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THE WHITE HOUSE

WASHINGTON

June 8, 1966

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NATIONAL SECURITY ACTION MEMORANDUM NO. 350

TO: The Secretary of State
The Secretary of the Treasury
The Administrator of the Agency for
International Development
The Director, Bureau of the Budget
The Chairman, Council of Economic Advisers

The President wishes to receive coordinated advice and recommendations concerning the proper use of (1) program loans, and (2) loans to finance "local costs" in our foreign assistance programs.

The report should evaluate the economic and political merits of both kinds of loans in terms of:

- major U. S. assistance objectives, by categories of aided countries;
- the costs and consequences for other U. S. interests, particularly the balance of payments.

It should propose criteria which could be used to establish a presumption as to the appropriate mix of program and project assistance in particular country situations. It should also provide guidelines for the use of local cost financing.

It is requested that you nominate a representative for a sub-Cabinet level working group which will be responsible for carrying out this study. The Bureau of the Budget has accepted responsibility for the chairmanship of the working group.

The White House staff member responsible will be Mr. Francis Bator.

It is hoped that the report can be received at the White House by July 15.

DECLASSIFIED

Authority NSC 81 E00600

By lig, NARA, Date 12-8-87

W W Rostow
W. W. Rostow

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