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International Balance of Payments -

Classified Material:

Cabinet Committee Meeting, 3/25/66

DATE OF COPY MADE	CORRESPONDENCE OR TITLE	DATE	RESTRICTION
#1 rpt	*Suggested Talking Points for Sec. Fowler's... S 18 p	3/25/66	A
#2a draft	*Monroe Cabinet Comm. on B/P Meeting* S 6 p	4/18/66	A
#3 rpt	*Progress Report on the Voluntary Program...* C 10 p	3/25/66	A
#3a table	*Status of Replies under the 1966 Voluntary Prog.* C 1 p	3/25/66	A
#3b table	*Summary of Transactions reported by 313 Companies* C 1 p	undated	A
#3c table	*Contributions to the US B/P on Selected...* C 1 p	undated	A
#3d table	*Effects of Voluntary Restraint on direct...* C 1 p	undated	A
#3e table	*Effects of Voluntary Restraint on direct...* C 1 p	undated	A
#3f table	*Summary of Replies from 541 Companies...* C 1 p	undated	A
#3g table	*Additional Long term Foreign Borrowing...* C 1 p	undated	A
#3h table	*Financing Requirements to carry out...* C 1 p	undated	A
#4 memo	Fowler to Cabinet Comm. on Bal. of Payments... S 1 p	3/26/66	A
#4a rpt	*Agenda for Meeting of Cabinet Comm. on B/P* S 3 p	undated	A

FILE LOCATION

Papers of Henry Fowler, International Balance of Payments - Classified Material:
Cabinet Committee Meeting, 3/23/66

Box 33

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TREASURY DEPARTMENT
ASSISTANT SECRETARY

3

Hunt. FM

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

PERS OF
H. FOWLER

International Balance
Classified Material:
Cabinet Committee Meeting

46

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:

- Defense - Secretary McNamara
- Commerce - Secretary Connor
- State - Under Secretary Mann
- Agriculture - Under Secretary Schnittker
- AID - Mr. Gaud
- Trade Negotiations - Governor Herter
- Budget - Assistant Director Zwick
- CEA - Chairman Ackley
- White House - Mr. Bator
- Federal Reserve - Chairman Martin

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

- Treasury - Assistant Secretary Trued & Mr. Schaffner
- Defense - Mr. Robert Kovarick
- Commerce - Mr. Lawrence McQuade
- State - Asst Secy Solomon and Mr. Cooper
- Agriculture - Mr. Koffsky
- Trade Negotiations - --
- Budget - Mr. Richard Richardson
- CEA - Mr. Arthur Okun
- White House - --
- AID - Mr. Gustav Ranis
- Federal Reserve - Governor Daane & Governor Brimmer
- Gordon Chase* - *AID*

MEMORANDUM TO THE SECRETARY:

March 24, 1966

4d

From: Philip P. Schaffner/i/ P. S. (For information)
(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 of \$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 (x) Original estimate of 1965 outflow to all countries was \$3,300 million.

(1) The outflow is now projected at about \$3,200 million.

(a) Commerce estimates the \$3,200 million will be reduced by

\$120 mil. unutilized portion of U.S. sub borrowing abroad in 1965

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

(a) Leaving \$2,630 mil. or \$220 mil. above Secy. Connor's 1966 goal of \$2,400 mil., which he stated would produce a saving of roughly \$1 Bll. in 1966

(a) Of which \$430 mil. outflow to LDC's

(p) Leaving \$2,180 mil. outflow to program countries

(q) As against \$2,844 mil. outflow to program countries which the com. could make without exceeding the 2-year target

Summary: Unless the Commerce estimate for borrowing abroad in 1966 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 B/P saving than expected in 1965

we may get \$220 mil. less B/P saving than expected in 1966