

The Routine Maintenance of Clients

Policy Tools, Programs, and Historical Trends

Routine Maintenance

- **Routine Maintenance – Developing policy Instruments (programs and organizations) to *transfer* US resources to Clients**
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- **Three forms of transfers – economic, military, and political**
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- **Focus on economic and military**
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- **Also transfers vary depending upon whether the client is economically deprived (poor) or wealthy**

Economic instruments

- **First Economically deprived**
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- **Economic Assistance**
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- **New York banks loans, at times with U.S. government oversight**
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- **The only policy instrument falling into that category up through the early 1930s was the employment of U.S. experts to run parts or all of a country's financial bureaucracy**
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- **The first real means of providing ongoing financial resources was creation of the Export-Import Bank.**
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- **After WW II - Ex-Im bank too limited and so**
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- **two new instruments to transfer financial resources to other countries. The first of these was the array of**

Economic Instruments

- **multilateral lending institutions which began with the World Bank; the second was the creation of a set of programs with the explicit purpose of aiding in reconstruction and development**
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- **IMF and the World Bank**
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- **Yes they were multilateral institutions but they were US controlled and directed**
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- **The Pudding -- During the first decade of its loans, the Bank lent money to ten U.S. clients in Europe, fifteen in Latin America and the Caribbean, and six in the rest of the world (including Australia and Japan); only seven nonclients were assisted (five of whom were former British colonies).**

Economic Assistance

- **Programs**
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- **Marshall Plan**
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- **Mutual Security Act of 1951** This opened up the possibility of providing economic aid and technical assistance (the provision of equipment and advice) to any country in the world, provided that the President certify that this would “strengthen the security of the United States.
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- **The Foreign Assistance Act of 1961.** It set up machinery for providing annual economic assistance “on a basis of long-range continuity” to countries anywhere, irrespective of the nature of those countries’ military ties with the U.S.

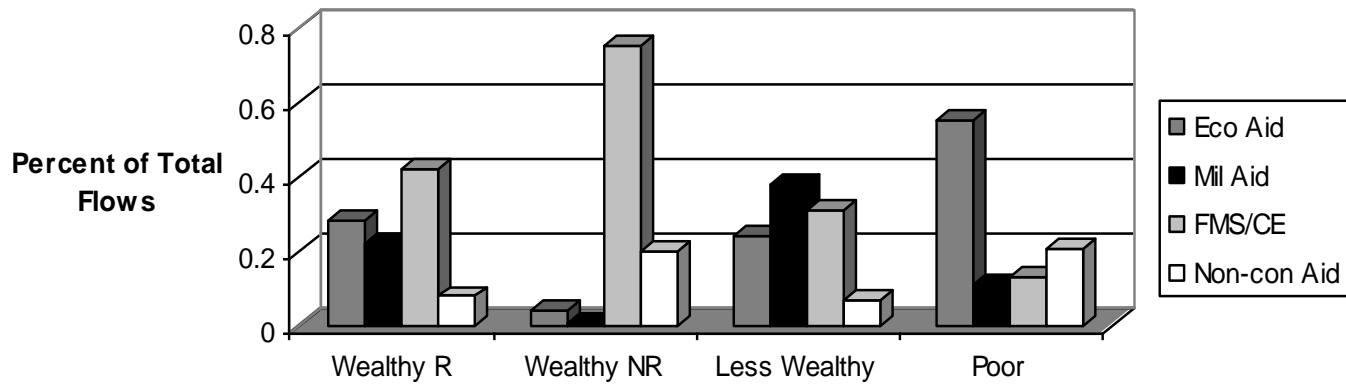
Military Assistance

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- **Poor countries -- supplying weapons and training**
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- **Earliest ad hoc -- Marines help establish and train National constabularies**
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- **WW II -- many military missions and advisers and Lend Lease**
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- **Continued ad hoc through the late 1940s**
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- **Need for rationalization –**
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- **the Mutual Defense Assistance Act of 1949, which explicitly recognized “the principle of continuous and effective self-help and mutual aid.” The legislation provided for furnishing “equipment, materials, and services” to states with whom prior “agreements” had been worked out. – geographically narrow**

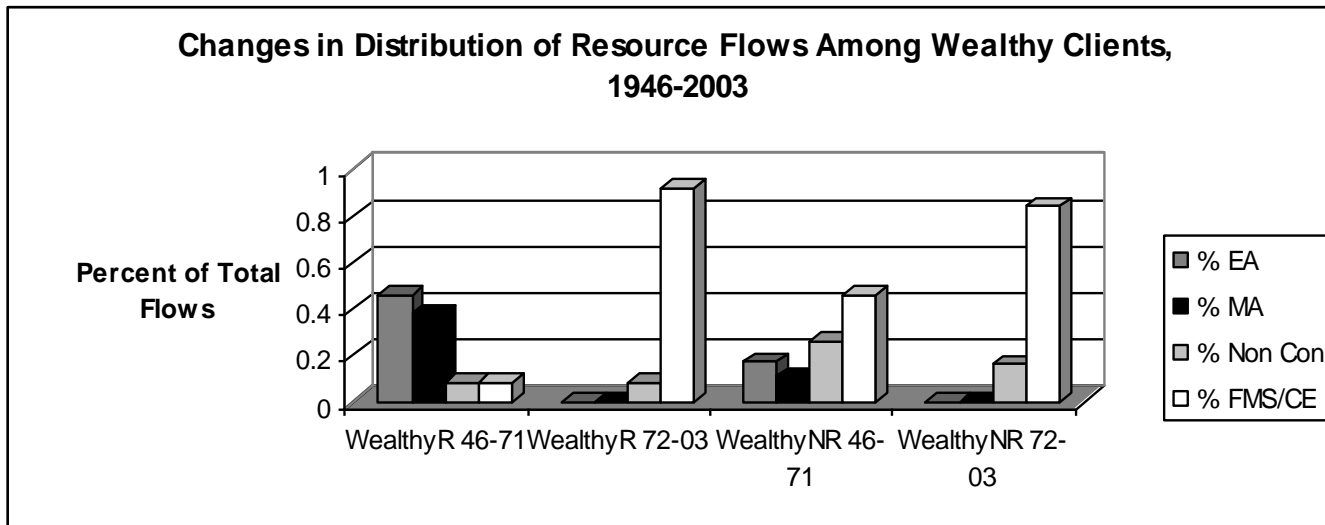
Military Assistance

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- **Mutual Security Act of 1951, in which every region in the world had a title of the Act devoted to it, with separate sections in each title devoted to both military assistance and economic and/or technical assistance**
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- **Wealthy Clients**
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- **Lets just focus for now on military assistance**
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- **One thing to note – They of course spend much less than the US but more than just about anyone else**
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- **of the countries ranked second through eleventh of total military expenditures (the U.S. being number one), wealthy U.S. clients, in both Europe and elsewhere, occupy all but three slots**
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- **evolution from arms transfers (gifts) to loans to direct sales and commercial sales**

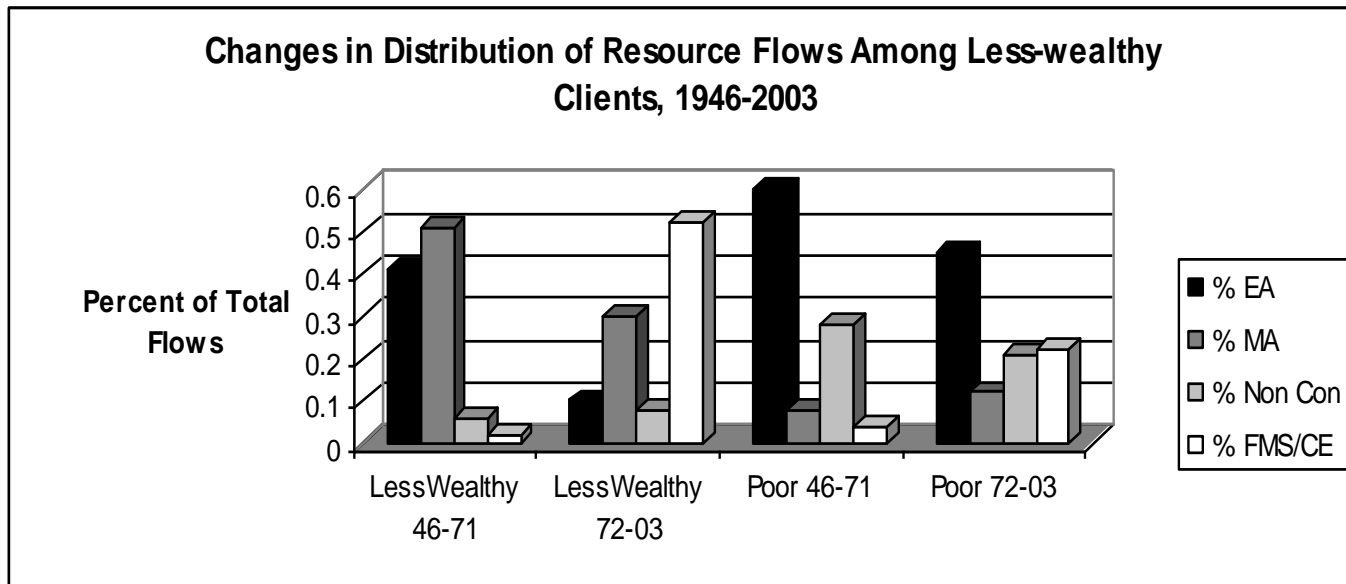
Distribution of Types of Resource Flows by Client Type, 1946-2003



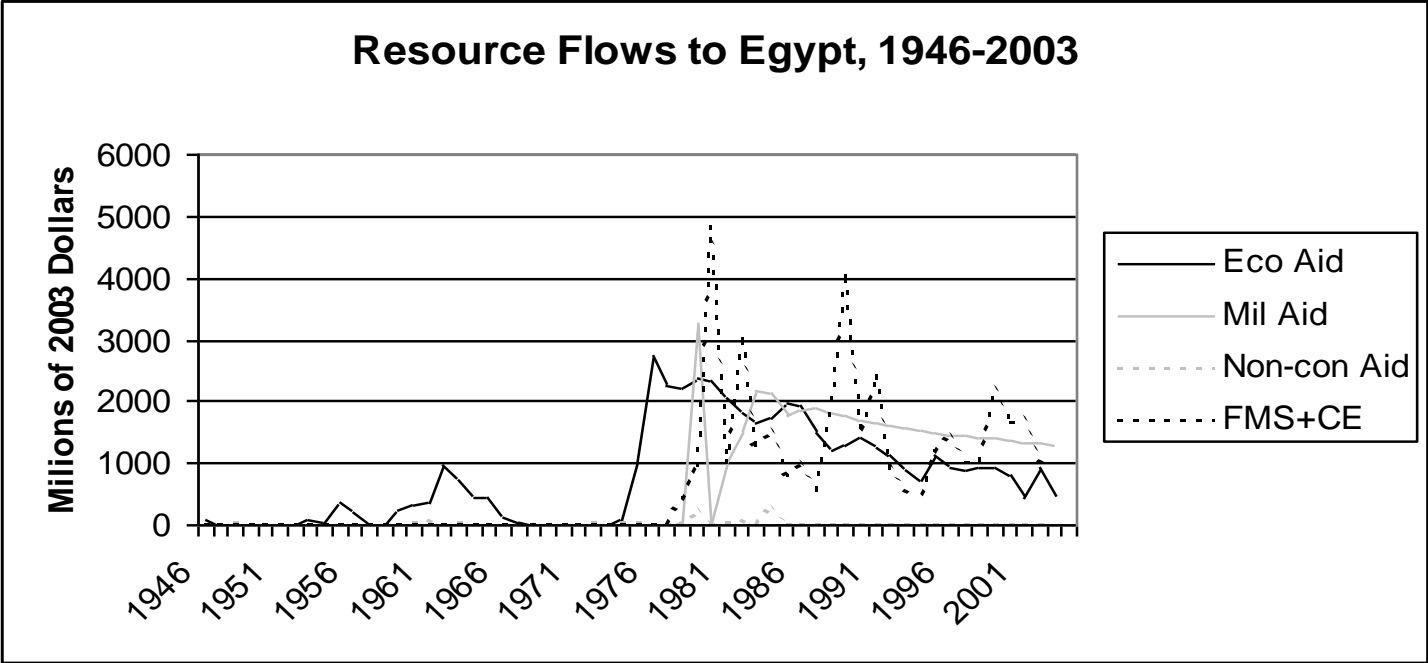
Trends and transitions in Resource Flows



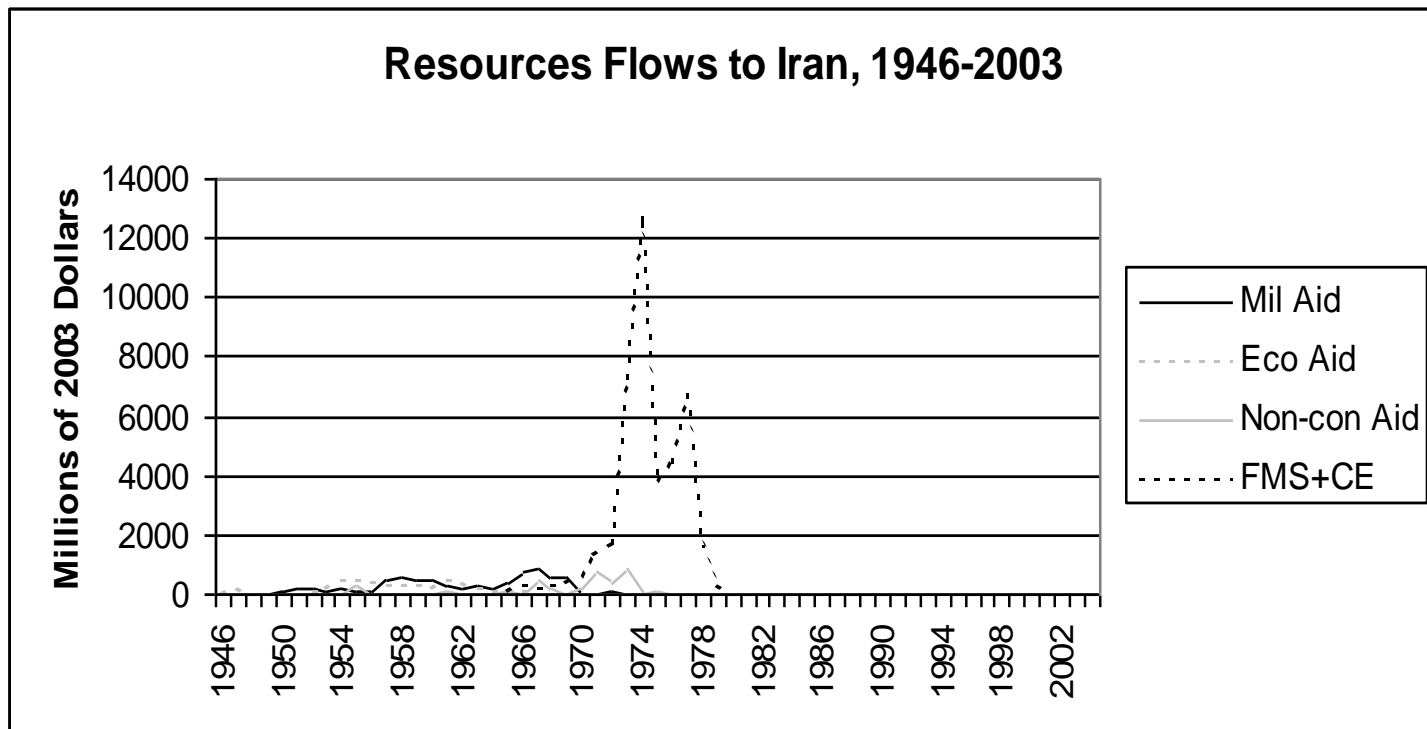
Trends and transitions in Resource Flows



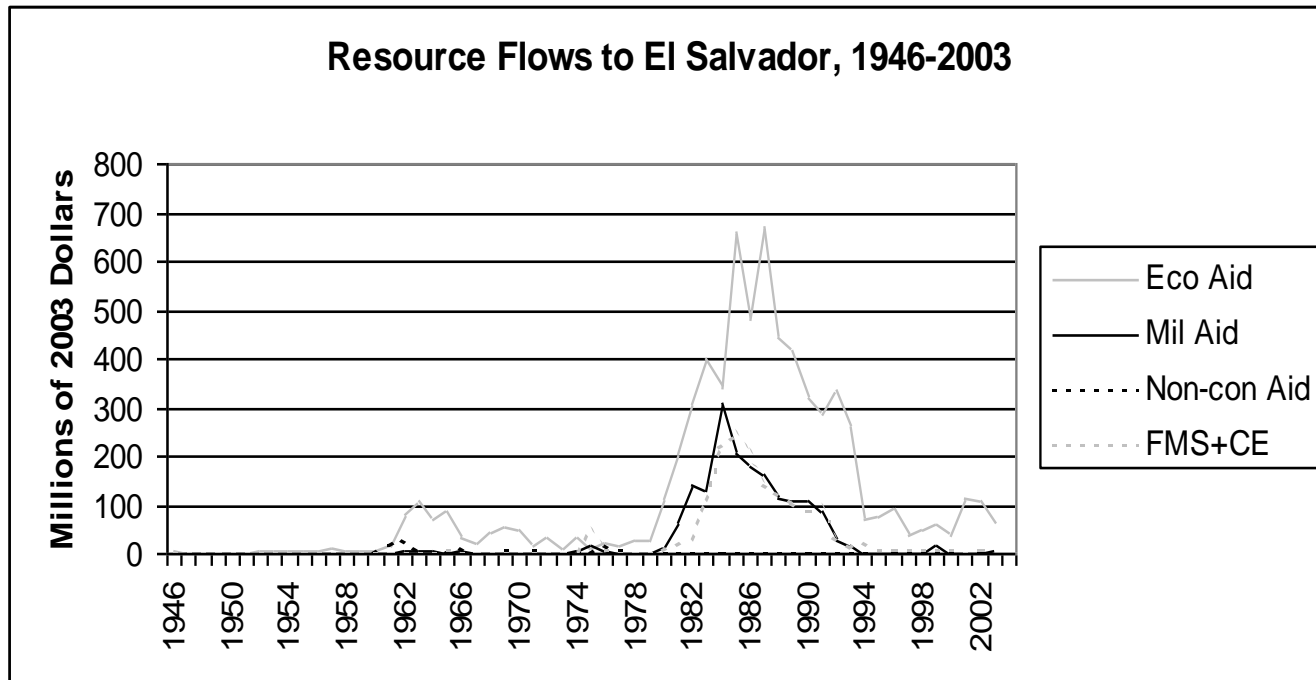
Flows to an acquired Client



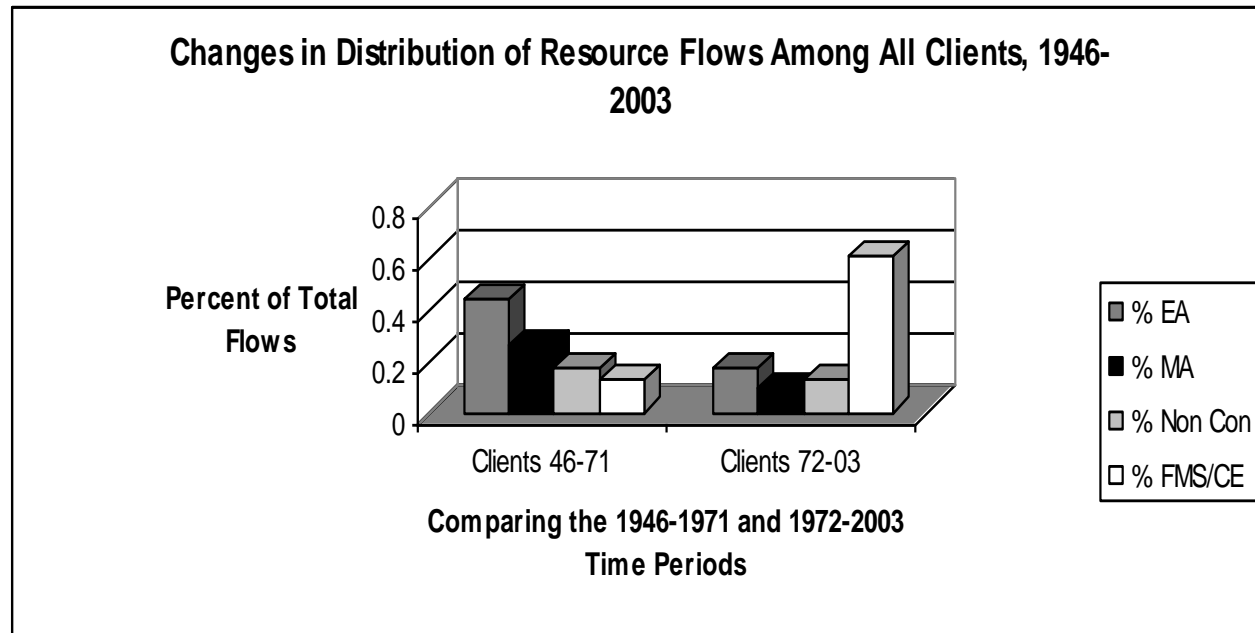
Flows to a lost client



Flows to a client in trouble

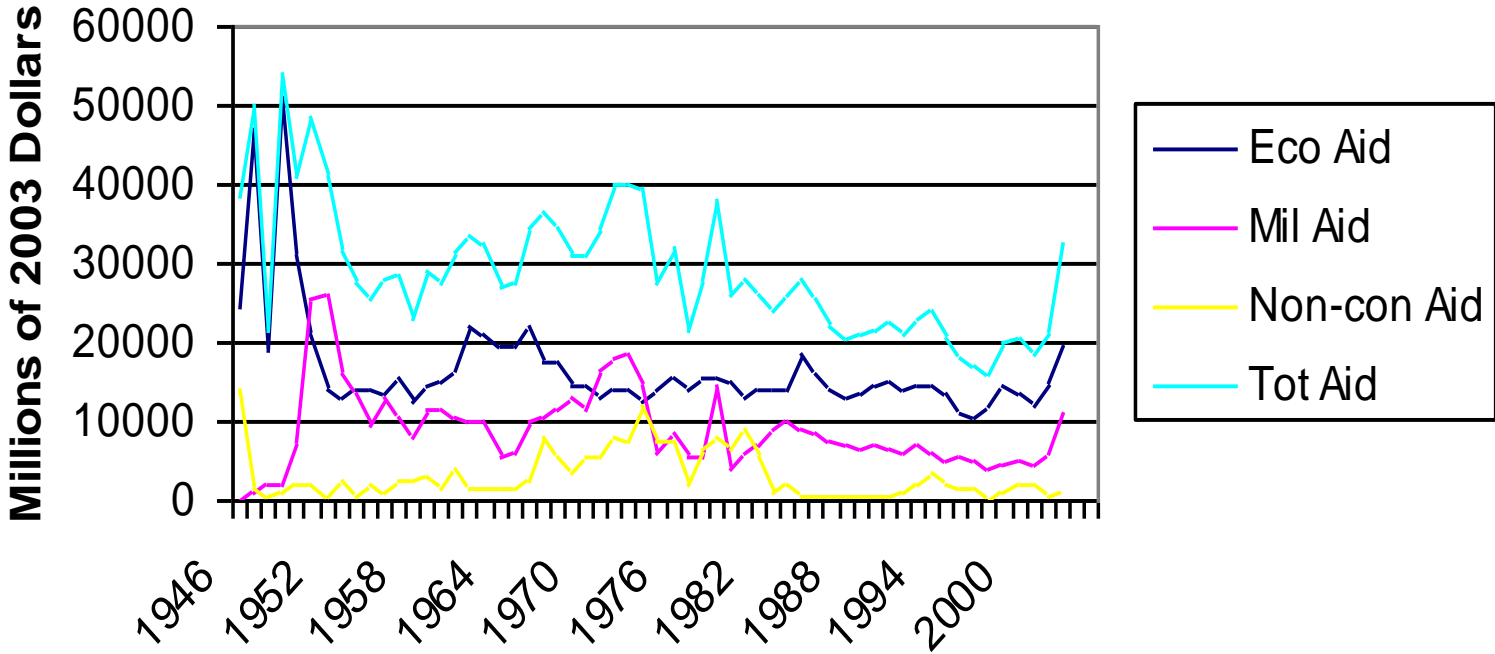


Changes in Resource flows to All Clients



U.S. Resources Flows in the Post World War II Period

Resource Flows to All Nations, 1946-2003

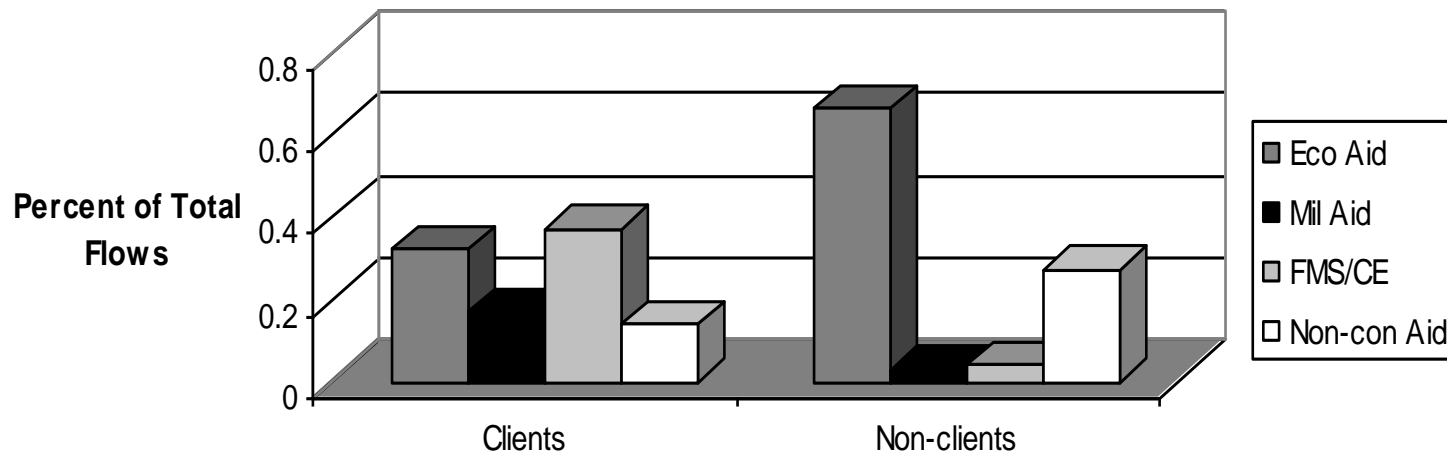


Largest Recipients of Resources, 2004

In Millions of 2004 Dollars

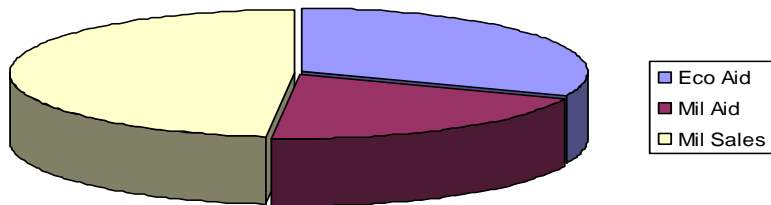
| Rank | Country | Total Resource Flows |
|-------------|--------------------------|-----------------------------|
| 1 | Egypt | 2886.3 |
| 2 | Afghanistan | 1771.7 |
| 3 | Japan | 1645.0 |
| 4 | Israel | 1530.5 |
| 5 | Saudi Arabia | 1489.2 |
| 6 | Brazil | 1110.2 |
| 7 | United Kingdom | 1067.3 |
| 8 | Pakistan | 1050.2 |
| 9 | South Korea | 1008.6 |
| 10 | India | 964.4 |
| 11 | Colombia | 942.2 |
| 12 | Jordan | 912.3 |
| 13 | Australia | 756.9 |
| 14 | Thailand | 636.0 |
| 15 | Turkey | 603.1 |
| 16 | Democratic Rep. of Congo | 561.4 |
| 17 | Netherlands | 506.0 |
| 18 | United Arab Emirates | 505.2 |
| 19 | Italy | 495.5 |
| 20 | Vietnam | 481.2 |

Distribution of Types of Resource Flows Between Clients and Non-clients, 1946-2003

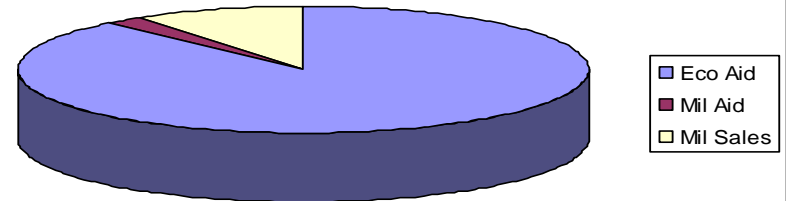


Resource Flows to Clients and Non-Clients in 2004

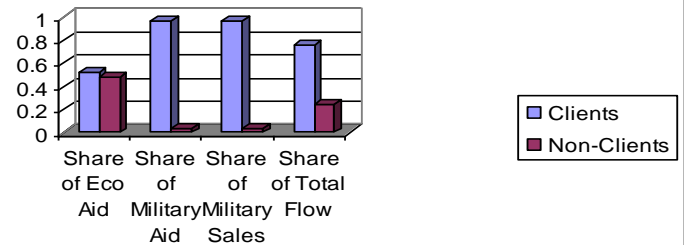
Distribution of Resource Flows to Clients - 2004



Distribution of Resource Flows to Non-Clients - 2004



Distribution of Resource Flows Between Clients and Non-Clients 2004



Routine Costs of Running the Empire

