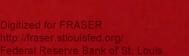


PAPERS OF HENRY FOWLER
BOX 53

OPEN

8B27



International Balance of Payments -Classified Material: Cabinet Committee Meeting, 3/25/66

概定到经济及政场及 SPESET (FRESHDENTIAL SIEEANIES)			
	"Progress Report on the Voluntary Program" C 10 p		
	"Stance of Replies under the 1966 Voluntary Prog." C 1 p		
	"Summary of Transactions reported by 313 Companies" C 1 p	andand	
	"Contributions to the US B/P on Selected" C 1 p		
	"Effects of Voluntary Restraint on direct" C 1 p	amiliated	
	"Effects of Voluntary Restraint on direct" C 1 p		
	"Summary of Regiles from 541 Companies" C 1 p	amitanti	
Fig milie	"Additional Long-term Foreign Secreowing" C 1 p		
Ells tuble	"Financing Requirements to carry out" C 1 p		
	Fowler to Cabinet Comm. on Bul. of Pagments		

Papers of Henry Fowler, International Balance of Payments - Classified Material:
Cabinet Committee Meeting, 5:25:60

"Agenda for Meeting of Cultones Comm. on Bry"

7.2

PATRONAL ANDMOVED AND RECORDS ASSESSED THE PARTY IN

\$40 rgs

The second secon

4-20-66

Mr. Hunt:

Mr. Trued also asked me to send this through.

A copy has also been sent to Mr. Bator for his comments.

mam

MERLYN N. TRUED

Room 3434

Ext. 2522

Classified Material: Cabinet Committee Meeting CABINET COMMITTEE ON BALANCE OF PAYMENTS Friday, March 25, 1966, 3:00 pm

Conference Room

The following principals will meet with Secretary Fowler in his office at 3:00 pm:

- Secretary McNamara Defense - Secretary Connor Commerce - Under Secretary Mann State

Agriculture - Under Secretary Schnittker

AID - Mr. Gaud

Trade Negotiations - Governor Herter

Budget - Assistant Director Zwick

- Chairman Ackley CEA

- Mr. Bator White House

- Chairman Martin Federal Reserve

The principals will then meet with the following in Room 4426:

> - Assistant Secretary Trued & Mr. Schaffner Treasury

- Mr. Robert Kovarick Defense Mr. Lawrence McQuade Commerce

Asst Secy Solomon and Mr. Cooper State

Mr. Koffsky Agriculture

Trade Negotiations

Mr. Richard Richardson Budget

Mr. Arthur Okun CEA

White House

Mr. Gustav Ranis AID

Governor Daane & Governor Brimmer Federal Reserve

Gordon Chase AID

4d

March 24, 1966

From: Philip P. Schaffner/i/P. S. (For information)
(through Assistant Secretary Trued)

(through Assistant Secretary Trued)

Subject: Direct Investment Under Commerce Guidelines

- 1965 (a) Original estimate of 1965 outflow to all countries was \$3,400 million.
 - (b) The outflow is now calculated to be only \$3,266 million (reflecting the borrowing of foreign subs) and will so appear in the balance-of-payments tables in the "Survey".
 - (c) To arrive at the outflow of parent companies' funds subject to the target, Commerce deducts from the \$3,266 million...
 - \$290 mil. of refinancing and other outflows not considered a charge against the target
 - \$80 mil. representing the portion transferred to foreign subs during 1965 out of the \$200 million borrowed abroad by U.S. subs during 1965
 - (d) Leaving \$2,896 mil. to all countries
 - (e) Of which \$440 mil. to LDC's
 - (f) Leaving \$2,456 mil. outflow to program countries
 - (g) Instead of the \$2,830 mil., the original est. of outflow to program countries
 - (h) Hence, the companies did better than est. for 1965 by the amt. \$374 mil.
 - (i) With the 2-year target \$4,800 mil. outflow to program countries
 - (j) The cos. still could have a \$2,344 mil. outflow to program countries without exceeding the 2-year target

- 1966 (k) Original estimate of 1965 outflow to all countries was \$3,500 million.
 - (1) The outflow is now projected at about \$3,200 million.
 - (m) Commerce estimates the \$3,200 million will be reduced by

9120 mil. unutilized portion of U.S. sub borrowing abroad in 1965

\$450 mil. new U.S. sub berrowing abroad in 1966

- \$2,630 mil. or \$230 mil. shows Serv.

 Connor's 1944 goal of

 32,400 mil., which he

 stated would produce a

 saving of roughly \$1 bil.

 In 1964
 - a) Of which \$450 mil. outflow to LDC's
- (p) Leaving \$2,180 mil. outflow to program countries
- (q) As against \$2,504 mil. outflow to program countries which the cos. could make without exceeding the 2-year target
- Summary: Unless the Commerce estimate for borrowing abroad in 1946 is too high, the companies will probably keep well within their 2-year target; but the distribution of their outflow under the target is such that. . .

we get \$374 mil. more 5/7 saving than ex-

we may get \$230 mil. less 5/F saving then ex-