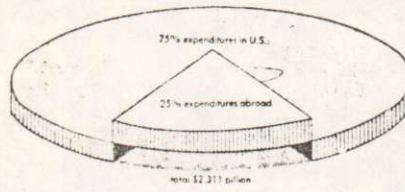
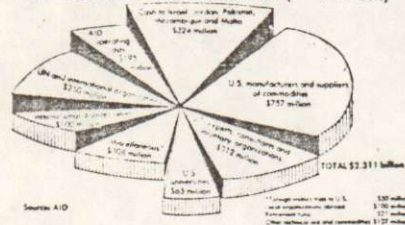


IBUSINESS

Three-quarters of U.S. foreign aid is spent at home

AID Bilateral Economic Assistance (FY 1977 est.)



IN fiscal year 1977, American foreign aid totalled \$2.311 billion. But as a recent front-page article in *The Washington Post* revealed: "The U.S. itself is by far the largest recipient of its own foreign aid funds."

In fact, about three dollars out of four earmarked for bilateral economic assistance were spent in the U.S. last year for technical know-how, services, products and commodities.

As for cash grants for development, they totalled a meagre \$324 million to Israel, Jordan, Pakistan, Mozambique and Malta.

The accompanying graph shows the actual dollar amounts of Agency for International Development (AID) funds allocated for various purposes. The percentages are as follows:

- 33 per cent to U.S. manufacturers and suppliers;
- 14 per cent to U.S. experts, consultants and voluntary organisations;

By Mark Bruzonsky in Washington

- 14 per cent to cash grants for development;
- 11 per cent to UN and international organisations;
- 8 per cent to AID operating costs;
- 4 per cent to international disaster relief;
- 3 per cent to U.S. universities;
- 13 per cent to other purposes including foreign visitors' trips to U.S. and local organisations abroad.

This arrangement between American foreign aid programmes and American businesses and institutions has begun to raise two serious kinds of questions.

'Bandits'

First, are the foreign countries to which various funds are designated benefitting in the full degree from the monies spent with American companies in their interests?

The very nickname "the Beltway bandits," often applied to the proliferation of research and

consulting firms which do the Washington landscape near the Capitol Beltway highway which surrounds the city, is an implicit answer.

Even though AID administrator John J. Gilligan, the former governor of Ohio, has attempted various reforms since taking office a year ago, he basically defends AID's grants programme.

"Anything there are quantities of money being moved around it attracts all kinds of people who want to make a buck. But compared with what goes on in the housing programme or with defence costs, it's very minor stuff."

Still, the use of private consulting and research organisations is coming under increase scrutiny when it comes to domestic contracts. And a number of scandals involving AID funds may eventually blow the whistle on still unrevealed practices.

The scandals so far have arisen in a second

area of questioning regarding allocation of AID funds — payoffs.

So far, it is known that FBI investigators have begun examining more than \$16 million in AID funds paid to a foundation in Warrenton, Virginia (an hour from Washington), and to George Washington University Medical Centre group university Medical Centre group associate with the foundation.

According to an affidavit recorded in the U.S. District Court in Los Angeles, a government witness has testified that the foundation's executive director paid two former congressmen \$87,000. A link has further been made between these Congressmen and Congressional legislation which approved the AID funds.

Both of the Congressmen involved as well as the foundation have denied any wrongdoing.

Nevertheless, the possibility of payoffs to influential members of Congress for their help in directing AID funds to certain programmes and companies is now widely suspect.