memo	Saunders to Bundy S 1 p <i>open 5-30-95 NLJ 93-320</i>	12/20/63	A
#9a memo	Duplicate of #6		
#9b memo	Duplicate of #6		
#9c memo	Duplicate of #6		
#9d memo	Duplicate of #6		

FILE LOCATION

NSF, NSAM, NSAM 276--Distribution of Foreign Aid Cuts

Box 2

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
 (B) Closed by statute or by the agency which originated the document.
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THE WHITE HOUSE
WASHINGTON

File

Mr. Komer

I have me gone
by this?

BKS

Yes, this was
answer to NSAM 276
which wasn't starting
enough to mutter.
LBR read and
returned.

JAN 27 1964

NSAM 276

1a

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October 21, 1963

McGB:

I've alerted both Dave Bell and Bill Bundy that JFK will want to have final look at apportionment of any major aid cuts when time comes. I also mentioned your suggestion that this seemed kind of topic which warranted preliminary go-round in Standing Group. Dave quite agreed.

I'll keep tabs on this, because only way in which such a can of worms can be tackled is if someone sorts out those particular issues which are worth high level review.

Good

BKS:
to be in mind

RWK
RWK

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DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 93-320
By cb, NARA, Date 5-22-95

JAN 27 1964

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Bill,

January 18, 1964

Since the President personally authorized this report, we want to let him know it's here. But it is not high priority business, and poses no big issues, so I've briefed it on one page to save his time.

DECLASSIFIED

E.O. 12356, Sec. 3.4(b)

White House Guidelines, Feb. 24, 1983

By Oct, NARA, Date 2-5-84

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Bob Komer
RWK

~~SECRET~~

January 17, 1964

2a

MEMORANDUM FOR THE PRESIDENT

Here is how AID and DOD have apportioned the FY 1964 aid cuts. While we requested this report to enable you to weigh in if there were any major problems or unresolved issues, we see none and recommend you merely note it.

To summarize the report (which it does not seem essential to read), AID and DOD have spread the cuts pretty evenly among the major aid recipients, while protecting high priority programs and prior commitments. Because of carryovers, we have \$3.7 billion to work with, compared with the \$4.15 billion we actually committed last year.

Most of the actual reduction comes out of MAP, where we have \$426 million less than we used last year. This will cover all explicit commitments, though we'll have to put off some force modernization which Korea, China, the Philippines, Greece, and Turkey expect. We're also trimming a number of smaller programs, e.g. Indonesia, Burma, some Africans. Tom Mann and DOD are still discussing how much to cut Latin American MAP, but any cut would be much less than in other areas.

The \$2.5 million economic aid available is about what we actually committed last year. It will cover all firm promises and priority needs. What permits this is the slowness of many clients to come up with satisfactory project terms. We're also cutting back the more mature countries ready for conventional financing (China, Philippines, Israel, Greece, Mexico, Venezuela, Jamaica) and small marginal programs.

One problem is the lack of much cushion for emergencies or opportunities. Since an extra \$40 million may be needed for more ammunition, etc. in Vietnam, Bell is already considering a \$50 million transfer to MAP from our \$179 million AID contingency fund. All in all, we'll probably get by this year, but partly by pushing our problems ahead of us, which underlines the importance of the FY 1965 AID reviews.


R. W. KOMER

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON 25, D. C.

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OFFICE OF
THE ADMINISTRATOR

JAN 10 1964

MEMORANDUM FOR: The Honorable McGeorge Bundy
The White House

SUBJECT: Additional \$20 million MAP Contingency
Fund Requirement for Vietnam

As a result of further DOD review of military assistance programs (as described in item 4 of my January 7 memo, subject: "Impact of Cuts in Foreign Aid Appropriations"), it now appears that an additional \$40 million may be needed to meet additional ammunition and other urgent requirements for Vietnam. This would be \$20 million more than the probable additional requirement noted under Vietnam in Annex A of my memorandum, and would correspondingly increase the potential demand for transfers to MAP from economic Contingency Funds.

David E. Bell
David E. Bell

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 93-316
By 1-8, NARA, Date 8-20-93

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JAN 16 1964

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON 25, D. C.

OFFICE OF
THE ADMINISTRATOR

JAN 7 1964

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(~~SECRET~~ attachment)

MEMORANDUM FOR: The Honorable McGeorge Bundy
The White House

SUBJECT: Impact of Cuts in Foreign Aid Appropriations

This memorandum is the response to NSAM 276 of December 26, which requests a report for the President on how we propose to adjust the economic and military assistance programs to the large cuts made by the Congress. It includes an analysis of military assistance supplied by the Department of Defense and is concurred in by the Secretary of State and the Secretary of Defense.

We would suggest that the President should be informed of the following major points:

1. Fund Availabilities. The President requested \$4.5 billion in new appropriations and anticipated carryovers of \$300 million more. \$3 billion was appropriated and carryovers of \$684 million are now estimated (including reappropriation of \$127 million of last year's Contingency Funds, which we had not requested, and \$37 million of uncommitted funds of the Social Progress Trust Fund which are with the Inter-American Development Bank). The total now available therefore is \$3.7 billion, 24 percent less than was requested. The cut was fairly evenly divided among appropriation categories:

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E.O. 12356, Sec. 3.4
NEJ 93-316
By WJG, NARA, Date 8-20-93

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JAN 16 1964

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	<u>Request to Congress</u>	<u>Total Available</u>	<u>Reduction</u>
Development Loans and Grants - Latin America	\$ 907	\$ 743	-164 (18%)
Development Loans and Grants - Rest of World	1,433	1,036	-397 (28%)
Military Assistance	1,555	1,173	-382 (25%)
Supporting Assistance and Contingency Fund	745	540	-205 (28%)
Other	<u>223</u>	<u>192</u>	<u>- 31</u> (14%)
Total Foreign Assistance	4,863	3,684	-1179 (24%)

2. Comparison with 1963 Commitments. Compared to last year, FY 1964 funds are down by \$470 million, almost entirely in military assistance. Total economic assistance funds are about the same as were used last year. However, on a geographic breakdown, funds available for Latin America have been increased by \$160 million; those available for the rest of the world have been reduced by \$200 million

	<u>1963 - Commitments</u>	<u>1964 Available</u>	<u>Reduction</u>
Military Assistance	\$1,599	\$1,173	-426 (27%)
Economic Assistance (including Supporting Assistance)	2,555	2,511	- 44 (2%)
	<u>4,154</u>	<u>3,684</u>	<u>-470</u> (11%)

3. Allocation of Cuts: Economic. In the last few weeks a country by country review has been conducted of the economic aid program with the purpose of allocating available funds to achieve maximum progress toward U.S. objectives. In each case we have applied the basic criteria we use for determining priorities:

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- the importance to the U.S. of the results to be sought through aid;
- the extent to which the country is applying self-help measures and can use aid effectively;
- the availability of assistance from sources other than the U.S.

The results are very roughly summarized in the following table, which groups countries by the general purpose and nature of the economic aid program the United States conducts there. (There were of course variations among countries in each group.)

	<u>Request to Congress</u>	<u>Present Allocation</u>	<u>Per Cent Change</u>
<u>Relatively Small Cuts</u>			
1. <u>General Support of Strategic Countries</u>	450	395	-12%
(Korea, Vietnam, Laos, Thailand, Jordan, Congo, Bolivia)			
2. <u>General Support of Economic Growth and Security in Priority Countries</u>	1151	941	-19%
(India, Pakistan, Turkey, Tunisia, Nigeria, Colombia, Chile, Peru)			
3. <u>Maintenance of Access to U.S. Facilities</u>	56	59	+ 5%
(Morocco, Libya, Ethiopia, Panama, Trinidad, Cyprus)			

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	<u>Request to Congress</u>	<u>Present Allocation</u>	<u>Per Cent Change</u>
<u>Relatively Large Cuts</u>			
4. <u>Successful Development Programs</u> <u>Approaching Termination</u>	159	57	-65%
(Taiwan, Philippines, Israel, Greece, Mexico, Venezuela, Jamaica)			
5. <u>Conditional Support of Countries</u> <u>Requiring Improved Self-Help</u>	437	256	-41%
(Argentina, Brazil, Ecuador, Central America, Liberia, Sudan, Iran)			
6. <u>Programs with Limited Objectives</u>	210	134	-36%
(44 programs averaging \$3 million, of which 28 are in Africa)			
Total Country Programs*	2463	1842	-25%

*Omits funds not allocated by country.

Attached to this memorandum are annexes which show the reduction made in each region and discuss countries in which substantial changes have been made in the program presented to the Congress.

4. Allocation of Cuts: Military. A preliminary review has been made by the Office of the Secretary of Defense and tentative proposals put forward for adjusting Military Aid programs to the limited funds available. These figures will be reviewed further this week with the Unified Commanders and the Joint Chiefs of Staff and with officials of State and A.I.D. We do not anticipate any substantial modification as a result of these further reviews.

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On the basis of country by country reviews to date, the Defense Department has proposed figures which would:

- honor all explicit commitments;
- meet the increased needs in Vietnam and Laos;
- defer a large amount of implied commitments for modernization of forces, and
- radically reduce small programs of little military importance, including termination in Cambodia and very heavy cuts in Indonesia and Burma.

Reductions by major groups of countries are as follows:

	<u>Request to Congress</u>	<u>Present Allocation</u>	<u>Reduction</u>
Asia - Nine periphery countries (Greece, Turkey, Iran, Pakistan, India, Vietnam, Thailand, Taiwan, Korea)	\$ 1005	\$ 791	-214 (21%)
Rest of Asia	153	49	-104 (68%)
Latin America	77	63	- 14 (18%)
Africa	24	18	- 6 (27%)
Europe and Other	<u>296</u>	<u>252</u>	<u>- 44</u> (15%)
Total	1555	1173	-382 (25%)

The State Department and Department of Defense are currently reviewing the allocation to Latin America, which is below the Congressional ceiling for equipment of \$55 million and also somewhat reduces the \$17-20 million originally planned for training. Assistant Secretary Mann is urgently considering this issue and the Department of Defense is prepared to consider restoring the program to approximately a total level of \$70 million if it is State's judgment that this money can be

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effectively spent and that the priority is deserved in relation to other areas.

5. Contributions to International Organizations. You will recall that the Congress for the first time reduced the appropriations needed to meet pledges and commitments of the United States to International Organizations such as the UN Special Fund. They appropriated \$116 million compared to a present estimate of needs of about \$124 million. If the needs do not shrink further, we would propose to transfer Contingency Funds to cover the gap, a possibility mentioned explicitly in the Floor debate by Chairman Passman.

6. Effect of Cuts. Our present assessment is that the reduced economic assistance funds are:

- relatively plentiful for Latin America, where some carryover of unobligated funds into next year seems likely;
- tightly budgeted elsewhere in the world, but sufficient to meet all firm commitments and high priority purposes.

The Military Assistance Program on the other hand is not adequate to cover priority requirements in several countries.

We are therefore considering the possibility of recommending a transfer of up to \$50 million worth of economic Contingency Funds to the Military Assistance Program, and some shift in the financing of commercially available commodities from military assistance to economic aid appropriations. If it is undertaken, we would of course discuss it fully with the Congressional committees and would expect it to become permanent.

David E. Bell
David E. Bell

Attachments

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FY 1964 FOREIGN ASSISTANCE FUND AVAILABILITIES
(in millions of dollars)

	Congressional NOA	Presentation Program	NOA	Unobligated Carryover	Current Estimate Recoveries & Reimbursements	Total Available	FY 1963 Commitments
Development Loans	1060.0	1160.2	687.3	96.2	25.8	809.3	945.1
Development Grants	257.0	272.7	155.0	47.3	23.9	226.2	234.2
Alliance for Progress							
- Loans	550.0	602.1	375.0	92.0	16.7	483.7	342.1
- Grants	100.0	105.0	80.0	4.3	3.0	87.3	120.3
Supporting Assistance	435.0	445.1	330.0	6.0	24.6	360.6	431.2
CIO	136.0	136.0	116.0	0.3	-	116.3	148.7
Contingency Fund	300.0	300.0	50.0	127.0	2.4	179.4	149.2
ASHA	26.3	26.3	19.0	0.1	-	19.1	2.8
Surveys	-	1.0	-	1.1	0.1	1.2	0.4
Administrative - AID	57.3	57.3	50.0	2.0	0.8	52.8	54.4
- State	3.0	3.0	2.7	-	-	2.7	2.8
Total AID	2924.6	3108.7	1865.0	376.3	97.3	2338.6	2431.2
SPTF	200.0	200.0	135.0 ^{a/}	37.3	-	172.3	124.1
MAP	1405.0	1555.0	1000.0	25.8	147.3	1173.1	1598.6
Total Foreign Assistance	4529.6	4863.7	3000.0	439.4	244.6	3684.0	4153.9

a/ Uncommitted balance of the SPTF obligated to the IDB/SPTF in FY 1962

NOTE: May not add due to rounding

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAMS

2.

Summary Table
(in millions of dollars)

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>CIO and Other</u>		<u>Total Economic</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
Europe	-	-	-	-	-	-	-	-	-	-	231.7	168.6
Africa	165.0- 239.7	76.0 86.0	104.5 -	78.0 -	64.0 -	47.8 -	5.0 -	7.5 -	338.5- 413.2	209.3 219.3	24.4 -	17.9 -
Near East-So. Asia	890.0- 950.0	698.0- 728.0	62.4 -	51.0 -	76.2 -	46.4 -	60.3 -	42.0 -	1088.9- 1148.9	837.4- 867.4	442.5 -	349.1 -
Far East	105.0- 155.0	35.0- 45.0	59.4 -	51.0 -	287.0 -	236.3 -	- -	- -	451.4- 501.4	322.3- 332.3	714.8 -	490.6 -
Latin America	602.0- 722.0	422.0- 519.0	93.8 ^{a/} -	77.3 ^{b/} -	117.7 -	19.5 -	200.0 -	172.3 -	913.5- 1033.5	691.1 788.1	77.2 -	63.0 -
Non-Regional	0.3	0.3	57.5	51.0	0.2	0.3	70.8	66.8	128.8	118.4	14.2	49.8
Contingency Fund	-	-	-	-	-	-	300.0	179.5	300.0	179.5	-	-
Amer. Schools & Hosp.	-	-	-	-	-	-	26.3	19.1	26.3	19.1	-	-
Investment Surveys	-	-	-	-	-	-	1.0	1.2	1.0	1.2	-	-
Administrative AID	-	-	-	-	-	-	57.3	52.8	57.3	52.8	25.0	24.0
State	-	-	-	-	-	-	3.0	2.7	3.0	2.7	-	-
Credit Sales	-	-	-	-	-	-	-	-	-	-	25.0	10.0
Total Programmed	1762.3	1231.3	377.7	308.3	445.1	350.2	723.6	543.9	3308.7	2433.8	1554.9	1173.1
Unprogrammed	-	0.1	-	5.2	-	10.4	-	-	-	15.7	-	-
Total	1762.3	1231.4	377.7	313.5	445.1	360.6	723.6	543.9	3308.7	2449.5	1554.9	1173.1

^{a/} Does not include \$11.2 million used for Non-Regional D.G.; total A.G. program \$101.0 million.

^{b/} Does not include \$10 million used for Non-Regional D.G.; total A.G. program \$87.3 million.

Note: May not add due to rounding

PC/EPD 1/4/64

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAMS - AFRICA
(in millions of dollars)

3.

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
AFRICA-EUROPE - TOTAL	165.0-239.7	76.0-86.0 ^{a/}	104.5	78.0 ^{b/}	64.0	47.8	24.4	17.9
Algeria	-	-	2.5	1.3	-	0.4	-	-
Congo (Leopoldville)	-	-	2.3	1.8	40.0	20.0	6.0	3.5
Ethiopia	2.5	0.5	5.7	5.9	-	-	8.8	8.5
Ghana	-	-	2.5	1.5	-	-	0.1	0.1
Guinea	3.0-6.0	1.7	2.9	3.2	5.0	7.5	-	-
Kenya	2.0	-	3.1	1.9	-	-	-	-
Liberia	9.0	0.3	11.3	7.2	-	-	2.0	0.6
Libya	-	-	1.5	0.8	9.0	4.8	2.2	2.2
Mali	0.6-1.3	1.5	1.2	1.2	-	-	0.7	0.3
Morocco	5.0-12.0	5.2	1.2	1.1	10.0	15.0	2.9	1.8
Nigeria	70.0-100.0	42.4	21.5	13.9	-	-	0.3	0.3
Rhodesia and Nyasland	0-1.8	-	3.8	3.0	-	-	-	-
Sierra Leona	0-4.5	-	2.3	1.6	-	-	-	-
Somali Republic	4.0	-	4.5	3.3	-	-	0.5	-
Sudan	30.0-35.0	5-25.0	4.9	4.0	-	-	/c	/c
Tanganyika	2.8	4.6	3.0	2.0	-	-	-	-
Tunisia	25.0-40.0	18.4	3.9	2.1	-	-	0.5	0.5
Uganda	1.1-2.9	0.5	2.9	2.2	-	-	-	-
Zanzibar	-	-	0.4	0.5	-	-	-	-
CCTA	-	-	1.5	1.2	-	-	-	-
Regional Projects	-	-	9.8	6.0	-	-	-	-
Other	-	-	-	3.6	-	-	-	-

^{a/}Country figures include \$108.3 million applications under review.

^{b/}Country totals add to \$1.8 million more than region due to overprogramming of DG.

^{c/}Less than \$50,000.

NOTE: May not add due to rounding.

PC/EPD 1/4/64

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AFRICA (continued)

3a.

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
AFRICAN & MALAGASY UNION STATES, & BURUNDI & TOGO --.								
TOTAL	10.0-15.9	8.2	12.2	10.5	-	0.1	0.4	0.1
Burundi	-	-	-	0.7	-	-	-	-
Cameroon	0-3.5	-	1.5	1.3	-	-	-	-
Central African Republic	-	-	0.6	0.6	-	-	-	-
Chad	-	-	0.5	0.6	-	-	-	-
Congo (Brazzaville)	-	2.0	0.6	0.3	-	-	-	-
Dahomey	0-0.7	-	1.0	0.6	-	-	-	-
Gabon	0-3.0	-	0.5	1.0	-	-	-	-
Ivory Coast	0-4.3	5.0	2.4	0.8	-	-	-	-
Malagasy Republic	-	-	0.5	0.7	-	-	-	-
Mauritania	0-0.7	-	0.2	0.1	-	0.1	-	-
Niger	0-1.0	-	1.0	0.7	-	-	-	-
Rwanda	-	-	-	0.7	-	-	-	-
Senegal	0-1.2	1.2	1.2	1.3	-	-	0.4	0.1
Togo	-	-	0.8	0.7	-	-	-	-
Upper Volta	0-1.5	-	1.2	0.4	-	-	-	-

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAMS - NEAR EAST AND SOUTH ASIA
(in millions of dollars)

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
NEAR EAST SOUTH ASIA - TOTAL	890.0-950.0	698.0-728.0	62.5	51.0 ^{a/}	76.2	46.4	442.5	349.1
Afghanistan	15.0-20.0	10.0	14.9	12.5	-	-	0.1	0.3
Ceylon	-	-	0.8	-	-	-	-	-
Cyprus	-	3.0	1.0	0.9	-	-	-	-
Greece	25.0	7.0	-	-	-	-	103.1	77.3
India	450.0	350.0-380.0	8.1	7.2	-	-	50.0	50.0
Iran	25.0-40.0	10.0	4.1	3.3	-	-	54.4	53.2
Iraq	-	-	1.0	0.8	-	-	0.1	0.1
Israel	20.0	20.0	-	-	-	-	-	-
Jordan	-	-	7.5	7.9	34.0	34.0	3.7	3.7
Lebanon	-	-	-	-	-	-	0.1	0.1
Nepal	-	1.0	4.5	3.9	-	-	-	-
Pakistan	255.0	180.0-200.0	9.9	8.6	-	-	48.6	41.5
Saudi Arabia	-	-	-	-	-	-	1.2	1.5
Syria	-	-	0.6	0.3	-	-	-	-
Turkey	95.0-125.0	100.0-120.0	4.7	4.3	35.0	6.0	183.3	128.2
UAR	15.0-25.0	-	2.2	1.7	-	-	-	-
Yemen	-	-	-	-	6.0	5.2	-	0.1
CENTO	-	-	0.4	0.5	1.2	1.2	-	-
Regional Projects	-	-	2.7	2.2	-	-	0.2	-
Other	20.0	-	-	-	-	-	-	-
Less MAP assets applied	-	-	-	-	-	-	-2.3	-6.9

a/ Country totals add to \$3.1 million more than regional totals due to overprogramming of DG.

NOTE: May not add due to rounding.

PC/EPD 1/4/64

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5.

FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAMS - FAR EAST
(in millions of dollars)

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD current Program</u>
FAR EAST - TOTAL	105.0-155.0	35.0-45.0	59.4	51.0 ^{a/}	287.0	236.3	714.8	490.6
Burma	-	-	0.6	1.4	22.7	4.3	8.0	2.2
Cambodia	-	-	8.3	3.0	12.7	2.0	9.2	0.4
China	20.0-30.0	-	2.3	2.3	-	-	133.8	85.2
Indonesia	10.0-20.0	-	15.0	12.7	4.4	4.4	16.4	2.1
Japan	-	-	-	-	-	-	20.3	11.6
Korea	40.0-60.0	35.0-50.0	6.6	5.3	80.0	66.2	205.1	142.6
Laos	-	-	6.0	8.4	27.5	28.4	10.0	15.7
Philippines	25.0	-	3.8	3.1	-	-	34.4	23.0
Thailand	10.0-20.0	0-8.0	7.4	8.0	9.7	6.0	67.4	39.9
Vietnam	-	-	6.8	6.0	130.0	125.0	159.1	173.1
Regional Projects	-	-	2.2	2.4	-	-	48.8	41.0
APO	-	-	0.2	0.2	-	-	-	-
SEATO	-	-	0.2	-	-	-	5.0	-
Asian "Reserve"	-	-	-	-	-	-	43.0	45.2
Less MAP assets applied	-	-	-	-	-	-	-40.7	-46.2

a/ Country totals add to \$1.8 million more than regional total due to overprogramming of DG

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NOTE: May not add due to rounding

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAM - LATIN AMERICA

6.

(in millions of dollars)

	Alliance for Progress Loans		Alliance for Progress Grants		Supporting Assistance		Military Assistance	
	Request	Current Program ^{a/}	Request	Current Program	Request	Current Program	Request	DOD Current Program
LATIN AMERICA TOTAL	602.0-722.0	422.0-519.0	105.0	87.3 ^{c/}	17.7	19.5	77.2	63.0
Argentina	70.0-100.0	10.0- 15.0	2.0	1.5	-	-	2.4	6.3
British Guiana	-	-	1.5	0.5	-	-	-	-
Bolivia	30.0- 40.0	25.0- 40.0	5.5	5.5	7.0	13.0	3.9	2.8
Brazil	170.0-200.0	80.0-110.0	20.0	16.0	-	-	14.1	11.4
Chile	60.0	60.0- 70.0	2.5	3.2	-	-	8.5	7.5
Colombia	100.0	80.0-100.0	5.0	3.5	-	-	10.7	7.9
Costa Rica	b/	8.0- 10.0	2.0	1.8	-	-	0.9	0.7
Dominican Republic	b/	-	2.5	1.5	4.0	-	3.9	0.7
Ecuador	10.0- 15.0	22.0	4.8	4.0	-	-	5.3	3.9
El Salvador	10.0	9.0	2.0	2.0	-	-	1.6	1.4
Guatemala	b/	10.0- 15.0	4.5	3.2	-	-	2.3	1.7
Haiti	b/	-	-	-	1.7	1.5	1.4	-
Honduras	-	-	2.5	1.5	-	-	1.3	0.1
Jamaica	-	2.7	0.7	0.6	-	-	-	*
Mexico	60.0	22.0	0.3	0.5	-	-	0.4	0.5
Nicaragua	-	8.0	2.0	2.7	-	-	1.8	1.4
Panama	10.0- 17.0	15.0	1.8	1.9	-	-	0.5	0.5
Paraguay	-	2.3	3.1	2.5	-	-	2.2	2.0
Peru	30.0- 40.0	40.0	5.0	4.0	-	-	10.0	9.1
Trinidad-Tobago	-	-	0.7	0.5	5.0	5.0	-	-
Uruguay	-	6.0	1.5	1.3	-	-	3.8	2.4
Venezuela	-	-	1.7	1.6	-	-	1.8	1.9
Regional Projects	-	-	13.7	14.3	-	-	0.5	0.7
ROCAP	20.0- 40.0	22.0	8.5	4.4	-	-	-	-
Other	32.0- 40.0	-	-	-	-	-	-	-
Non-Regional	-	-	11.2	10.0	-	-	-	-

a/ Availability estimated at \$483.7 million. b/ Included under Other: Applications to be considered.

c/ Country figures add to \$1.2 million more than regional total due to overprogramming.

*Less than \$50,000.

NOTE: May not add due to rounding.

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAM -- EUROPE

7.

	<u>Economic Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
EUROPE - TOTAL	-	-	231.7	168.6
Austria	-	-	.5	.5
Belgium	-	-	3.1	2.3
Denmark	-	-	21.1	19.8
Finland	-	-	*	*
France	-	-	.8	.6
Germany	-	-	.2	.3
Italy	-	-	25.4	13.2
Luxembourg	-	-	*	*
Netherlands	-	-	2.9	2.2
Norway	-	-	31.8	37.3
Portugal	-	-	12.1	2.1
Spain	-	-	28.4	41.3
United Kingdom	-	-	.1	.1
Mutual Weapons Development	-	-	1.5	.7
Infrastructure	-	-	77.0	50.0
Weapons Production	-	-	15.4	11.1
Europe Area	-	-	3.7	2.0
NATO Hq. and Agencies	-	-	12.5	13.9
Less MAP Assets Applied	-	-	-4.8	-28.7

PC/MAD: 1/4/64

*Less than \$50,000

NOTE: May not add due to rounding

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BY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAM - EUROPE

EUROPE - TOTAL		Request		Current Program		Request		Military Assistance DOD Current Program	
Austria		-	-	-	-	-	-	-	-
Belgium		-	-	-	-	-	-	-	-
Denmark		-	-	-	-	-	-	-	-
Finland		-	-	-	-	-	-	-	-
France		-	-	-	-	-	-	-	-
Germany		-	-	-	-	-	-	-	-
Italy		-	-	-	-	-	-	-	-
Luxembourg		-	-	-	-	-	-	-	-
Netherlands		-	-	-	-	-	-	-	-
Norway		-	-	-	-	-	-	-	-
Portugal		-	-	-	-	-	-	-	-
Spain		-	-	-	-	-	-	-	-
United Kingdom		-	-	-	-	-	-	-	-
Mutual Weapons Development		-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-
Weapons Production		-	-	-	-	-	-	-	-
Europe Area		-	-	-	-	-	-	-	-
NAVO, NATO, and Agencies		-	-	-	-	-	-	-	-
Less NATO Assets Applied		-	-	-	-	-	-	-	-
TOTAL		-	-	-	-	-	-	-	-

NOTE: May not add due to rounding
Total less \$20,000

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ANNEX A

MAJOR FY 1964 PROGRAM CHANGES

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ANNEX B

Comparison of Current Economic and Military Assistance Programs
to the Request to Congress.

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(When With Attachments)

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Foreign Aff.
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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON 25, D.C.

January 6, 1964

MEMORANDUM FOR: The Secretary of State
The Under Secretary of State
The Under Secretary of State for Political Affairs
The Director of the Bureau of the Budget
Mr. McGeorge Bundy, Special Assistant to the President
Deputy Under Secretary of State for Political Affairs
Assistant Secretary of Defense (ISA)

SUBJECT: Impact of Cuts in Foreign Aid Appropriations

Attached is Mr. Bell's proposed response to NSAM 276, which requests an analysis of the cuts in foreign aid. The main points were given by Mr. Bell to the Secretary's staff meeting on January 3. The annexes incorporate material supplied by the Department of Defense and have been cleared by the regional bureaus in State and A.I.D.

I would appreciate receiving any further comments by Monday evening so that the memorandum can be sent to Mr. Bundy on Tuesday, January 7, as requested.

Hollis B. Chenery
Hollis B. Chenery
Assistant Administrator for Program

Attachments

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attachments are withdrawn

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~~(SECRET attachments)~~

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DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 93-316
By 118, NARA, Date 8-20-93

MEMORANDUM FOR: The Honorable McGeorge Bundy
The White House

SUBJECT: Impact of Cuts in Foreign Aid Appropriations

This memorandum responds to NSAM 276 of December 26, asking for a report for the President on how we propose to adjust the economic and military assistance programs to the large cuts made by the Congress. It includes an analysis of military assistance supplied by the Department of Defense and is concurred in by the Secretary of State and the Secretary of Defense.

We would suggest that the President should be informed of the following major points:

1. Fund Availabilities. The President requested \$4.5 billion in new appropriations and anticipated carryovers of \$300 million more. \$3 billion was appropriated and carryovers of \$660 million are now estimated (including reappropriation of \$127 million of last year's Contingency Funds which we had not requested). The total now available therefore is \$3.7 billion, 24 percent less than was requested. The cut was fairly evenly divided among appropriation categories:

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	<u>Request to Congress</u>	<u>Total Available</u>	<u>Reduction</u>
Development Loans and Grants - Latin America	\$ 907	\$ 752	- 155 (17%)
Development Loans and Grants - Rest of World	1,433	1,036	- 397 (28%)
Military Assistance	1,555	1,173	- 382 (25%)
Supporting Assistance and Contingency Fund	745	540	- 205 (28%)
Other	<u>223</u>	<u>192</u>	<u>- 31 (14%)</u>
Total Foreign Assistance	4,863	3,693	-1170 (24%)

2. Comparison with 1963 Commitments. Compared to last year, FY 1964 funds are down by \$460 million, almost entirely in military assistance. Total economic assistance funds are about the same as were used last year. However, on a geographic breakdown, funds available for Latin America have been increased by \$170 million; those available for the rest of the world have been reduced by \$200 million.

	<u>1963 Commitments</u>	<u>1964 Available</u>	<u>Reduction</u>
Military Assistance	\$ 1599	\$ 1173	- 426 (27%)
Economic Assistance (including Supporting Assistance)	<u>2555</u>	<u>2520</u>	<u>- 35 (1%)</u>
	4154	3693	- 461 (11%)

3. Allocation of Cuts: Economic. In the last few weeks a country by country review has been conducted of the economic aid program

with the purpose of allocating available funds to achieve maximum progress toward U.S. objectives. In each case we have applied the basic criteria we use for determining priorities:

- the importance to the U.S. of the results to be sought through aid;
- the extent to which the country is applying self-help measures and can use aid effectively;
- the availability of assistance from sources other than the U.S.

The results are very roughly summarized in the following table, which groups countries by the general purpose and nature of the economic aid program the United States conducts there. (There were of course variations among countries in each group.)

	<u>Request to Congress</u>	<u>Present Allocation</u>	<u>Per Cent Change</u>
<u>Relatively Small Cuts</u>			
1. <u>General Support of Strategic Countries</u> (Korea, Vietnam, Laos, Thailand, Jordan, Congo, Bolivia)	450	395	-12%
2. <u>General Support of Economic Growth and Security in Priority Countries</u> (India, Pakistan, Turkey, Tunisia, Nigeria, Colombia, Chile, Peru)	1151	941	-19%
3. <u>Maintenance of Access to U.S. Facilities</u> (Morocco, Libya, Ethiopia, Panama, Trinidad, Cyprus)	56	59	+ 5%

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	<u>Request to Congress</u>	<u>Present Allocation</u>	<u>Per Cent Change</u>
<u>Relatively Large Cuts</u>			
4. <u>Successful Development Programs Approaching Termination</u>	159	57	-65%
(Taiwan, Philippines, Israel, Greece, Mexico, Venezuela, Jamaica)			
5. <u>Conditional Support of Countries Requiring Improved Self-Help</u>	437	256	-41%
(Argentina, Brazil, Ecuador, Central America, Liberia, Sudan, Iran)			
6. <u>Programs with Limited Objectives</u>	210	134	-36%
(44 programs averaging \$3 million, of which 28 are in Africa)			
Total Country Programs*	<u>2463</u>	<u>1842</u>	<u>-25%</u>

*Omits funds not allocated by country.

Attached to this memorandum is a more detailed statement which shows the reduction made in each region and discusses those countries in which substantial changes have been made in the program presented to the Congress.

4. Allocation of Cuts: Military. A preliminary review has been made by the Office of the Secretary of Defense and tentative proposals put forward for adjusting Military Aid Programs to the limited funds available. These figures will be reviewed further this week with the Unified Commanders

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and the Joint Chiefs of Staff and with officials of State and AID. We do not anticipate any substantial modification as a result of these further reviews.

On the basis of country by country reviews to date, the Defense Department has proposed figures which would:

- honor all explicit commitments;
- meet the increased needs in Vietnam and Laos;
- defer a large amount of implied commitments for modernization forces, and
- radically reduce small programs of little military importance, including termination in Cambodia and very heavy cuts in Indonesia and Burma.

Reductions by major groups of countries are as follows:

	<u>Request to Congress</u>	<u>Present Allocation</u>	<u>Reduction</u>
Asia - Nine periphery countries (Greece, Turkey, Iran, Pakistan, India, Vietnam, Philippines, Taiwan, Korea)	\$ 1005	\$ 791	-214 (21%)
Rest of Asia	153	49	-104 (68%)
Latin America	77	63	- 14 (18%)
Africa	24	18	- 6 (27%)
Europe and Other	296	252	- 44 (15%)
Total	1555	1173	-382 (25%)

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5. Contributions to International Organizations. You will recall that the Congress for the first time reduced the appropriations needed to meet pledges and commitments of the United States to International Organizations such as the UN Special Fund. They appropriated \$116 million compared to a present estimate of needs of about \$124 million. If the needs do not shrink further, we would propose to transfer Contingency Funds to cover the gap, a possibility mentioned explicitly in the Floor debate by Chairman Passman.

6. Effect of Cuts. Our present assessment is that the reduced economic assistance funds are:

- relatively plentiful for Latin America, where some carryover of unobligated funds into next year seems very likely;
- tightly budgeted elsewhere in the world, but sufficient to meet all firm commitments and high priority purposes.

The Military Assistance Program on the other hand is not adequate to cover priority requirements in several countries.

We are therefore considering the possibility of recommending a transfer^{of}/up to \$50 million worth of economic Contingency Funds to the Military Assistance Program, and a shift in the financing of up to \$50 million worth of military assistance commodities to economic aid appropriations in some countries. (This is a change which we regard as desirable

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on its merits and would of course be undertaken with the full knowledge of the Congress on a permanent basis.)

David E. Bell

Attachments

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ANNEX A

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Tables comparing current economic and military assistance programs to the Request to Congress, by country.

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(When With Attachments)

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ANNEX A

AFRICA

	FY 1963 Commitments	FY 1964 Congressional Presentation	Current Program
<u>TOTAL</u>	<u>266.6</u>	<u>\$338.5-413.2</u>	<u>\$209.3-219.3</u>
Development Loans	98.3	165.0-239.7	76.0-86.0
Development Grants (Technical Assistance)	84.6	104.5	78.0
Supporting Assistance	62.7	64.0	47.8
Contingency Fund	6.2	--	--
Contributions to International Organizations	14.8	5.0	7.5

The Development Loan funds available for Africa this year should finance all ready projects. Many of the projects on which the higher Congressional request was based have run into delays or are receiving funds from other sources.

It is possible to operate with fewer Development Grant funds than requested because many projects, primarily in Liberia and Nigeria, are moving more slowly than expected and therefore require less money this year, and because of a reduction in normal forward funding.

The countries whose current program is at least \$10 million less than the Congressional Presentation are as follows:

1. <u>Congo</u>	42.4	47.3	29.3
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The reduction of \$20 million is in Supporting Assistance funds intended to support the stabilization effort. Since the stabilization program has moved more slowly than expected, the requirement has dropped and funds previously committed but not spent can make up the remaining shortfall.

2. <u>Liberia</u>	39.9	20.3	7.5
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As a result of a major reassessment since the Congressional Presentation, it is evident that Liberia's resources for carrying out its part of existing and planned A.I.D. projects are less than previously thought. The new program is about as much as Liberia can absorb in FY 1964.

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3. Nigeria 27.4 91.5-121.5 56.3

The reduction in Nigeria results from postponing projects which are behind schedule in their preparation and from the prospect of more financing than expected from other sources to fund the Niger Dam.

4. Tunisia 32.3 28.9-43.9 20.5

The preparation of sound loan projects has met with delays. As a result, the three-year commitment made in 1962 to support the country's development program will have to be extended.

5. Sudan 6.5 34.9-39.9 9.0-29.0

It was originally expected that several projects, including the Khartoum-Sudan road which President Kennedy promised to examine, would have their feasibility established this year. This does not now appear likely. If it does prove to be the case, there will be a shortage of loan funds for Africa this year. (The road alone would cost about \$25 million.)

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NEAR EAST AND SOUTH ASIA

	FY 1963 <u>Commitments</u>	<u>FY 1964</u> <u>Congressional</u> <u>Presentation</u>	<u>Current</u> <u>Program</u>
<u>TOTAL</u>	\$991.7	\$1088.9-1148.9	837.4-867.4
Development Loans	779.6	890-950.0	698.0-728.0
Development Grants (Technical Assistance)	58.2	62.4	51.0
Supporting Assistance	98.8	76.2	46.4
Contingency Fund	12.0	--	--
International Organizations	43.1	60.3	42.0

The reduced level will not force violation of our commitments to India, Pakistan, and Israel, but may well mean some slowdown in the pace of initiating development projects in the region. Currently the failure, particularly of Pakistan and Turkey, to develop eligible projects is about as great as the reduction in available funds. There is no question that the U.S. national interest would be better served by a faster rate of development in this area, which would require a higher level of assistance than is currently available.

The countries whose economic assistance programs have been changed significantly are as follows:

	FY 1963 <u>Commitments</u>	<u>FY 1964</u> <u>Congressional</u> <u>Presentation</u>	<u>Current</u> <u>Program</u>
<u>Greece</u>	31.6	25-0	7.0
<u>India</u>	402.3	458.1	357.2-387.2

Favorable economic developments in Greece have reduced assistance requirements and a program loan is no longer contemplated.

Failure of other members of the Consortium to pledge the full amount of assistance requested by India reduced the offer of U.S. aid by more than \$60 million from the Congressional Presentation, because of our unwillingness to undertake a larger share of the total requirement.

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Pakistan

186.1

234.9

188.6-208.6

If sufficient sound projects were available for approval, \$237 million would be needed to fulfill our commitments to Pakistan for this year. However, there have been major delays in the preparation of eligible projects and it now appears unlikely that we will be able to commit soundly more than \$80-100 million for projects, in addition to a \$100 million program loan.

Turkey

131.7

134.7-164.7

110.3-130.3

A program loan of \$70 million will provide essential import financing for 12 months, making it possible to terminate Supporting Assistance earlier than had been anticipated. Lack of development projects, as well as lack of funds, are expected to prevent our achieving the assistance level earlier planned.

UAR

50.7

17.2-27.2

1.7

The UAR has been informed that further loans would depend on compliance with the agreement to reduce its forces in Yemen. Unless there are favorable developments on this subject, and on a stabilization program, no development loans will be considered.

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FAR EAST

	FY 1963 <u>Commitments</u>	<u>FY 1964</u> <u>Congressional</u> <u>Presentation</u>	<u>Current</u> <u>Program</u>
TOTAL ECONOMIC ASSISTANCE	\$ 443.7	\$451.4 - 501.4	\$325.6 - 335.6
Development Loans	67.1	105.0 - 155.0	35.0 - 45.0
Development Grants (Technical Assistance)	57.3	59.4	51.0
Supporting Assistance	271.0	287.0	236.3
Contingency Fund	48.1	--	3.3
Contributions to International Organizations	0.2	--	--

We have reduced the minimum planning level for loans in the Far East by \$70 million because of the increased likelihood that loan requirements in the Philippines, Thailand, and China (Taiwan) can be financed from sources other than A.I.D. The termination of the A.I.D. program in Cambodia and reduction in Burma lower the regional needs for supporting assistance by \$29 million. However, the supporting assistance programmed for the Far East has had to be reduced by \$50 million from the requested level and will probably have to be supplemented by use of the Contingency Fund.

The countries whose programs have been changed significantly are as follows:

1. <u>Burma</u>	15.3	23.3	5.7
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An engineering survey of the Rangoon to Mandalay Highway will not be completed until next summer, forcing a delay for another year in fulfilling an old commitment for financing this road.

2. <u>Cambodia</u>	20.0	21.0	5.0
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Termination of assistance by Prince Sihanouk is expected not only to reduce requirements for this year to amounts already obligated, but releases some \$15 million of prior year obligations for other program uses.

3. <u>China</u>	38.6	22.3 - 32.3	2.3
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Recent improvements in China's balance of payments indicate that the previously planned program loan will not be needed.

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4. Indonesia 36.7 29.4 - 39.4 17.1

Due to political developments and the failure of the stabilization program, no Development Loans are contemplated, although continuation of some technical assistance activities and assistance to the Mobile Brigade is anticipated.

5. Korea 127.9 126.6 - 146.6 106.5-121.5

Obligation of \$15 million of Supporting Assistance late in FY 1963, which has not yet been released pending fulfillment of Korean stabilization goals, has permitted a \$15 million reduction in the Supporting Assistance program. If Korea proceeds with devaluation this spring, increased Supporting Assistance may be required.

6. Laos 38.4 33.5 39.6

The program has been increased to meet additional air transport and other security needs. Further increases may be necessary.

7. Philippines 3.3 28.8 3.1

Lack of project applications now makes it appear unlikely that any Development Loans will be made in the Philippines this year.

8. Thailand 17.6 27.1 - 37.1 14.5

Thailand's improved financial condition now makes it appear unlikely that there will be a need for Development Lending by A.I.D. this year.

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LATIN AMERICA

	FY 1963 Commitments	FY 1964 Congressional Presentation	FY 1964 Current Program
<u>Total</u>	<u>\$680.3</u>	<u>\$913.5-1033.5</u>	<u>\$703.1-800.1</u>
Development Loans	342.8	602.0-722.0	422.0-519.0
Development Grants (Technical Assistance)	109.0 ^{/a}	93.8 ^{/a}	77.3 ^{/a}
Supporting Assistance	22.7	17.7	19.5
Contingency Fund	81.7	--	3.2
Social Progress Trust Fund	124.1	200.0	181.1

^{/a} Excludes \$11.3, 11.2, and 10.0 million, respectively, of DG funds contributed to non-regional program expenses.

Unless key countries in Latin America improve their economic and fiscal policies, take required self-help measures, and submit more sufficient ready projects than now seems likely, the Development Loan funds available to Latin America should be more than adequate to meet U.S. objectives. The current prospect is for a substantial year-end uncommitted balance, unless technical and self-help standards are relaxed.

The reduction in Development Grants involves no significant change in country programs. The reduction can be absorbed through a general tightening up of individual projects and some reduction of normal forward funding.

The planned increase in Supporting Assistance is for Bolivia, to meet the deteriorating situation in the nationalized mines. It should be noted that Supporting Assistance for the Dominican Republic has been eliminated because of the high world price for sugar.

The principal changes are as follows:

	FY 1963 Commitments	FY 1964 Congressional Presentation	FY 1964 Current Program
1. <u>Argentina</u>	<u>99.7</u>	77.0-102.0	11.5-16.5

The new government which has taken office has not yet organized itself to use large amounts of economic aid effectively.

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2. Brazil

86.9

190.0-220.0

96.0-126.0

The central government has continued to pursue disastrous economic policies in violation of agreements made with the U.S. last spring. Our reduced program is designed to support constructive elements by working through state governments and private enterprises and to fulfill our commitment to the program for the northeast.

3. Mexico

0.4

60.3

22.5

The current expectation is that no additional project financing will be required.

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MAJOR CHANGES IN FY 1964 MILITARY ASSISTANCE COUNTRY PROGRAM LEVELS

PROPOSED BY DOD WITH STATE BUREAU COMMENTS

(\$ millions)

<u>AREA/COUNTRY</u>	<u>CONGRESSIONAL PRESENTATION</u>	<u>DOD CURRENT PROGRAM</u>
<u>Italy</u>	25.4	13.2
Investment	(13.3)	(5.3)
Operating Costs	(12.1)	(7.9)

Missiles and support for NIKE units have been deleted.

<u>Portugal</u>	12.1	2.1
Investment	(9.1)	(1.5)
Operating Costs	(3.0)	(1.6)

The program has been reduced to committed shipbuilding and training.

State/EUR believes that additional FY 64 funds may be needed in relation to base rights negotiations.

<u>Spain</u>	28.4	41.3
Investment	(17.4)	(34.5)
Operating Costs	(11.0)	(6.8)

In line with base rights agreements with Spain, the program has been increased to include 1 squadron of F-104G aircraft.

<u>Greece</u>	103.1	77.3
Investment	(32.6)	(29.9)
Operating Costs	(70.5)	(47.4)

Substantial reductions have been made in trucks and weapons and all light aircraft have been deleted. Reduction in operating costs includes smaller support for NIKE and Honest John units.

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<u>AREA/COUNTRY</u>	<u>CONGRESSIONAL PRESENTATION</u>	<u>DOD CURRENT PROGRAM</u>
<u>Turkey</u>	183.3	128.2
Investment	(80.6)	(48.9)
Operating Costs	(102.7)	(79.3)

Patrol craft and minesweepers have been deleted and substantial reductions made in armored personnel carriers, wheeled vehicles, weapons, and electronic and communications equipment.

<u>China, Republic of</u>	133.8	85.2
Investment	(42.9)	(20.1)
Operating Costs	(90.9)	(65.1)

This reduction eliminates the Navy program for increasing China's anti-submarine warfare capability and results in drastic reduction in replacement of obsolete and ineffective equipment.

State/FE proposes reducing force maintenance by a further \$5 million to help offset a proposed increase in the land.

<u>Indonesia</u>	16.4	2.1
Investment	(10.4)	-
Operating Costs	(6.0)	(2.1)

This program is currently under review and is likely to be reduced to training and technical assistance.

<u>Korea</u>	205.1	142.6
Investment	(52.8)	(21.8)
Operating Costs	(152.3)	(120.8)

Trucks, tanks, minesweepers, and escort vessels have been deleted. Also, the desired shift of the aircraft control and warning system to a semi-automatic basis for use in the high performance aircraft and missiles is not provided for.

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<u>AREA/COUNTRY</u>	<u>CONGRESSIONAL PRESENTATION</u>	<u>DOD CURRENT PROGRAM</u>
---------------------	---------------------------------------	--------------------------------

Korea (continued)

State/FE proposes reducing force maintenance by a further \$7.2 million to help offset proposed increases for Thailand and Laos.

<u>Philippines</u>	34.4	23.0
Investment	(19.0)	(10.8)
Operating Costs	(15.4)	(12.2)

Force improvement is limited to some aircraft modernization and construction for the air control and warning system. All ships and the vehicles, weapons, and electronic and communications equipment for the Philippine constabulary have been eliminated.

<u>Thailand</u>	67.4	39.9
Investment	(38.7)	(17.3)
Operating Costs	(28.7)	(22.6)

Tactical aircraft and helicopters, light tanks and trucks, and minesweepers and landing craft, all have been deleted.

This represents a transition from emphasis on external defense to concentration on internal security and civic action. State is concerned with the speed with which this transition is being made, and urges an additional \$10 million to restore some of the deleted equipment.

<u>Vietnam</u>	159.1	173.1
Investment	(55.7)	(17.1)
Operating Costs	(103.4)	(156.0)

This increase in program level is required in order to meet operational requirements. State and DOD agree that an additional \$20 million may be needed.

<u>Infrastructure</u>	77.0	50.0
Investment	(77.0)	(50.0)

Decrease is based on revised estimates of construction schedules, however, standing commitments may require a larger amount.

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FY 1964 FOREIGN ASSISTANCE FUND AVAILABILITIES
(in millions of dollars)

	Congressional NOA	Presentation Program	NOA	Unobligated Carryover	Current Estimate Recoveries & Reimbursements	Total Available	FY 1963 Commitments
Development Loans	1060.0	1160.2	687.3	96.2	25.8	809.3	945.1
Development Grants	257.0	272.7	155.0	47.3	23.9	226.2	234.2
Alliance for Progress							
- Loans	550.0	602.1	375.0	92.0	16.7	483.7	342.1
- Grants	100.0	105.0	80.0	4.3	3.0	87.3	120.3
Supporting Assistance	435.0	445.1	330.0	6.0	24.6	360.6	431.2
CIO	136.0	136.0	116.0	0.3	-	116.3	148.7
Contingency Fund	300.0	300.0	50.0	127.0	2.4	179.4	149.2
ASHA	26.3	26.3	19.0	0.1	-	19.1	2.8
Surveys	-	1.0	-	1.1	0.1	1.2	0.4
Administrative - AID	57.3	57.3	50.0	2.0	0.8	52.8	54.4
- State	3.0	3.0	2.7	-	-	2.7	2.8
Total AID	2924.6	3108.7	1865.0	376.3	97.3	2338.6	2431.2
SPTF	200.0	200.0	135.0	46.1 ^{a/}	-	181.1	124.1
MAP	1405.0	1555.0	1000.0	25.8	147.3	1173.1	1598.6
Total Foreign Assistance	4529.6	4863.7	3000.0	448.2	244.6	3692.8	4153.9

a/ Uncommitted balance of the SPTF obligated to the IDB/SPTF in FY 1962

NOTE: May not add due to rounding

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAMS

2.

Summary Table
(in millions of dollars)

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>CIO and Other</u>		<u>Total Economic</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
Europe	-	-	-	-	-	-	-	-	-	-	231.7	168.6
Africa	165.0- 239.7	76.0 86.0	104.5 -	78.0 -	64.0 -	47.8 -	5.0 -	7.5 -	338.5- 413.2	209.3 219.3	24.4 -	17.9 -
Near East-So. Asia	890.0- 950.0	698.0- 728.0	62.4 -	51.0 -	76.2 -	46.4 -	60.3 -	42.0 -	1088.9- 1148.9	837.4- 867.4	442.5 -	349.1 -
Far East	105.0- 155.0	35.0- 45.0	59.4 -	51.0 -	287.0 -	236.3 -	- -	- -	451.4- 501.4	322.3- 332.3	714.8 -	490.6 -
Latin America	602.0- 722.0	422.0- 519.0	93.8 ^{a/}	77.3 ^{b/}	117.7	19.5	200.0	181.1	913.5- 1033.5	699.9- 796.9	77.2	63.0
Non-Regional	0.3	0.3	57.5	51.0	0.2	0.3	70.8	66.8	128.8	118.4	14.2	49.8
Contingency Fund	-	-	-	-	-	-	300.0	179.5	300.0	179.5	-	-
Amer. Schools & Hosp.	-	-	-	-	-	-	26.3	19.1	26.3	19.1	-	-
Investment Surveys	-	-	-	-	-	-	1.0	1.2	1.0	1.2	-	-
Administrative AID	-	-	-	-	-	-	57.3	52.8	57.3	52.8	25.0	24.0
State	-	-	-	-	-	-	3.0	2.7	3.0	2.7	-	-
Credit Sales	-	-	-	-	-	-	-	-	-	-	25.0	10.0
Total Programmed	1762.3	1231.3	377.7	308.3	445.1	350.2	723.6	552.7	3308.7	2442.6	1554.9	1173.1
Unprogrammed	-	0.1	-	5.2	-	10.4	-	-	-	15.7	-	-
Total	1762.3	1231.4	377.7	313.5	445.1	360.6	723.6	552.7	3308.7	2458.3	1554.9	1173.1

^{a/} Does not include \$11.2 million used for Non-Regional D.G.; total A.G. program \$101.0 million.

^{b/} Does not include \$10 million used for Non-Regional D.G.; total A.G. program \$87.3 million.

Note: May not add due to rounding

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAMS - AFRICA
(in millions of dollars)

3.

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
AFRICA-EUROPE - TOTAL	165.0-239.7	76.0-86.0 ^{a/}	104.5	78.0 ^{b/}	64.0	47.8	24.4	17.9
Algeria	-	-	2.5	1.3	-	0.4	-	-
Congo (Leopoldville)	-	-	2.3	1.8	40.0	20.0	6.0	3.5
Ethiopia	2.5	0.5	5.7	5.9	-	-	8.8	8.5
Ghana	-	-	2.5	1.5	-	-	0.1	0.1
Guinea	3.0-6.0	1.7	2.9	3.2	5.0	7.5	-	-
Kenya	2.0	-	3.1	1.9	-	-	-	-
Liberia	9.0	0.3	11.3	7.2	-	-	2.0	0.6
Libya	-	-	1.5	0.8	9.0	4.8	2.2	2.2
Mali	0.6-1.3	1.5	1.2	1.2	-	-	0.7	0.3
Morocco	5.0-12.0	5.2	1.2	1.1	10.0	15.0	2.9	1.8
Nigeria	70.0-100.0	42.4	21.5	13.9	-	-	0.3	0.3
Rhodesia and Nyasland	0-1.8	-	3.8	3.0	-	-	-	-
Sierra Leona	0-4.5	-	2.3	1.6	-	-	-	-
Somali Republic	4.0	-	4.5	3.3	-	-	0.5	-
Sudan	30.0-35.0	5-25.0	4.9	4.0	-	-	/c	/c
Tanganyika	2.8	4.6	3.0	2.0	-	-	-	-
Tunisia	25.0-40.0	18.4	3.9	2.1	-	-	0.5	0.5
Uganda	1.1-2.9	0.5	2.9	2.2	-	-	-	-
Zanzibar	-	-	0.4	0.5	-	-	-	-
CCTA	-	-	1.5	1.2	-	-	-	-
Regional Projects	-	-	9.8	6.0	-	-	-	-
Other	-	-	-	3.6	-	-	-	-

a/Country figures include \$108.3 million applications under review.

b/Country totals add to \$1.8 million more than region due to overprogramming of DG.

c/Less than \$50,000.

NOTE: May not add due to rounding.

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AFRICA (continued)

3a.

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
AFRICAN & MALAGASY UNION STATES, & BURUNDI & TOGO -- TOTAL	10.0-15.9	8.2	12.2	10.5	-	0.1	0.4	0.1
Burundi	-	-	-	0.7	-	-	-	-
Cameroon	0-3.5	-	1.5	1.3	-	-	-	-
Central African Republic	-	-	0.6	0.6	-	-	-	-
Chad	-	-	0.5	0.6	-	-	-	-
Congo (Brazzaville)	-	2.0	0.6	0.3	-	-	-	-
Dahomey	0-0.7	-	1.0	0.6	-	-	-	-
Gabon	0-3.0	-	0.5	1.0	-	-	-	-
Ivory Coast	0-4.3	5.0	2.4	0.8	-	-	-	-
Malagasy Republic	-	-	0.5	0.7	-	-	-	-
Mauritania	0-0.7	-	0.2	0.1	-	0.1	-	-
Niger	0-1.0	-	1.0	0.7	-	-	-	-
Rwanda	-	-	-	0.7	-	-	-	-
Senegal	0-1.2	1.2	1.2	1.3	-	-	0.4	0.1
Togo	-	-	0.8	0.7	-	-	-	-
Upper Volta	0-1.5	-	1.2	0.4	-	-	-	-

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAMS - NEAR EAST AND SOUTH ASIA
(in millions of dollars)

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
NEAR EAST SOUTH ASIA - TOTAL	890.0-950.0	698.0-728.0	62.5	51.0 ^{a/}	76.2	46.4	442.5	349.1
Afghanistan	15.0-20.0	10.0	14.9	12.5	-	-	0.1	0.3
Ceylon	-	-	0.8	-	-	-	-	-
Cyprus	-	3.0	1.0	0.9	-	-	-	-
Greece	25.0	7.0	-	-	-	-	103.1	77.3
India	450.0	350.0-380.0	8.1	7.2	-	-	50.0	50.0
Iran	25.0-40.0	10.0	4.1	3.3	-	-	54.4	53.2
Iraq	-	-	1.0	0.8	-	-	0.1	0.1
Israel	20.0	20.0	-	-	-	-	-	-
Jordan	-	-	7.5	7.9	34.0	34.0	3.7	3.7
Lebanon	-	-	-	-	-	-	0.1	0.1
Nepal	-	1.0	4.5	3.9	-	-	-	-
Pakistan	255.0	180.0-200.0	9.9	8.6	-	-	48.6	41.5
Saudi Arabia	-	-	-	-	-	-	1.2	1.5
Syria	-	-	0.6	0.3	-	-	-	-
Turkey	95.0-125.0	100.0-120.0	4.7	4.3	35.0	6.0	183.3	128.2
UAR	15.0-25.0	-	2.2	1.7	-	-	-	-
Yemen	-	-	-	-	6.0	5.2	-	0.1
CENTO	-	-	0.4	0.5	1.2	1.2	-	-
Regional Projects	-	-	2.7	2.2	-	-	0.2	-
Other	20.0	-	-	-	-	-	-	-
Less MAP assets applied	-	-	-	-	-	-	-2.3	-6.9

a/ Country totals add to \$3.1 million more than regional totals due to overprogramming of DG.

NOTE: May not add due to rounding.

PC/EPD 1/4/64

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5.

FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAMS - FAR EAST
(in millions of dollars)

	<u>Development Loans</u>		<u>Development Grants</u>		<u>Supporting Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD current Program</u>
FAR EAST - TOTAL	105.0-155.0	35.0-45.0	59.4	51.0 ^{a/}	287.0	236.3	714.8	490.6
Burma	-	-	0.6	1.4	22.7	4.3	8.0	2.2
Cambodia	-	-	8.3	3.0	12.7	2.0	9.2	0.4
China	20.0-30.0	-	2.3	2.3	-	-	133.8	85.2
Indonesia	10.0-20.0	-	15.0	12.7	4.4	4.4	16.4	2.1
Japan	-	-	-	-	-	-	20.3	11.6
Korea	40.0-60.0	35.0-50.0	6.6	5.3	80.0	66.2	205.1	142.6
Laos	-	-	6.0	8.4	27.5	28.4	10.0	15.7
Philippines	25.0	-	3.8	3.1	-	-	34.4	23.0
Thailand	10.0-20.0	0-8.0	7.4	8.0	9.7	6.0	67.4	39.9
Vietnam	-	-	6.8	6.0	130.0	125.0	159.1	173.1
Regional Projects	-	-	2.2	2.4	-	-	48.8	41.0
APO	-	-	0.2	0.2	-	-	-	-
SEATO	-	-	0.2	-	-	-	-	-
Asian "Reserve"	-	-	-	-	-	-	43.0	45.2
Less MAP assets applied	-	-	-	-	-	-	-40.7	-46.2

a/ Country totals add to \$1.8 million more than regional total due to overprogramming of DG

PC/EPD:1/4/64

NOTE: May not add due to rounding

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAM - LATIN AMERICA

6.

(in millions of dollars)

	Alliance for Progress Loans		Alliance for Progress Grants		Supporting Assistance		Military Assistance	
	Request	Current Program ^{a/}	Request	Current Program	Request	Current Program	Request	DOD Current Program
LATIN AMERICA TOTAL	602.0-722.0	422.0-519.0	105.0	87.3 ^{c/}	17.7	19.5	77.2	63.0
Argentina	70.0-100.0	10.0- 15.0	2.0	1.5	-	-	2.4	6.3
British Guiana	-	-	1.5	0.5	-	-	-	-
Bolivia	30.0- 40.0	25.0- 40.0	5.5	5.5	7.0	13.0	3.9	2.8
Brazil	170.0-200.0	80.0-110.0	20.0	16.0	-	-	14.1	11.4
Chile	60.0	60.0- 70.0	2.5	3.2	-	-	8.5	7.5
Colombia	100.0	80.0-100.0	5.0	3.5	-	-	10.7	7.9
Costa Rica	b/	8.0- 10.0	2.0	1.8	-	-	0.9	0.7
Dominican Republic	b/	-	2.5	1.5	4.0	-	3.9	0.7
Ecuador	10.0- 15.0	22.0	4.8	4.0	-	-	5.3	3.9
El Salvador	10.0	9.0	2.0	2.0	-	-	1.6	1.4
Guatemala	b/	10.0- 15.0	4.5	3.2	-	-	2.3	1.7
Haiti	b/	-	-	-	1.7	1.5	1.4	-
Honduras	-	-	2.5	1.5	-	-	1.3	0.1
Jamaica	-	2.7	0.7	0.6	-	-	-	*
Mexico	60.0	22.0	0.3	0.5	-	-	0.4	0.5
Nicaragua	-	8.0	2.0	2.7	-	-	1.8	1.4
Panama	10.0- 17.0	15.0	1.8	1.9	-	-	0.5	0.5
Paraguay	-	2.3	3.1	2.5	-	-	2.2	2.0
Peru	30.0- 40.0	40.0	5.0	4.0	-	-	10.0	9.1
Trinidad-Tobago	-	-	0.7	0.5	5.0	5.0	-	-
Uruguay	-	6.0	1.5	1.3	-	-	3.8	2.4
Venezuela	-	-	1.7	1.6	-	-	1.8	1.9
Regional Projects	-	-	13.7	14.3	-	-	0.5	0.7
ROCAP	20.0- 40.0	22.0	8.5	4.4	-	-	-	-
Other	32.0- 40.0	-	-	-	-	-	-	-
Non-Regional	-	-	11.2	10.0	-	-	-	-

a/ Availability estimated at \$483.7 million. b/ Included under Other: Applications to be considered.

c/ Country figures add to \$1.2 million more than regional total due to overprogramming.

*Less than \$50,000.

NOTE: May not add due to rounding.

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FY 1964 FOREIGN ASSISTANCE REQUEST TO CONGRESS COMPARED TO CURRENT PROGRAM - EUROPE

7.

	<u>Economic Assistance</u>		<u>Military Assistance</u>	
	<u>Request</u>	<u>Current Program</u>	<u>Request</u>	<u>DOD Current Program</u>
EUROPE - TOTAL	-	-	231.7	168.6
Austria	-	-	.5	.5
Belgium	-	-	3.1	2.3
Denmark	-	-	21.1	19.8
Finland	-	-	*	*
France	-	-	.8	.6
Germany	-	-	.2	.3
Italy	-	-	25.4	13.2
Luxembourg	-	-	*	*
Netherlands	-	-	2.9	2.2
Norway	-	-	31.8	37.3
Portugal	-	-	12.1	2.1
Spain	-	-	28.4	41.3
United Kingdom	-	-	.1	.1
Mutual Weapons Development	-	-	1.5	.7
Infrastructure	-	-	77.0	50.0
Weapons Production	-	-	15.4	11.1
Europe Area	-	-	3.7	2.0
NATO Hq. and Agencies	-	-	12.5	13.9
Less MAP Assets Applied	-	-	-4.8	-28.7

PC/MAD: 1/4/64

*Less than \$50,000

NOTE: May not add due to rounding

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NJ 92-271
By SP, NARA, Date 3/25/92

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THE WHITE HOUSE
WASHINGTON

6

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December 26, 1963

NATIONAL SECURITY ACTION MEMORANDUM NO. 276

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE ADMINISTRATOR, AGENCY FOR
INTERNATIONAL DEVELOPMENT

SUBJECT: Distribution of Foreign Aid Cuts

The President will wish to review the program changes proposed in the FY 1964 foreign aid program as a result of Congressional action this year, since the way in which these cuts are distributed may involve important foreign policy decisions.

Therefore, AID and the Department of Defense should outline briefly the major changes proposed from the \$4.5 billion FY 1964 presentation figure, with a brief recapitulation of the reasons for each. Any forced reductions in commitments or implied commitments should also be appropriately mentioned. I suggest that individual mention need be made only of changes over \$10 million, e.g. a cut in a country program, lumping the remainder together in appropriate categories. The Department of State might submit any alternative recommendations with respect to these program changes which it feels required from the foreign policy point of view.

I would like to be able to show these reports to the President by 7 January.

McGeorge Bundy
McGeorge Bundy

cc: Director, Bureau of the Budget

cc:

Mr. Bundy
Mr. Komer
Mr. Johnson
NSC Files

~~SECRET~~

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E.O. 12356, Sec. 3.4

NJ 92-271

By SP, NARA, Date 3/25/92

THE WHITE HOUSE

WASHINGTON

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December 26, 1963

NATIONAL SECURITY ACTION MEMORANDUM NO. 276

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE ADMINISTRATOR, AGENCY FOR
INTERNATIONAL DEVELOPMENT

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MEMORANDUM FOR: McGB

NSA 270
8

Sending over attached NSAM today for signature as soon as aid bill conference over (hopefully Saturday). Since magnitude of cuts now clear, shouldn't be any problem.

OK

NHS
for RWK

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E.O. 12356, Sec. 3.4

NIJ 93-320

By CB, NARA, Date 5-22-85

12/20/63

(DATE)

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NLJ 92-271

By 90, NARA, Date 3/25/92

THE WHITE HOUSE

WASHINGTON

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By JP, NARA, Date 3/25/92

THE WHITE HOUSE
WASHINGTON

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December 26, 1963

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