in the near future. The purpose of DAG is to expand the volume of resources available to the less developed countries, to improve the effectiveness of the aid, and to provide a means of coordinating the bilateral assistance programs of various developed countries together with that of the multilateral programs. Through DAG and other channels, the United States has worked to increase the volume of German aid for developing countries. For example, in 1959 Germany's official bilateral grants and loans to developing countries (loans with maturities of over 5 years) totaled only $72 million,[10] and if contributions to international organizations are included, Germany's total foreign aid was under $100 million. This constituted 0.16 percent of Germany's GNP for 1959 as against a U.S. contribution of over $2.4 billion, or approximately one-half of 1 percent of U.S. GNP in 1959. During the period 1961 and 1962 German contributions to foreign aid are scheduled to amount to $1,250 million, or about 1 percent of Germany's GNP.[11]

Table I shows the private and governmental capital flows and official foreign aid contributions of members of DAG for the years 1956 through 1959, as a percentage of the gross national product of the individual members. Table 2 provides data on GNP and loan and grant commitments for a few countries for 1960. It will be observed that although for most years the relative foreign aid contribution of the United States compares favorably with that of other DAG countries as a group there were wide differences in the contributions of individual countries as a percentage of their GNP. (Foreign aid is defined as "grants and loans of 5 years or more maturity and contributions to international development assistance orgaizations.") There is a question of whether or not account should be taken of private capital flows in measuring and comparing contributions to less developed countries, and in this item, as well as in total capital flows, the U.S. contribution as a percentage of GNP has in most years been substantially less than that of the other DAG countries combined. Direct private capital investment while in many cases making an even more important contribution to economic growth abroad than public loans, provides special advantages to the capital exporting countries, particularly since they are heavily concentrated in the extractive industries. On the other hand, private capital flows do constitute a transfer of resources from the capital exporting to the capital importing countries just as is the case with official foreign assistance.

Still another problem which must be dealt with in devising an equitable formula for sharing the aid burden has to do with the statistical difficulties in making comparisons between the gross national products of the capital exporting countries. It has long been recognized by specialists in the field of national accounting that comparisons of monetary values of GNP by converting them into a common currency unit at existing exchange rates do not reflect differences in real output. Table 3 compares estimated GNP in U.S. dollars with real GNP for several developed countries for 1960. Real GNP for countries other than the United States indicates the value

[10] Ibid., p. 160.
[11] "International Development and Security," hearings, U.S. Senate Committee on Foreign Relations, 87th Cong., 1st sess., pt. 1, p. 162. Some of the German contributions represent disbursements of funds committed in prior years.