

By buying cheap and selling dear, Britain alone was able to make from poor exploited countries about G\$3,000 million a year between 1957-1963. This partially accounts for the high standard of living in Britain and the poverty of places like Guyana.

EXTERNAL BORROWING

Trading losses have to be met by external borrowing under onerous conditions. Between 1955 to 1966, the indebtedness of third-world countries increased fourfold from US \$10,000 million to \$40,000 million.

Western aid has also fallen short of the 1% of national income which was earmarked some years ago. From 0.87 per cent in 1961, it has declined to 0.62 per cent in 1966.

And interest rates on some loans are high. Besides, loans are tied. Strings attached to Western aid specify how the aid is to be spent.

Commenting on trade and aid, Finance Minister Jorge Mejia Palacio of Columbia said in 1962 that his country had lost two to three times as much foreign income from falling coffee prices as it had received in Alliance for progress credits. He said the main thing the Alliance could accomplish would be a long-term coffee pact. "Until this comes about", Senor Mejia asserted, "the help that is given us, however generous it may be, will not be blood to vitalize our economies, as was planned, but simply tranquillizers to avoid a total collapse".

Foreign aid, which now includes foreign private investments, is leading to a vast drain of profits and strangulating debt charges. Executive Director, Carlos Quintana, of the Economic Commission of Latin America (ECLA) declared: "Considering the net flow of autonomous and compensatory foreign funds, deducting the interest on foreign debts, profits and other remunerations of direct foreign investment, the net foreign contribution to the region's external purchasing power has been negative since 1962. The amount in 1965 exceeded the US\$950 million mark".

According to the Cuban delegate at the 1967 ECLA Conference the net drain from Latin America alone was then no less than US\$1,567 million.

Former President of Brazil, Juscelino Kubitschek writing on trade and aid under the Alliance for Progress said:-

"Let's be frank. The prices for Latin America's basic food and raw material exports have depreciated so much that this area's income has declined more than \$500,000,000 this year in terms of the price paid for the same commodities when I took office in 1956. That \$500,000,000 is just about the amount that the Alliance for Progress has put into Latin American since the programme began. Latin America is therefore in the peculiar state of a man who is receiving blood transfusion in one arm and donating blood through the other."

As compared with 1953, poor third-world countries are losing today about US \$ 2,500 million annually as a result of fall in prices of their exports and rise in prices of their imports.

DEBT CHARGES

Loan repayments now constitute a large percentage of the budgets of third-world countries. According to the World Bank, loan repayments in 1966 represented 40 per cent of all the loans made by the Bank.

Repayments on the indebtedness of poor countries in 1966 amounted to the alarming sum of US\$4,000 million yearly, an eight-fold increase on foreign debts of US\$500 million in 1955. Foreign debts are likely to swallow all inflowing foreign exchange up to 1970.

India's interest payments jumped from RS. 1.6 crores in 1951-52 to Rs. 36 crores in 1961-62. At the end of 1967, the Indian Government asked the "Aid India Consortium" for additional time to pay debts falling due, estimated at US\$400 million.

By 1956, Latin American countries paid ~~xxxxxx~~ out US\$450 million, almost the exact amount they received as aid. Interest on loans have now jumped to about US\$573 million.

1955	1956	1957	1958	1959	1960
100	100	100	100	100	100
100	100	100	100	100	100
100	100	100	100	100	100