

of-Congress resolution, favors these new advances over the next decade in U.S. foreign policy toward Latin America.

Could I ask a question on the amounts? These amounts are not specific, as has been said many times, but what is the area of reference within which they operate? Is it a 5-, 10-, 15-, or 25-percent variation of this figure, or is it just a round figure that has been taken?

Ambassador LINOWITZ. I think Mr. Solomon perhaps might respond to that.

Mr. SOLOMON. Well, the agriculture and education increases in the Alliance for Progress are quite specific, sir. We would hope to be able to justify those specific amounts in our request.

Now, in a multinational project, the 50 million part of the \$300 million a year authorization that will be proposed for replenishment of the special fund in the Inter-American Development Bank, that also will be quite specific assuming that the Board of Governors of the Inter-American Development Bank agrees in April on a multilateral replenishment of the funds with appropriate relationships with the U.S. contribution being \$300 million, of which 50 would be earmarked for this.

The thing that is very "iffy" yet would be the exact amount of the integration assistance fund if the Latin Americans do take—as Ambassador Linowitz has said—the appropriate actions. In that area, the range was developed, after a series of various studies were done—

Mr. FULTON. You could put a statement in the record on that. I would like to have in the record an indication of how the figures were developed in that respect and what the reports were, specifically, with some citations.

Mr. SOLOMON. All right, sir.

(The following information was subsequently submitted:)

HOW FIGURES FOR INTEGRATION ASSISTANCE FUND WERE DEVELOPED

The requirements for integration adjustment assistance will depend on the pace of integration and the criteria used for drawing from the fund. Both of these remain to be worked out during the negotiations establishing the Common Market and the integration fund.

Since the decisions have not been made that would allow a more precise calculation of requirements, a U.S. contribution could be estimated only within the wide range of from \$250 to \$500 million. A matching Latin American contribution of approximately the same size is anticipated. Estimated requirements are based essentially on experience from 1959 to 1965 in intra-LAFTA and intra-Central American Common Market trade.

Balance-of-payments assistance would be expected to represent by far the largest part of the integration adjustment assistance provided by a regional fund. It is anticipated that such assistance would be based on calculations of incremental intraregional trade deficits where the increment can be reasonably identified as resulting from automatic trade liberalization under the schedules leading to a Common Market.

Our analysis found that incremental intraregional trade deficits among the LAFTA countries over the period 1962 to 1965 ranged from a low of \$38 million in 1964 to a high of \$149 million in 1965. The average incremental deficit was about \$100 million. Thus, were all incremental deficits considered to give rise to drawing rights and past experience to be indicative of future requirements, demand on the integration fund for balance-of-payments assistance would be about \$100 million a year.

In fact, however, there are considerations which would probably operate both to increase and to decrease the amount of required resources.