

Graduating from Aid: Korea and Taiwan

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Korea¹ and Taiwan² present interesting case studies of graduation from aid dependence. Highly reliant on foreign assistance in the 1950s, both countries developed a more diversified portfolio of capital flows in the 1960s that included declining bilateral assistance, a relative increase in the role of multilateral aid, increasing foreign direct investment, and in Korea's case, increased reliance on foreign debt. In both cases, the graduation from aid was roughly coterminous with fundamental changes in economic strategy that have been characterized as a transition to export-led growth. Whether exports were in fact central to their subsequent growth remains hotly contested; however, there is little doubt that increased foreign exchange earnings from exports were an important factor in reducing aid dependence. Despite Korea's recent difficulties, the subsequent economic performance of both countries has been extraordinary, and both have been touted as models for other developing countries to emulate.

However, the lessons to be drawn from the aid experiences of these two countries are far from straightforward, in part because of the unique geostrategic relationship between the two countries and the United States and the extraordinary amount of assistance they received. Moreover, I will emphasize the fact that the two countries differ in quite important ways. Nonetheless, several lessons can be drawn from the experiences of these two countries. First, in both cases, political changes brought reformers to the fore who were committed to economic reform and capable of carrying it out; the presence of committed governments is central to the story. However, reform in both countries was spurred by the promise of declining aid flows. Declining aid spurred an interest in increasing exports, attracting foreign investment, mobilizing domestic savings and stimulating domestic investment.

I begin in this paper with a brief overview of the aid relationship in the two countries, highlighting their high dependence on external assistance during the 1950s and their weaning from aid in the 1960s. I then provide an overview of the key programmatic and institutional features of the aid relationship in each country, contrasting the period of high aid dependence from the period of graduation. I close with an overall evaluation of the aid experience, and what can and can't be learned from the two countries.

I. The Aid Relationship: Aggregate Flows and Composition

¹. The Republic of Korea.

². For convenience sake, I use the term "Taiwan" for the Republic of China, and refer to it as a "country," recognizing that these designations are contested.

Tables 1 and 2 provide an overview of the overall aid position of the two countries from the early 1950s through 1970. The significance of U.S. support cannot be overstated, particularly in Korea. Between 1953 and 1962, aid financed approximately 70 percent of total imports and equaled 75 percent of total fixed capital formation, distributed through a number of shifting agencies over the years. Virtually all of this aid was in grant form, dominated by non-project supporting assistance. This was supplemented after 1956 with a steadily increasing share for PL480 (food) aid. By 1965, total aid was split between non-project assistance and food aid, with project assistance and loans making up only five percent of the total.

U.S. aid to Korea peaked in 1957 and gradually fell off through 1960. In 1961, the U.S. cut aid substantially, and while these cuts were restored in the two following years, the U.S. signaled that its commitments would not be sustained. In 1964, aid was cut by over 25 percent, and it gradually tapered off over the rest of the decade until it was virtually ended in 1972.

In the five years following the seizure of power by the military in 1961, the country undertook a number of economic reforms, described in more detail below, and the composition of total capital flows changed. Although US aid remained constant over the second half of the decade in nominal terms, the significance of US aid in total capital flows fell dramatically. In part, this reflected a turn to other sources of official assistance, including a concessional loan package from the Japanese following the normalization of relations between the two countries in 1965. Korea also tapped World Bank assistance for the first time in the early 1960s. More significant, however, were two further developments: the growth of private capital flows, including both foreign direct investment but particularly foreign commercial borrowing; and the dramatic growth of exports, which was the most important factor in allowing for increased import growth. By 1967, aid was financing less than 10 percent of imports.

Dependence on aid during the 1950s was somewhat less in Taiwan, as the island had a more developed agro-export sector, there were some small flows of foreign direct investment that were altogether absent in Korea, and the government accessed multilateral assistance earlier than Korea. However, the broad outlines of the history are broadly similar. Taiwan experienced aid cuts in 1958, which were restored in the following two years, but after 1962, aid flows show a downward trend. Nonetheless, imports were able to grow steadily due to a sharp expansion of exports. Taiwan's highly conservative macroeconomic policy obviated the need for foreign borrowing; indeed, as early as the late-1960s, Taiwan had already become a capital *exporter*. However, the country did open itself to foreign direct investment, which increased much more rapidly after 1960 than it did in Korea.

To summarize: both countries show a high dependence on aid during the 1950s. Aid flows do not altogether disappear in the 1960s; the transition is gradual. However, in both cases the United States signaled that bilateral assistance would not be maintained at

prior levels; nor was multilateral assistance capable of taking up the slack in full. As I will show in the next two sections, the anticipated decline in aid provided powerful incentives for government leaders to seek private capital flows and to undertake reforms that would generate higher domestic savings and foreign exchange earnings through exports.

II. The Aid Relationship: Policy and Institutions in Korea

The postwar aid relationship in Korea must be traced back to the U.S. Military Government in Korea (USAMGIK), which commenced operations in September 1945. The initial aid goals of USAMGIK were simply to avoid complete economic and political collapse, given the departure of the Japanese and what were seen as undesirable political developments in the form of a well-organized political left. Aid initially took the form of commodity imports, primarily consumer goods (food and textiles), coal, oil and fertilizer; over \$500 million was spent on such relief during the period of the American occupation. However, the occupation also allowed the USAMGIK to initiate other reforms, including disposal of Japanese land and a restructuring of the Japanese educational system, including a dramatic expansion of primary education.

The first government-to-government agreement with the United States was signed following independence in 1948, and included a range of what would now be called conditionalities, including sound fiscal and monetary policies, privatization of Japanese properties and the creation of a counterpart fund into which the government would deposit the local currency (*won*) equivalent of all U.S. aid; the use of the counterpart funds was to be determined jointly by the two sides. The developmental objectives of the early aid program included the reconstruction or development of industries required for longer-term growth, including coal, power generation and fertilizer, but Congressional skepticism blocked expenditure on these programs. Prior to the outbreak of the peninsular war in 1950, therefore, the aid program was concentrated largely on the financing of commodity imports, although the power of the American military government permitted structural reforms with respect to land tenure and education which were probably of greater long-term significance than the relief per se.

The Korean War fundamentally changed the nature of the country's relationship with the United States. At the broadest political level, the war substantially increased American stakes in the survival of President Syngman Rhee. This, in turn, gave Rhee substantial bargaining leverage, similar to that enjoyed by other client governments deemed strategically significant during the Cold War. With respect to aid, the war introduced some new institutional and policy complications, as longer-term planning once again had to be shelved in favor of short-term relief (managed formally by the United Nations but in fact by the United States). The war and subsequent change in the bilateral military relationship also raises an important question which goes beyond the scope of this paper: how to evaluate the significance of various forms of military assistance for longer-term growth. This "assistance" included transfers of equipment,

which arguably had no implications for development, but also local procurement and spending by American troops which did.³

The aid relationship from the end of the war in 1953 through the fall of Syngman Rhee in 1960 was characterized by ongoing political and policy disputes between the US and Korean governments. The disagreements were in part over appropriate development strategy. Portions of the U.S. aid community placed a high priority on containing inflation. One of the aims of commodity assistance was to sop up excess demand. Rhee cared less about inflation and wanted greater focus on industrial development and fixed investment. He complained repeatedly that the U.S. wanted Korea to rely on the agriculture and raw material exports that had characterized colonial rule under the Japanese, with whom Rhee steadfastly refused to normalize relations.

However, part of the disagreement between the United States and Korea centered on Rhee's domestic political interests and opportunities for corruption and rent-seeking. Although Rhee behaved in a highly autocratic fashion, the political system established by the Americans was nominally democratic and became increasingly competitive over the decade as opposition mounted. Financing of the ruling Liberal Party was thus an important priority for the Rhee. Exploiting arbitrage and rent-seeking opportunities provided by the aid relationship was one way of building political relationships with emerging private sector enterprises in the manufacturing sector.

At the center of this process was the exchange rate regime. During the war, the UN forces required local currency for domestic purchases; the Korean government insisted on repayment of won advances at an exchange rate that became increasingly overvalued with wartime inflation. After the war, Korea saw a bewildering succession of exchange rate regimes. None lasted more than two years and all undervalued the dollar, providing substantial opportunities for rent-seeking through discretionary allocation of dollars. Trade policy was similarly controlled by both licensing and tariffs (albeit in this area with American consent), and access to imported PL480 shipments of wheat flour, sugar and cotton provided large arbitrage opportunities for local processing industries. Bank lending and government contracting were also subject to substantial executive discretion and corruption, as was a tepid privatization process.

The United States made substantial efforts to impose conditions on aid and to monitor its use. For example, an agreement between the two countries in 1954 called on the Korean government to: privatize state-owned enterprises and encourage private investment; to maintain a realistic exchange rate; and to raise money for won advances through public auction. After 1956, US attention shifted toward greater emphasis on inflation control through annual stabilization programs and sought to spur domestic savings by reducing government spending, including on the military. The stated

³. A number of important Korean firms got their start providing various goods and services to the US military in the 1950s, and Korean participation in the Vietnam War beginning in the 1960s has been credited by some as having developmental implications.

objective of this exercise was to increase aid recipients' self-reliance. Aid did peak in 1957.

However, the United States never fully succeeded in addressing the underlying political problems that were distorting the allocation of resources and hampering the development of a more rational decision-making and planning process. This failure had important institutional implications. While there were "pockets of efficiency" and bureaucratic innovation during the late-1950s, technocratic reformers were never able to establish effective control over policy, nor build a relationship with their US counterparts that could overcome the political inertia at the top.

Political change opened the door for more fundamental policy changes. The Rhee government fell in 1960 to student protest, but its weak democratic successor was overthrown by the military under Park Chung Hee in just over a year. The American attitude toward Korea following the coup was ambivalent. Prior to the coup, the Kennedy administration had already begun to reassess the aid program generally, and aid to Korea in particular. The US was not initially happy about the military's intervention, but begrudgingly accepted that the military was "getting things done" and that too much external pressure might push the junta in a more radical direction. However, several corruption scandals and major policy missteps by the initially-populist military government pushed the US toward a tougher stance. In 1961 and 1962 some aid was withheld in order to secure government support for a stabilization plan, and in 1963 Washington expressed strong displeasure at the possibility that the military might stay in power indefinitely. Pressure for both economic and political reform increased substantially, including through suspending assistance.

Park Chung Hee initially sought to get around these restrictions through commercial loans and supplier credits, including from Europe. However, with the resolution of the political problems between the two countries--Park agreed to a nominal, though highly controlled return to democracy in late 1963--and a change in aid team, the US emphasis shifted from stabilization to a more growth-oriented program that included substantial structural reforms. It is important to underscore that the extent of liberalization of the economy in the early 1960s should not be overestimated; Korea's takeoff was state-led in a number of ways, the most important of which was the government's continuing control over both foreign exchange and domestic lending through the nationalization of the banking system under the military. However, the more cooperative working relationship between the government and the US aid mission after 1963, as well as the anticipated decline in US assistance, directly influenced government policy.

At the institutional level, Park Chung Hee had already taken a number of important institutional reforms that concentrated power in a new Economic Planning Board. The new ministry consisted of the Budget Bureau from the Ministry of Finance, the statistics and research bureau from the Ministry of Home Affairs, and the Planning and Coordination office from the Ministry of Reconstruction, created under Rhee in the late 1950s, but largely ineffectual. Moreover, EPB exercised control over the allocation

of both foreign aid and borrowing, through its power to guarantee foreign loans. The minister in charge of EPB was elevated to the status of Deputy Prime Minister, and an Economic Ministers' Meeting was institutionalized, chaired by Park, with broad powers over policy.

The consolidation of power within the bureaucracy, and strong political support from the President, permitted a more effective dialogue with the American aid machinery, institutionalized in the form of U.S. Korea Economic Cooperation Committee. This committee included the chief US aid administrator, the Deputy Prime Minister and the relevant vice-ministers. This collaboration at the top facilitated cooperation at lower levels and with key line ministries.

Korea's economic reforms have been the subject of an extensive literature, and need not be reviewed in detail here. However, it is important to note that many of them can be explained by a strong government interest in mobilizing resources to offset anticipated declines in aid:

1. The stabilization programs had long urged more effective tax collection, but despite a succession of advisors over the 1950s, collection remained poor. In 1964-65, the government turned its attention to tax collection in a concerted way, with dramatic results.
2. In 1964, the won was devalued and the exchange rate unified as an export-promotion measure.
3. Exporters enjoyed a range of additional incentives, including liberalization of needed inputs and preferential credit.
4. Foreign direct investment was liberalized, including through the highly controversial normalization of relations with Japan, and the government oversaw greatly expanded private commercial borrowing.

II. The Aid Relationship: Policy and Institutions in Taiwan

Under the Cairo Declaration (1943), Japanese-occupied Taiwan was to return to China after the war, and in 1945, Chiang Kai-shek appointed a military governor to the island. Gross economic mismanagement followed, as well as neglect of the political and economic interests of the indigenous Taiwanese. Taiwan also imported the great Chinese hyperinflation in 1948.

When it became clear that the Kuomintang's (KMT) military position vis-à-vis the Communists was untenable, the decision was made to relocate the government to Taiwan. A wide-ranging internal party reform quickly followed that concentrated power even more strongly in Chiang's hands. While the KMT's military and political organization had been incapable of successfully running China, or defeating the Communists, the situation was quite different in Taiwan. The KMT's highly centralized single-party organization allowed the government to incorporate and control key social groups, such as students and labor; unlike Rhee's Korea, the KMT eliminated any organized opposition

and even the pretense of electoral politics was lacking (although the KMT orchestrated local elections). Nor did the party initially need to foster the kinds of close ties with local business visible in Korea. To the contrary, the KMT's political interests and ideology were initially skeptical of private enterprise, in part because of fears that the economic power of the indigenous Taiwanese would ultimately translate into political power. To a much greater extent than in Korea, the KMT remained committed to controlling the "commanding heights" of the economy through state-owned enterprises.

The KMT was also unconstrained by its ties with rural elites, as it had been on the mainland. From 1949-53, the KMT government undertook a dramatic land reform, beginning with a rent reduction program, followed by sale of public lands, and finally an effective expropriation of Taiwanese landlords.

American aid operations on Taiwan were resumed in 1950 in response to the Korean War. As early as 1951, the United States warned the KMT leadership that it would not underwrite the Taiwanese economy indefinitely. However, in general, the economic advice offered by the Americans over the 1950s was more consonant with the government's own objectives than was the case in Korea; this in turn permitted a much closer institutional relationship. However, there is also evidence that the prospect of declining aid commitments had an influence on government policy in the late-1950s and early 1960s.

The "great inflation" of 1948-9 had a profound influence on subsequent macroeconomic policy and institutions. As in Korea, the U.S. pushed fiscal reforms and economies; tax reform and above all an overhaul of the personnel and borrowing policies of the large state-owned enterprise sector. At the urging of a small group of Western-trained economists, the KMT leadership adopted what at the time were highly unorthodox policies, including tight control of the money supply and an effort to mobilize savings through a high interest-rate policy. The central bank also operated with substantial independence from the finance ministry. The budget remained an issue of contention through the 1950s, but the U.S. and Taiwanese governments were able to agree on a basic commitment to stabilization that was lacking in Korea until the early 1960s.

A second area of agreement was on the importance of land reform. The Rhee government was pushed by politics to complete the land reform initiated by the Americans, but its attention quickly shifted to the urban sector and agriculture was largely ignored. In Taiwan, by contrast, the KMT supported rural development on both economic and political grounds.

The institutional structure of U.S.-Taiwanese collaboration reflected a greater degree of working-level cooperation than was visible in Korea prior to the Park period. A Council on U.S. Aid (CUSA) had been formed on the mainland in 1948, and was revived after 1950. The CUSA functioned outside the regular ministries, selecting and overseeing the implementation of aid projects and coordinating aid imports with project needs. Through the Joint Committee on Rural Reconstruction (JCRR), the U.S. had a second

institutional forum to work with reform-minded Chinese technocrats. The combination of the commission's joint (i.e. Chinese-American) structure, the high rank and political independence of the Chinese commissioners, and its concentration of agricultural expertise served to support the land reform, assist in the reinvigoration of farmers' associations, and contribute to the more rapid growth of agricultural productivity in Taiwan.

Despite these areas of agreement, there were also differences between the Chinese and their American advisers. In Korea, these centered on fiscal policy, the exchange rate, and ultimately on the close and corrupt relationship that emerged in the 1950s between the government and the private sector. These same policy issues were present in Taiwan as well, but the central issue was the more profound one of the respective roles of the public and private sectors. The military, conservative elements within the party, and state enterprise managers argued for a large state sector. Technocratic reformers scattered through different parts of the bureaucracy, and supported by the U.S., argued for an activist government role, but in helping to assist the development of the Taiwanese private sector.

By the mid-1950s, the economy was already experiencing a number of problems typically associated with import-substitution, including market saturation, slowed growth and corruption. As in Korea, the balance of payments situation and the continuing dependence on U.S. aid was also a persistent problem. In 1954, an IMF mission headed by two Chinese proposed an effective devaluation and the replacement of quantitative restrictions with tariffs, but their reforms were watered down.

The reform process began in 1958 in conjunction with the Taiwan Straits crisis when a number of conservatives were replaced and the government focused explicitly on the development of the island as the foundation from which the ultimate objective of retaking the mainland would be achieved; in fact, this shift in focus reflected a tacit acceptance of permanent exile. Reformers took over a number of key posts in the government. Foreign exchange shortages had worsened in 1957, and reformers seized the opportunity to argue effectively for a reform of the multiple exchange-rate system, some import liberalization, rationalizing the allocation of aid-financed imports, and new incentives to export.

The U.S. also began to play a more active role in seeking major policy reforms, as Congressional mandates shifted from purely political objectives (military assistance) to more developmental ones. Following the Straits crisis, AID proposed an eight-point program that included liberalizing exchange controls, the sale of more government enterprises, more effective management of those retained, and non-inflationary monetary and fiscal policies. One particular goal of the program--as in Korea--was to reduce the weight of military spending. Chinese reformers seized the idea and expanded it into a Nineteen-Point Program of Economic and Financial Reform that included additional domestic measures aimed at increasing government savings, removing subsidies and raising utility rates. In return, the United States offered to extend a \$30 million program

loan, but in the context of the announced intention of reducing aid commitments over the longer run. \$10 million of the loan was not disbursed for failure to comply with suggested limits on military spending, and additional pressure had to be brought to bear in order to secure government compliance with changes in utility pricing. But the passing of the Straits crisis returned the Nineteen Point Program signaled the beginning of a new policy regime.

Perhaps the most important reform over the long run was passage of the Statute for the Encouragement of Investment. The government had already passed statutes providing certain advantages to foreigners and overseas Chinese, reflective of the biases against native Taiwanese. The Statute for the Encouragement of Investment was one of the most important signals that the government had shifted course and would now actively seek to foster local Taiwanese capital. The Statute included a number of tax breaks, including income and business tax holidays, and tax exemptions for exports and foreign currency debt.

4. Conclusions

Drawing lessons from specific cases is hazardous, since these "lessons" may be conditional on some factor specific to the country that is not present elsewhere. Some of the peculiarities of the U.S. aid relationship with Korea and Taiwan thus bear restating. The level of aid dependence in the two countries was extraordinarily high. High dependence would seem to increase the potential leverage of the donor, since the cost of reduced flows is so much higher. Only in such conditions of very high dependence could it be expected that outside donors would have such a strong influence over the policy agenda. While such dependence exists today in a small number of the lowest income countries, the sources of aid are more diffuse, encompassing multilateral, bilateral and private flows that are difficult to coordinate. Orchestrating a common donor front is thus much more difficult now than it was for the U.S.

However, it is important to underscore that external influence was contingent on the willingness of the outside donor, the U.S., to exploit its power. In Korea, high dependence reflected a delicate geostrategic relationship which initially gave the Rhee government substantial leverage over the U.S.; the classic case of "the tail wagging the dog." Such blackmail--now typically playing on humanitarian sentiment--is certainly in evidence today.

With respect to Korea (as well as Japan), it could be argued that the American occupation was crucial to certain reforms, such as land reform. However, this was not true in Taiwan; the KMT was committed to land reform on Taiwan for its own reasons, although it is certainly the case that governments capable of undertaking wide-ranging land reforms are rare. Moreover, the most important reforms that took place during the aid-intensive period of growth were only partly supported by aid expenditures; rather, they resulted from more fundamental policy commitments on the part of the governments themselves.

Political and institutional arrangements were crucial determinants of the aid relationship. In Korea, aid was rendered less useful than it might have been as a result of corruption and weak administrative oversight; moreover, there is substantial evidence that aid created, or at least provided the opportunity, for distributive coalitions to form. However, both countries ended up with strong governments committed to reform and willing to take difficult political and organizational steps to achieve it, including breaking up old rent-seeking networks and redesigning the bureaucracy to support the reform effort. In Korea, a change of political regime occurred roughly coterminous with the change in U.S. aid policy. The Park government initially resisted U.S. pressure, but was politically well-positioned to implement a change in policy course because of its distance from the rent-seeking forces that dominated Korean politics in the 1950s. In Taiwan, the political changes were more subtle, involving factional shifts within the government itself. Nonetheless, these shifts brought reformers to the fore.

It is difficult to escape the conclusion that a credible reduction in aid flows generated powerful incentives for reform, particularly with respect to the mobilization of savings, both domestic and foreign, and the promotion of exports. Indeed, the contribution of aid to later growth in the two countries is by no means obvious. Aid played a role in relief, reconstruction, and in Taiwan's case stabilization of a hyperinflation. But a high level of aid dependence also served to *delay* much needed policy reforms, particularly in Korea. While it is overly simplistic to say that both countries began growing more rapidly when aid stopped, important policy reforms in both countries can be directly linked to the anticipation that aid flows would diminish over time.

In both cases, these incentives were matched by support for the transition process; the aid cutoff was not sudden and was supported by extensive technical assistance. That assistance targeted major reforms, such as devaluation, trade liberalization, and financial reform, that had wide-ranging effects.

Were there specific characteristics of these two cases which allowed them to respond successfully to diminished aid flows? I have already noted the significance of politics, but other preconditions might have been important as well. Implicit in many neoclassical accounts of Korea and Taiwan is the assumption that trade and exchange rate reforms were central to subsequent growth. Recent accounts have emphasized that the dramatic increase in the *level* of investment in the early 1960s was equally if not more important than the structure of government incentives. To the extent that this is true, it suggests that new signals from the two governments that they stood ready to support private investment were key reforms. However, it also suggests that the earlier period of import-substitution during the 1950s may have contributed to later growth by promoting the development of indigenous firms.

Both countries had also devoted extraordinary resources to education (both public and private) at relatively low levels of GNP per capita, and had undertaken equalizing

land reforms. Recent research has emphasized that an equal distribution of income and investment in human capital are important contributors to long-run growth; it is certainly plausible that the latter in particular was an important determinant of the success of both countries' export drives.

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Table One.
Republic of Korea: Aid and Capital Flows 1948-1970.

| Year | Total Foreign Aid (A) (\$million) | US GARIOA | ECA & SEC | Aid PL 480 | AID | CRIK SUN | SKO | UNKRA | Total Imports (B) | (A/B) | Foreign Debt (a) |
|-------|--------------------------------------|--------------|-----------|---------------|--------|-------------|-------|-------|----------------------|-------|---------------------|
| 1948 | 179.6 | 179.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NA. | NA | |
| 1949 | 116.5 | 92.7 | 23.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NA | NA | |
| 1950 | 58.7 | 0.0 | 49.3 | 0.0 | 0.0 | 9.4 | 0.0 | 0.0 | NA | NA | |
| 1951 | 106.5 | 0.0 | 32.0 | 0.0 | 0.0 | 74.4 | 0.0 | 0.1 | 171.8 | 0.62 | |
| 1952 | 161.3 | 0.0 | 3.8 | 0.0 | 0.0 | 10.2 | 145.2 | 2.0 | 194.7 | 0.83 | |
| 1953 | 194.2 | 0.0 | 0.2 | 0.0 | 5.6 | 8.4 | 150.4 | 29.6 | 345.4 | 0.56 | |
| 1954 | 153.9 | 0.0 | 0.0 | 0.0 | 82.4 | 14.0 | 36.1 | 21.3 | 243.3 | 0.63 | |
| 1955 | 236.7 | 0.0 | 0.0 | 0.0 | 205.8 | 5.0 | 3.8 | 22.2 | 341.4 | 0.69 | |
| 1956 | 326.7 | 0.0 | 0.0 | 33.0 | 271.0 | 0.0 | 0.3 | 22.4 | 386.1 | 0.85 | |
| 1957 | 382.9 | 0.0 | 0.0 | 45.5 | 323.3 | 0.0 | 0.0 | 14.1 | 442.1 | 0.87 | |
| 1958 | 321.3 | 0.0 | 0.0 | 47.9 | 265.6 | 0.0 | 0.0 | 7.7 | 376.2 | 0.85 | |
| 1959 | 222.2 | 0.0 | 0.0 | 11.4 | 208.3 | 0.0 | 0.0 | 2.5 | 303.8 | 0.73 | |
| 1960 | 245.4 | 0.0 | 0.0 | 19.9 | 225.2 | 0.0 | 0.0 | 0.2 | 343.5 | 0.71 | 83 |
| 1961 | 199.2 | 0.0 | 0.0 | 44.9 | 154.3 | 0.0 | 0.0 | 0.0 | 316.1 | 0.63 | 83 |
| 1962 | 232.3 | 0.0 | 0.0 | 67.3 | 165.0 | 0.0 | 0.0 | 0.0 | 421.8 | 0.55 | 89 |
| 1963 | 216.4 | 0.0 | 0.0 | 96.8 | 119.7 | 0.0 | 0.0 | 0.0 | 560.3 | 0.39 | 157 |
| 1964 | 149.3 | 0.0 | 0.0 | 61.0 | 88.3 | 0.0 | 0.0 | 0.0 | 404.4 | 0.37 | 177 |
| 1965 | 131.4 | 0.0 | 0.0 | 59.5 | 71.9 | 0.0 | 0.0 | 0.0 | 463.4 | 0.28 | 206 |
| 1966 | 103.3 | 0.0 | 0.0 | 38.0 | 65.3 | 0.0 | 0.0 | 0.0 | 716.0 | 0.14 | 392 |
| 1967 | 97.0 | 0.0 | 0.0 | 44.4 | 52.6 | 0.0 | 0.0 | 0.0 | 996.0 | 0.10 | 645 |
| 1968 | 105.9 | 0.0 | 0.0 | 55.9 | 49.9 | 0.0 | 0.0 | 0.0 | 1462.9 | 0.07 | 1,119 |
| 1969 | 107.3 | 0.0 | 0.0 | 74.8 | 32.4 | 0.0 | 0.0 | 0.0 | 1823.6 | 0.06 | 1,800 |
| 1970 | 82.6 | 0.0 | 0.0 | 61.7 | 20.9 | 0.0 | 0.0 | 0.0 | 1984.0 | 0.04 | 2,245 |
| Total | 4130.8 | 272.3 | 109.2 | 762.1 | 2407.8 | 121.4 | 335.9 | 122.1 | NA | NA | 2,245 |

Notes: GARIOA (Government Appropriations for Relief in occupied Areas);
ECA (Economic Cooperation Administration); PL 480 (Public Law 480 under which food imports could be financed);

UNKRA (United Nations Korea Reconstruction Agency);

a) outstanding foreign debt, cited in Park, Hui-jong 1985.

Table Two.
Taiwan: Aid and Capital Flows 1951-1970.

| Year | Total US Aid (A) (\$million) | Defense Support or Development Loan | Tech Cooperation or Development Grant | Direct Force Support | Dev. Loan Fund | PL 480 | Total Imports (B) | Total Private FDI | (A/B) |
|---------|---------------------------------|--|--|-------------------------|-------------------|--------|----------------------|----------------------|-------|
| 1951-54 | 375.2 | 269.1 | 4.1 | 81.1 | 0 | 0.9 | NA | NA | NA |
| 1955 | 132 | 97.5 | 2.4 | 29.5 | 0 | 2.6 | 201 | 4.60 | 0.66 |
| 1956 | 101.6 | 78.7 | 3.3 | 10 | 0 | 9.6 | 193.7 | 3.49 | 0.52 |
| 1957 | 108.1 | 77 | 3.4 | 6.7 | 0 | 21 | 212.2 | 1.62 | 0.51 |
| 1958 | 81.6 | 53.3 | 3.5 | 7.8 | 0 | 17 | 226.2 | 2.52 | 0.36 |
| 1959 | 128.9 | 62.2 | 2.6 | 6.4 | 30.6 | 27.1 | 231.4 | 0.97 | 0.56 |
| 1960 | 101.1 | 68.2 | 2.4 | 3.8 | 19.1 | 7.6 | 296.8 | 15.47 | 0.34 |
| 1961 | 94.2 | 45.7 | 2 | 2.4 | 16.1 | 28 | 322.1 | 14.30 | 0.29 |
| 1962 | 65.9 | 3.9 | 2.7 | 0 | 0 | 59.3 | 304.1 | 5.20 | 0.22 |
| 1963 | 115.3 | 19.8 | 1.8 | 0 | 0 | 93.7 | 361.6 | 18.05 | 0.32 |
| 1964 | 83.9 | 56.2 | 1.5 | 0 | 0 | 26.2 | 428 | 19.90 | 0.20 |
| 1965 | 56.5 | 0 | 0.4 | 0 | 0 | 56.1 | 556 | 41.61 | 0.10 |
| 1966 | 4.2 | 0 | 0 | 0 | 0 | 4.2 | 622.4 | 29.28 | 0.01 |
| 1967 | 4.4 | 0 | 0 | 0 | 0 | 4.4 | 805.8 | 57.01 | 0.01 |
| 1968 | 29.3 | 0 | 0 | 0 | 0 | 29.3 | 903.3 | 89.89 | 0.03 |
| 1969 | 0 | 0 | 0 | 0 | 0 | 0 | 1,212.70 | 109.44 | 0 |
| 1970 | 0 | 0 | 0 | 0 | 0 | 0 | 1,524.00 | 138.90 | 0 |
| Total | 1482.2 | 851.6 | 30.1 | 147.7 | 65.8 | 387 | NA | NA | NA |