WORLD-WIDE MILITARY EXPENDITURES AND RELATED DATA

CALENDAR YEAR 1965

Research Report 67-6

Economics Bureau

UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY

Washington, D. C. 20451

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Calendar Year 1965

This research report of the Economics Bureau is prepared for background use and is not intended as a statement of Agency policy. The data in many cases are subject to qualifications and represent approximate orders of magnitude; they should therefore be used with caution.

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WORLD-WIDE MILITARY EXPENDITURES AND RELATED DATA

Introduction

This is the second report by the US Arms Control and Disarmament Agency on military expenditures in 120 countries. The first report assembled information for 1964 and was published in January 1966.* The purpose of the annual compilations is to show, in rough orders of magnitude, the level of military outlays world-wide and how these expenditures compare as between countries and as against total economic product and certain other uses of resources within countries.

It must be emphasized, as was done in the first annual summary, that the figures are in many cases tentative and in some, very rough estimates. They give some basis for comparison but should not be interpreted in too precise a manner. Whenever possible, the national data have been adjusted for comparability. However, many elements in a national product, particularly in a developing country, may escape measurement; military programs may draw from several parts of national budgets. Also, social service expenditures are undertaken by local as well as national units of government; the allocation between them varies significantly among states, as does the public-versus privately-supported share of the financing of national programs. The United Nations, the Agency for International Development and other sources from which the data in this report are drawn are constantly

* World-wide Defense Expenditures and Selected Economic Data, 1964, Economics Bureau, ACDA, January 1966.

striving to offset variations in national accounting procedures but significant differences in practice do remain.

Since the first ACDA report, an attempt has been made to correct one further source of weakness in inter-nation comparisons, the factors used for converting values in national currencies to dollar equivalents. For more than half of the countries, national data on gross product (GNP) and military spending are now converted to dollars by means of purchasing power equivalents (PPE), rather than official exchange rates (see Table V). The objective is to give a dollar value to national data that is more representative of the total product and of its make-up than if measured by exchange rates set for foreign trading purposes. So far, the available conversion factors are in most cases fairly rough but they appear to offer a more promising basis for comparisons among nations than has been available heretofore.

Highlights of the Data

Military Expenditures

World-wide. The rise in global military expenditures continued in 1965, bringing the total for all countries close to $140 billion. This represented an increase of approximately $20 billion in the three years since a world total of $120 billion was estimated by an international panel of experts reporting to the United Nations in 1962. Country

data available to ACDA suggest that the rate of increase in 1965 may have been somewhat smaller, overall, than in the years immediately preceding.[1/] Nevertheless, the 1965 total was a new peak in world spending on military programs. It represented an average annual outlay of more than $40 per capita, accounting for 6 to 7 per cent of the gross product of all countries.

1966 Preliminary Estimate. Preliminary data for 1966 indicate an accelerated rise in military spending to a new all-time high figure of $155-160 billion. Expressed in terms of some of the comparatives shown in the report, the indicated increase of $15 to 20 billion in the level of military expenditures in 1966 is more than twice the current annual total of foreign economic assistance extended by all countries to the less developed areas of the world, and is at least equivalent to a year's expenditures by less developed countries for public education and public health programs for a population of more than two billion.

Major Powers and Military Alliances. The geographic distribution of military expenditures in 1965 continued to show a heavy concentration in the member states of the two major military alliances. Members of the North Atlantic Treaty Organization and the Warsaw Pact accounted for the bulk (84 per cent) of world total expenditures. The two

1/ Revised estimates for some countries since issuance of the compilation for 1964 suggest a global total in that year above $135 billion, rather than the $130 billion first estimated.

major military powers, the United States and the Soviet Union, spent an estimated $92 billion, or over 64 per cent of the total.

Indicative of the heavy costs associated with the development and maintenance of nuclear weapons, a ranking of states according to amounts spent on military programs shows that the five powers possessing nuclear weapons also have the highest total military expenditures.

Less Developed Countries. Military spending by the less developed countries, which have an average per capita GNP of less than $160 per year, reached a new high of $18 billion in 1965. The estimated increase of $2 billion in one year again indicated that the trend of defense expenditures among the poorer nations was rising at a faster rate than the world average. These countries, unlike the developed states, currently spend more on arms than on public health and education combined.

Economic Cost of Defense

Gross National Product. One measure of the economic cost of military programs is the proportion of GNP devoted to these expenditures, and the trend of this ratio. On the average, military expenditures account for 6 to 7 per cent of the gross product, but the showing by country is extremely irregular, ranging up to 20 per cent of annual GNP. In at least half a dozen of the less developed countries the proportion exceeds 10 per cent.

The burden of arms programs on development in the poorer nations becomes evident upon consideration of the total resource base available to meet basic needs of their economies. For the less developed nations an average expenditure of $8 per capita on military programs in 1965 came out of an average per capita GNP of $159. As a per cent of annual GNP, this was slightly lower than the ratio of defense to product in developed countries; the latter, however, enjoyed an average per capita product of $1,851, so that the economic burden represented by their per capita expenditures of $129 on defense appeared to be significantly less.

Foreign Economic Aid. In 1965 net official economic aid to developing countries was approximately $7 billion. This compares with their military outlays of $18 billion.

For the developed, or donor, countries, foreign economic aid averaged out to less than one-half of one per cent of their GNP, and to about 6 per cent of their military expenditures.

Public Education and Public Health. Expenditures by national governments on public education and public health are illustrative of the requirements which compete with military expenditures for a portion of national resources and tax income. Expenditures world-wide on public education are estimated at $116 billion and on public health at $46 billion. Neither category of expenditures takes as large a share of GNP as does defense.

The disparity between military and health and education

expenditures is sharpest in the developing countries. Expressed in terms of the world total, developing countries account for 10 per cent of world expenditures for public education, 9 per cent of the world total for public health, and 13 per cent of the total for defense. Developing countries have 18 per cent of the world's total GNP but 71 per cent of the world's population.

Armed Forces and Population. In 1965 about 21 million men, or 6 out of every thousand persons in the world were serving in active-duty armed forces. The proportion was significantly higher than average in the major military states. The NATO and Warsaw Pact countries with 25 per cent of the world's population accounted for almost half its armed forces.

Developing countries were using a relatively smaller proportion of their populations in military forces (4 persons in 1,000). However, because of their huge manpower resources, the developing countries had almost half, over 10 million, of the total armed forces of the world.

Definitions of Terms
as used in this report

Gross National Product represents an economy's total output of goods and services, valued at current market prices paid by the ultimate consumer. Methods of conversion to US dollars are outlined in the Appendix.

Military Expenditures are defined as current and capital expenditures to meet the needs of the armed forces, and cover all expenditures of national defense agencies other than for largely civilian projects, as well as the distinguishable military component of such mixed activities as atomic energy, space, R & D, and paramilitary forces. Where possible, military assistance to foreign countries, retirement pensions of career personnel, and military equipment stockpiling are included, while civil defense, civilian space, and industrial stockpiling are excluded.

Foreign Economic Aid represents official net bilateral and multilateral assistance extended to non-Communist less developed countries, and Yugoslavia. Military assistance and assistance from non-governmental sources are excluded.

Public Education Expenditures represent current and capital expenditures for the four levels of education, as defined by the 1958 General Session of UNESCO. These are pre-school, primary, secondary, and university-level education. Wherever possible, expenditures of all levels of government are covered. Private spending is excluded.

Public Health Expenditures are expenditures, by national governments only, for capital structures (hospitals, clinics, etc.), health plans where applicable, out-patient treatment, and disease and parasite control projects. Private spending as well as provincial and local government spending are excluded.

Armed Forces refer to military personnel actually on duty, including paramilitary forces where significant. Reserve forces are excluded except in Switzerland where the national militia includes all able-bodied males and Israel where reserves are a high percentage of the readily mobilized fighting force.

Less Developed Countries (LDC's) are: Albania, Bulgaria, Greece, Portugal, Spain, Turkey, Yugoslavia; all of the Near East and South Asia; the Far East except Japan; all of Latin America; and all of Africa except for the Republic of South Africa. For the non-Communist world, the coverage is identical to AID's. The choice attempts to take into account such factors as per capita GNP, national illiteracy rates, mortality rates, levels of industrialization, terms of trade conditions. Most of the countries classified as LDC have a per capita GNP below $500. All but Israel and Kuwait have per capita GNP under $1000.

MILITARY EXPENDITURES AND RELATED DATA, BY COUNTRY, 1965

(Amounts in current market prices converted to dollars at official exchange rates)[1]

REGION AND COUNTRY	POPULATION (Thousands)	GROSS NATIONAL PRODUCT (GNP) Mil $	GNP Per Capita ($)	MILITARY EXPENDITURES Mil $	MILITARY EXPENDITURES % of GNP	FOREIGN ECONOMIC AID[2] Mil $	PUBLIC EDUCATION EXPENDITURES[3] Mil $	PUBLIC HEALTH EXPENDITURES[4] Mil $	ARMED FORCES (Thousands)	ARMED FORCES % of Pop.
North America										
United States	194,600	$ 683,900	$3,514	$51,844	7.6%	$3,758	$36,687	$ 9,034	3,000	1.5%
Canada	19,600	48,050	2,450	1,535	3.2	108	3,039	1,420	120	.6
Total	214,200	731,950	3,417	53,379	7.3	3,866	39,726	10,454	3,120	1.5
Europe										
NATO Countries										
Belgium	9,500	16,740	1,762	501	3.0	106	868	52	100	1.1
Denmark	4,835	9,990	2,066	286	2.9	5	584	206	50	1.1
France [5]	49,000	93,460	1,907	5,125	5.5	787	3,439	344	550	1.1
Germany, West	59,000	112,200	1,902	4,979	4.4	601	3,832	1,191	450	.8
Greece	8,550	5,880	688	210	3.6	-56	100	42	160	1.9
Iceland	192	475	2,474	0	0	0	15	4	0	0
Italy	51,570	56,740	1,100	1,939	3.4	171	3,112	377	390	.8
Luxembourg	331	628	1,897	10	1.6	0	29	2	3	1.0
Netherlands	12,290	18,960	1,543	750	4.0	49	1,045	240[e]	130	1.1
Norway	3,720	7,050	1,894	266	3.8	4	373	111	32	.9
Portugal	9,200	3,740	407	232	6.2	31	494	28	148	1.6
Turkey	31,090	8,123	261	425	5.2	-200	221	111	440	1.4
United Kingdom	54,600	99,180	1,816	5,855	5.9	496	5,094	3,017	424	.8
Total	293,878	433,166	1,474	20,578	4.8	2,394	19,206	5,725	2,877	1.0
All NATO Total	508,078	1,165,116	2,293	73,957	6.3	6,260	58,932	16,179	5,997	1.2
Warsaw Pact Countries										
Bulgaria	8,200	6,800[6]	829[6]	200[6]	2.9		255[6]	141[6]	152	1.9
Czechoslovakia	14,200	22,100[6]	1,556[6]	1,300[6]	5.9		1,087[6]	917[6]	235	1.7
Germany, East	17,000	26,600[6]	1,565[6]	1,000[6]	3.8	100[e]	1,364[6]	588[6]	112	.7
Hungary	10,100	11,100[6]	1,099[6]	300[6]	2.7		524[6]	626[6]	109	1.1
Poland	31,500	30,800[6]	978[6]	1,700[6]	5.5		1,699[6]	1,400[6]	277	.9
Rumania	19,000	14,800[6]	779[6]	500[6]	3.4		765[6]	436[6]	198	1.0
Soviet Union	230,500	313,000[7]	1,358[7]	40,000[7]	- [8]	350[e]	30,600[7]	19,180[7]	3,150	1.4
Total	330,500	425,200	1,279	45,000	-	450	36,381	23,285	4,233	1.3

Continued

MILITARY EXPENDITURES AND RELATED DATA, BY COUNTRY, 1965

(Amounts in current market prices converted to dollars at official exchange rates)1/

REGION AND COUNTRY	POPULATION (Thousands)	GROSS NATIONAL PRODUCT (GNP) Mil $	GROSS NATIONAL PRODUCT (GNP) Per Capita ($)	MILITARY EXPENDITURES Mil $	MILITARY EXPENDITURES % of GNP	FOREIGN ECONOMIC AID2/ Mil $	PUBLIC EDUCATION EXPENDITURES3/ Mil $	PUBLIC HEALTH EXPENDITURES4/ Mil $	ARMED FORCES (Thousands)	ARMED FORCES % of Pop.
Other European Countries										
Albania	1,900	/n.a.7	0	$ 70	0	0	$ 87	$ 4	38	2.0%
Austria	7,260	$ 9,310	$1,283	118	1.3%	$ 38	338	394	25	.3
Finland	4,610	8,070	1,750	139	1.7	0	481	221	38	.8
Ireland	2,850	2,800	982	33	1.2	0	92	35	13	.5
Spain	31,600	21,750	688	577	2.7	- 74	244	294e/	250	.8
Sweden	7,730	19,320	2,499	843	4.4	18	1,278	980	181	2.3
Switzerland	5,940	13,930	2,344	356	2.6	7	494	219	700	11.8
Yugoslavia	19,510	8,800	451	396	4.5	-172	414	406	247	1.3
Total	81,400	83,980	1,055	2,532	2.9	-183	3,341	2,598	1,492	1.8
Latin America										
Argentina	22,352	16,050	722	272	1.7	- 74	590	48	132	.6
Bolivia	4,136	599	145	13	2.2	- 35	23	12e/	15	.4
Brazil	81,508	21,970	270	641	2.9	-246	381*	121	200	.2
Chile	8,786	4,257	485	102	2.4	-145	130	64	45	.5
Colombia	17,984	5,103	284	102	2.0	- 99	120	54	60	.3
Costa Rica	1,501	593	395	2	.3	- 26	21	19	0	0
Cuba	7,300	3,000e/	411	213e/	7.1	0	226	22e/	116	1.6
Dominican Republic	3,619	960	265	35	3.6	- 79	22	5	19	.5
Ecuador	5,084	1,128	222	24	2.1	- 23	34	6	19	.4
El Salvador	2,914	795	273	10	1.3	- 20	20	15	6	.2
Guatemala	4,618	1,410	305	14	1.0	- 14	21	0	9	.2
Haiti	4,660	327e/	70	9	2.8	- 6	4	3	5	.1
Honduras	2,263	504	223	7	1.4	- 13	11	2	5	.2
Jamaica	1,787	873	489	5	.6	- 10	21	48	2	.1
Mexico	42,689	19,415	455	153	.8	-102	365	70	68	.2
Nicaragua	1,655	588	355	8	1.4	- 13	9	5e/	7	.4
Panama	1,246	617	475	1	.2	- 36	23	13	3	.2
Paraguay	2,007	443	221	13	2.9	- 11	7	2	20	1.0
Peru	11,670	4,281	367	123	2.9	- 92	100	46	50	.4
Uruguay	2,715	1,555	573	23	1.5	0	18	8e/	17	.6
Venezuela	8,722	7,691	882	174	2.3	- 58	340	194	30	.3
Total	239,215	92,159	385	1,944	2.1	-1,102	2,252	757	828	.3

Continued

MILITARY EXPENDITURES AND RELATED DATA, BY COUNTRY, 1965

(Amounts in current market prices converted to dollars at official exchange rates)[1]

REGION AND COUNTRY	POPULATION (Thousands)	GROSS NATIONAL PRODUCT (GNP) Mil $	GNP Per Capita ($)	MILITARY EXPENDITURES Mil $	MILITARY EXPENDITURES % of GNP	FOREIGN ECONOMIC AID[2] Mil $	PUBLIC EDUCATION EXPENDITURES[3] Mil $	PUBLIC HEALTH EXPENDITURES[4] Mil $	ARMED FORCES (Thousands)	ARMED FORCES % of Pop.
Far East										
Burma	24,700	$ 1,760	$ 71	$ 110	6.3%	$- 18	$ 39	$ 8	110	.4%
Cambodia	6,100	830	136	53	6.4	- 11	31	4	30	.5
China, Mainland	755,000	76,000[e]	101	6,000[e]	7.9	0	2,800[e]	1,057[e]	2,500	.3
China, Republic of	13,000	2,828	218	218	7.7	- 69	78	6	524	4.0
Hong Kong	3,692	1,600	433	0	0	- 5	46	32	0	0
Indonesia	104,500	10,450	100	1,000[e]	9.6	- 59	92	148[e]	350	.3
Japan	98,000	84,560	863	781	.9	251	4,111	137[e]	250	.3
Korea, North	12,300	2,500	203	175[e]	7.0	0	90	17[e]	353	2.9
Korea, Republic of	28,400	2,901	102	113	3.9	-226	89	39	600	2.1
Laos	2,630	173	66	27	15.6	- 68	5	6	55	2.1
Malaysia	9,400	2,780[e]	296	117	4.2	- 38	118	73	29	.4
Mongolia	1,100	500[e]	455	25[e]	5.0	0	0	2[e]	20	1.8
Philippines	32,300	5,198	161	76	1.5	-117	282	37	37	.1
Thailand	31,500	3,854	122	84	2.2	- 50	86	21	132	.4
Vietnam, North	17,700	1,900[e]	107	375[e]	19.7	0	129	25[e]	350	2.0
Vietnam, Republic of	16,100	1,900[e]	108	258	13.6	-317	80	11	565	3.5
Total	1,156,422	199,734	173	3,412	4.2	-727	11,204	1,623	5,905	.5
South Asia										
Afghanistan	15,100	1,250	83	23	1.8	- 56	12	8[e]	90	.6
Ceylon	11,232	1,625	145	13	.8	- 17	68	37	9	.1
India	490,000	49,200	100	2,077	4.2	-1,402	1,002	204	1,000	.2
Nepal	10,100	736	73	5	.7	- 18	2	6[e]	20	.2
Pakistan	113,900	11,040	97	588	5.3	-534	165	64	260	.2
Total	640,332	63,851	100	2,706	4.2	-2,027	1,251	319	1,379	.2
Near East										
Cyprus	594	417	702	9	2.2	- 13	10	3	1	.2
Iran	24,700	5,947	241	296	5.0	- 43	170	117	180	.7
Iraq	8,200	1,909	233	197	10.3	- 9	111	33	79	1.0
Israel	2,563	3,397	1,325	413	12.2	-179	169	35	250	9.8
Jordan	1,897	462	244	60	13.0	- 69	13	5	40	2.1
Kuwait	475	1,518	3,196	31	2.0	0	47	29	0	0

Continued

MILITARY EXPENDITURES AND RELATED DATA, BY COUNTRY, 1965

(Amounts in current market prices converted to dollars at official exchange rates)[1]

REGION AND COUNTRY	POPULATION (Thousands)	GROSS NATIONAL PRODUCT (GNP) Mil $	GROSS NATIONAL PRODUCT (GNP) Per Capita ($)	MILITARY EXPENDITURES Mil $	MILITARY EXPENDITURES % of GNP	FOREIGN ECONOMIC AID[2] Mil $	PUBLIC EDUCATION EXPENDITURES[3] Mil $	PUBLIC HEALTH EXPENDITURES[4] Mil $	ARMED FORCES (Thousands)	ARMED FORCES % of Pop.
Near East (Con.)										
Lebanon	2,565	$ 1,120	$ 437	$ 30	2.7%	$- 12	$ 36	$ 5	12	.5%
Saudi Arabia	4,300	1,521	354	131	8.6	0	89	21	30	.7
Syrian Arab Republic	5,400	1,125	208	95	8.4	- 6	72	27	60	1.1
Yemen	4,080	489	120	11	2.2	- 5	1	19	2	.1
United Arab Republic	29,600	4,700	159	392	8.3	-145	254	110	180	.6
Total	84,374	22,605	268	1,665	7.4	-466	972	403	834	1.0
Africa										
Algeria	11,700	2,630	225	236	9.0	-145	118	11[e]	48	.4
Angola	5,150	515[e]	100	11[e]	2.1	- 12	7	5	0	0
Cameroon	5,200	670	129	15	2.2	- 38	17	5[e]	3	.1
Central African Republic	1,350	122	90	3[e]	2.5	- 16	5	8	1	.1
Chad	3,390	237	70	3	1.3	- 19	5	3	0	0
Congo, Kinshasa	15,910	1,273	80	67	5.3	-149	142	14[e]	35	0
Congo, Brazzaville	990	138	139	5[e]	3.6	- 17	3	1[e]	1	.1
Dahomey	2,400	165	70	4	2.4	- 19	4	2[e]	1	0
Ethiopia	20,200	1,171	58	30	2.6	- 28	10	18[e]	35	.2
Gabon	463	130	281	3[e]	2.3	- 18	7	5	1	.2
Ghana	7,700	2,207	287	36	1.6	- 61	93	2	10	.1
Guinea	3,500	257	73	11	4.3	- 27	14	3[e]	5	.1
Ivory Coast	3,800	963	253	13	1.3	- 42	35	3[e]	4	.1
Kenya	9,400	846	90	8	.9	- 73	35	9	3	0
Liberia	1,070	213	199	3	1.4	- 40	5	7	4	.4
Libya	1,600	876	548	28	3.2	- 6	22	1[e]	8	.5
Malagasy Republic	6,400	578	90	11	1.9	- 54	33[e]	6[e]	3	0
Malawi	3,940	163	41	1	.6	- 34	11	3	1	0
Mali	4,600	297	65	10	3.4	- 22	14	5	3	.1
Mauritania	900	127	141	2[e]	1.6	- 10	5	1	1	.1
Morocco	13,300	2,606	196	103	4.0	-119	99	12[e]	45	.3
Niger	3,300	250	76	6	2.4	- 19	4	3[e]	1	0
Nigeria	42,700	4,852	114	66	1.4	- 98	84	7	9	0
Rhodesia, Southern	4,200	1,022	240	10	1.0	- 5	17	15	5	0
Senegal	3,500	680	194	15	2.2	- 50	22	15	4	.1
Sierra Leone	2,300	344	150	3	.9	- 19	8	2[e]	2	.1
Somali Republic	2,500	150	60	9	8.6	- 29	2	3	6	.2
South Africa, Republic of	20,140	10,720	532	320	3.0	0	258	79	27	0

Concluded

MILITARY EXPENDITURES AND RELATED DATA, BY COUNTRY, 1965

(Amounts in current market prices converted to dollars at official exchange rates)1/

REGION AND COUNTRY	POPULATION (Thousands)	GROSS NATIONAL PRODUCT (GNP) Mil $	GNP Per Capita ($)	MILITARY EXPENDITURES Mil $	Military Expenditures % of GNP	FOREIGN ECONOMIC AID2/ Mil $	PUBLIC EDUCATION EXPENDITURES3/ Mil $	PUBLIC HEALTH EXPENDITURES4/ Mil $	ARMED FORCES (Thousands)	Armed Forces % of Pop.
Africa										
Sudan	13,360	$ 1,387	$ 104	$ 33	2.4%	$- 31	$ 47	$ 4	18	.1%
Tanzania	10,520	750	71	6	.8	- 39	27	8	1	0
Togo	1,600	156	98	3	1.9	- 14	3	2	1	.1
Tunisia	4,675	936	200	14	1.5	- 96	39	4e/	21	.4
Uganda	7,600	658	87	9	1.4	- 23	29	13	2	0
Upper Volta	4,900	257	52	3	1.2	- 18	5	4	1	0
Zambia	3,700	842	228	9	1.1	- 10	15	13	3	.1
Total	248,018	39,233	158	1,109	2.8	-1,400	1,244	296	313	.1
Oceania										
Australia	11,450	22,680	1,980	838	3.7	109	788	284	60	.5
New Zealand	2,640	5,242	1,986	113	2.2	0	177	231	13	.5
Total	14,090	27,922	1,995	951	3.4	109	965	515	73	.5
World Total	3,303,450	2,119,896	641	138,276	6.5	7,189	116,542	46,021	21,050	.6

e - Rough estimate by ACDA

1/ Exceptions are the Warsaw Pact countries; see footnotes 6 and 7 and the Appendix.

2/ Data cover official aid to free world less developed countries (LDC's) only. Each entry is the total of net official bilateral flows plus amortization of outstanding debt plus net multilateral flows. A positive number indicates a net donor; a negative number a net recipient. The area totals are the net of donations and receipts for the area. Information concerning recipients of Warsaw Pact aid is not available.

3/ In the majority of cases (including the U.S. and other developed countries), the data relate to all levels of government. In many cases, however, only Ministry of Education or central government expenditures are included. Private expenditures assigned to private education are excluded except in Japan and India.

4/ Coverage is incomplete; expenditures by national governments only are included. Provincial and local government expenditures as well as private spending are excluded.

5/ Includes West Berlin.

6/ Expressed in rough purchasing power equivalents.

7/ Different conversion rate in purchasing power terms used for each item (see Appendix).

8/ A representative ratio of military expenditures to GNP cannot be derived from the dollar estimates given for the Soviet Union because the conversion rate used to express Soviet GNP in dollar equivalents differs from that for Soviet military expenditures. A more realistic ratio is obtained by comparing the ruble values of military expenditures and GNP. Expressed in rubles, Soviet military expenditures are roughly estimated at 7-8 percent of Soviet GNP.

Sources of Data: See Appendix

Prepared by:
U.S. Arms Control and Disarmament Agency
Washington, D.C.
November 1967

Table II

MILITARY EXPENDITURES AND RELATED DATA, BY REGION, 1965

(Expressed in dollars at official exchange rates)

REGION AND COUNTRY	POPULATION (Millions)	GROSS NATIONAL PRODUCT (GNP) Bil $	GNP Per Capita ($)	MILITARY EXPENDITURES Bil $	MILITARY EXPENDITURES % of GNP	FOREIGN ECONOMIC AID Bil $	PUBLIC EDUCATION EXPENDITURES Bil $	PUBLIC HEALTH EXPENDITURES Bil $	ARMED FORCES (Millions)	ARMED FORCES % of Pop.
North America	214.2	$ 732.0	$ 3,417	$ 53.4	7.3%	$ 3.9	$ 39.7	$ 10.5	3.1	1.5%
United States	194.6	683.9	3,514	51.8	7.6	3.8	36.7	9.0	3.0	1.5
Europe	705.8	942.4	1,335	68.1	--	2.7	58.9	31.6	8.6	1.2
European NATO Countries	293.9	433.2	1,474	20.6	4.8	2.4	19.2	5.7	2.9	1.0
Warsaw Pact Countries	330.5	425.2	1,279	45.0	-	0.5	36.4	23.3	4.2	1.3
Soviet Union	230.5	313.0	1,358	40.0	-	0.4	30.6	19.2	3.2	1.4
Other Countries	81.4	84.0	3,055	2.5	2.9	-0.2	3.3	2.6	1.5	1.8
Latin America	239.2	92.2	385	1.9	2.1	-1.1	2.3	0.8	0.8	0.3
Far East	1,156.4	199.7	173	8.4	4.2	-0.7	11.2	1.6	5.9	0.5
Japan	98.0	84.6	863	0.8	0.9	0.3	4.1	0.1	0.3	0.3
China, Mainland	755.0	76.0	101	6.0	7.9	-	2.8	1.1	2.5	0.3
South Asia	640.3	63.9	100	2.7	4.2	-2.0	1.3	0.3	1.4	0.2
India	490.0	49.2	100	2.1	4.2	-1.4	1.0	0.2	1.0	0.2
Near East	84.4	22.6	268	1.7	7.4	-0.5	1.0	0.4	0.8	1.0
Africa	248.0	39.2	158	1.1	2.8	1.4	1.2	0.3	0.3	0.1
Oceania	14.1	28.0	1,995	1.0	3.4	0.1	1.0	0.5	-	0.5
World Total	3,303.5	2,119.9	641	138.3	6.5	7.2	166.5	46.0	21.0	0.6

Table II is a summary of the regional data in Table I; due to rounding, area totals may not add to world total.

See Footnotes, Table I

Sources of Data: See Appendix

Prepared by:
U.S. Arms Control and Disarmament Agency

Washington, D.C.
November 1967

Table III

MILITARY EXPENDITURES AND SELECTED DATA FOR LESS DEVELOPED COUNTRIES,[1] BY REGION, 1965

REGION	POPULATION	Converted at Official Rates: GROSS NATIONAL PRODUCT (GNP)		MILITARY EXPENDITURES		FOREIGN ECONOMIC AID	PUBLIC EDUCATION EXPENDITURES	PUBLIC HEALTH EXPENDITURES	Converted at Purchasing Power Equivalent Rates: GROSS NATIONAL PRODUCT (GNP)		ARMED FORCES	
	(Thousands)	Mil $	Per Capita $	Mil $	% of GNP	Mil $	Mil $	Mil $	Mil $	Per Capita $	(Thousands)	% of Pop.
Europe.	110,050	$ 55,093	$501	$ 2,110	3.8	-$ 471	$ 1,815	$ 1,026	$ 71,370	$ 647	1,435	1.3
Latin America . .	239,216	92,159	385	1,944	2.1	-1,102	2,252	757	100,845	419	828	.3
Far East.	1,058,422	115,174	109	8,631	7.5	- 978	1,225	1,486	108,143	102	5,655	.5
Mainland China .	755,000	76,000	101	6,000	7.8	--	2,800	1,057	76,000	101	2,500	.3
Other Countries .	303,422	39,174	129	2,631	6.7	- 978	1,165	429	32,143	106	3,155	1.0
Near East	84,374	22,605	268	1,665	7.7	- 466	972	403	24,436	289	834	1.0
South Asia. . . .	640,332	63,851	100	2,706	4.2	-2,027	1,251	319	53,746	84	1,379	.2
Africa.	227,878	28,513	125	789	2.8	-1,400	986	217	29,728	130	284	.1
Total	2,360,272	$377,395	$159	$17,845	4.7	-$6,444	$11,241	$4,208	$388,268	$164	10,415	.4
% of world total	71.4%	17.8%		12.9%		89.6%	9.7%	9.1%	16.6%		49.4%	
Total Excluding Mainland China	1,605,272	$301,356	$187	$11,845	3.9	-$6, 44	$8,441	$3,151	$311,630	$193	7,913	.5
% of world total	48.5%	14.2%		8.5%		89.0%	7.2%	6.8%	13.3%		37.5%	

1/ Less developed countries comprise the following; Albania, Bulgaria, Greece, Portugal, Spain, Turkey, Yugoslavia; all of Near East and Far East except Japan; all of South Asia; all of Latin America; and all of Africa except the Republic of South Africa.

See Footnotes, Table I

Sources of Data: See Appendix

Prepared by:
U.S. Arms Control and Disarmament Agency

Washington, D.C.
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Table IV

MILITARY EXPENDITURES AND GROSS NATIONAL PRODUCT FOR SELECTED LESS DEVELOPED COUNTRIES, 1961, 1964, 1965

(Expressed in 1965 dollars at official exchange rates)

REGION AND COUNTRY	1961			1964			1965		
	GROSS NATIONAL PRODUCT	MILITARY EXPENDITURES		GROSS NATIONAL PRODUCT	MILITARY EXPENDITURES		GROSS NATIONAL PRODUCT	MILITARY EXPENDITURES	
	Mil $	Mil $	% of GNP	Mil $	Mil $	% of GNP	Mil $	Mil $	% of GNP
Europe									
Greece	$ 4,100	$ 170	4.1	$ 5,220	$ 188	3.6	$ 5,880	$ 210	3.6
Portugal	2,900	190	6.6	3,500	230	6.6	3,740	232	6.2
Spain	16,300	470	2.9	20,200	610	3.0	21,750	577	2.7
Turkey	6,500	360	5.5	7,700	390	5.1	8,123	425	5.2
Latin America									
Argentina	14,500	420	2.9	14,870	310	2.1	16,050	272	1.7
Brazil	19,005	440	2.3	20,985	760	3.6	21,970	641	2.9
Chile	3,596	90	2.5	4,025	110	2.7	4,257	102	2.4
Columbia	4,326	78	1.8	4,941	84	1.7	5,103	102	2.0
Ecuador	926	21	2.3	1,091	22	2.0	1,128	24	2.1
Mexico	15,030	105	.7	18,430	130	.7	19,415	153	.8
Peru	3,357	100	3.0	4,104	130	3.2	4,281	123	2.9
Uruguay	1,573	17	1.1	1,540	25	1.6	1,555	23	1.5
Venezuela	6,081	130	2.1	7,330	150	2.1	7,691	174	2.3
Far East									
Korea, Republic of	2,166	123	5.7	2,683	67	2.5	2,901	113	3.9
Philippines	4,347	61	1.4	4,931	79	1.6	5,198	76	1.5
China, Republic of	1,883	177	9.4	2,515	220	8.7	2,828	218	7.8
Malaysia	2,234	38	1.7	2,692	83	3.1	2,870e/	117	4.2
South Asia									
Ceylon	1,449	17	1.2	1,593	13	.8	1,625	13	.8
India	43,900	885	2.0	51,320	1,997	3.9	49,200	2,077	4.2
Pakistan	8,993	261	2.9	10,650	298	2.8	11,040	588	5.3
Near East									
Iran	4,791	203	4.2	5,437	230	4.2	5,947	296	5.0
Iraq	1,560	125	8.0	1,751	172	9.8	1,909	197	10.3
Israel	2,325	181	7.8	3,173	333	10.5	3,397	413	12.2
Jordan	350	52	14.9	445	59	13.3	462	60	13.0

Concluded

MILITARY EXPENDITURES AND GROSS NATIONAL PRODUCT FOR SELECTED LESS DEVELOPED COUNTRIES, 1961, 1964, 1965

(Expressed in 1965 dollars at official exchange rates)

REGION AND COUNTRY	1961			1964			1965		
	GROSS NATIONAL PRODUCT	MILITARY EXPENDITURES		GROSS NATIONAL PRODUCT	MILITARY EXPENDITURES		GROSS NATIONAL PRODUCT	MILITARY EXPENDITURES	
	Mil $	Mil $	% of GNP	Mil $	Mil $	% of GNP	Mil $	Mil $	% of GNP
Africa									
Ethiopia	$ 1,020	$ 18	1.8	$ 1,131	$ 25	2.2	$ 1,171	$ 30	2.6
Ghana	1,980	42	2.1	2,203	35	1.6	2,207	36	1.6
Kenya	688	2	.3	826	7	.8	846	8	.9
Morocco	2,152	98	4.6	2,572	117	4.5	2,606	103	4.0
Nigeria	3,927	27	.7	4,548	47	1.0	4,852	66	1.4
Sudan	1,181	19	1.6	1,359	31	2.3	1,387	33	2.4
Tanzania	576	0	0	695	1	.1	750	6	.8
Tunisia	784	17	2.2	882	17	1.9	936	14	1.5
Uganda	545	0	0	633	7	1.1	658	19	1.4
Zambia	605	0	0	671	2	.3	842	9	1.1

Source of Data: Agency for International Development

Prepared by:
U.S. Arms Control and Disarmament Agency

Washington, D.C.
November 1967

Table V

MILITARY EXPENDITURES AND GROSS NATIONAL PRODUCT IN PURCHASING POWER EQUIVALENTS, BY SELECTED COUNTRY, 1964 and 1965[1/]

(Expressed in current dollars)

REGION AND COUNTRY	1964 MILITARY EXPENDITURES Mil $	1964 MILITARY EXPENDITURES % of World Total	1964 GROSS NATIONAL PRODUCT Mil $	1964 GROSS NATIONAL PRODUCT Per Capita $	1964 GROSS NATIONAL PRODUCT % of World Total	1965 MILITARY EXPENDITURES Mil $	1965 MILITARY EXPENDITURES % of World Total	1965 GROSS NATIONAL PRODUCT Mil $	1965 GROSS NATIONAL PRODUCT Per Capita $	1965 GROSS NATIONAL PRODUCT % of World Total
North America										
United States	$51,323	37.9%	$628,700	$3,272	28.9%	$51,844	36.2%	$683,900	$3,514	29.4
Canada	1,870	1.4	48,800	2,537	2.2	1,724	1.2	53,700	2,740	2.3
Total	53,193	39.2	677,500	3,205	31.1	53,568	37.4	737,600	3,444	31.7
Europe										
NATO Countries										
Belgium	818	.6	19,800	2,117	.9	816	.6	20,900	2,200	.9
Denmark	338	.3	10,400	2,213	.5	363	.3	10,900	2,254	.5
France	5,850	4.3	99,800	2,061	4.6	6,100	4.3	105,800	2,159	4.6
Germany, West	4,980	3.7	117,400	2,093	5.4	4,991	3.5	124,700	2,114	5.4
Greece	170	.1	4,500	529	.2	189	.1	5,300	620	.2
Iceland	0	0	n/a	0	0	0	0	260	1,354	.1
Italy	2,360	1.7	64,500	1,262	3.0	2,509	1.8	69,800	1,354	3.0
Netherlands	984	.7	21,600	1,785	1.0	980	.7	23,000	1,871	1.0
Norway	292	.2	7,300	1,976	.3	340	.2	8,100	2,177	.4
Portugal	378	.3	5,390	572	.3	374	.3	6,030	655	.2
Turkey	464	.3	8,830	286	.4	501	.4	9,590	306	.4
United Kingdom	5,500	4.1	108,000	1,992	5.0	5,621	3.9	112,000	2,055	4.8
Total	22,134	16.3	467,520	1,623	21.5	22,784	15.9	496,380	1,691	21.3
Others, at official rates	9	-	1,011	1,956	.1	10	-	628	1,897	-
Total	22,143	16.3	468,531	1,623	21.5	22,794	15.9	497,008	1,691	21.4
Total NATO	75,336	55.6	1,146,031	2,292	52.6	76,362	53.4	1,234,608	2,430	53.1
Warsaw Pact Countries										
Bulgaria						200	.2	6,800	829	.3
Czechoslovakia						1,300	.9	22,100	1,556	1.0
Germany, East	5,000	3.6	104,000	1,037	4.8	1,000	.7	26,600	1,565	1.1
Hungary						300	.2	11,100	1,099	.5
Poland						1,700	1.2	30,800	978	1.3
Rumania						300	.3	14,800	779	.6
Soviet Union	40,000	28.4	300,000	1,316	13.8	40,000	28.0	313,000	1,358	13.5
Total	45,000	32.0	404,000	1,231	18.5	45,000	31.4	425,200	1,279	18.3

Continued

Table V

MILITARY EXPENDITURES AND GROSS NATIONAL PRODUCT IN PURCHASING POWER EQUIVALENTS, BY SELECTED COUNTRY, 1964 and 1965[1/]

(Expressed in current dollars)

REGION AND COUNTRY	1964 MILITARY EXPENDITURES Mil $	1964 MILITARY EXPENDITURES % of World Total	1964 GROSS NATIONAL PRODUCT Mil $	1964 GROSS NATIONAL PRODUCT Per Capita $	1964 GROSS NATIONAL PRODUCT % of World Total	1965 MILITARY EXPENDITURES Mil $	1965 MILITARY EXPENDITURES % of World Total	1965 GROSS NATIONAL PRODUCT Mil $	1965 GROSS NATIONAL PRODUCT Per Capita $	1965 GROSS NATIONAL PRODUCT % of World Total
Other European Countries										
Austria	$ 190	.1%	$12,400	$1,723	.6%	$ 168	.1%	$13,240	$1,800	.6%
Finland	131	.1	8,150	1,779	.4	170	.1	9,840	2,148	.4
Ireland	65	.1	2,840	997	.1	35	.1	2,980	1,046	.1
Spain	777	.6	26,600	849	1.2	785	.6	29,600	937	1.3
Sweden	1,233	.9	26,400	3,446	1.2	1,230	.9	28,100	3,635	1.2
Switzerland	400	.3	14,800	2,521	.6	401	.3	15,400	2,593	.7
Yugoslavia	730	.5	14,040	728	.6	624	.4	14,400	738	.6
Total	3,526	2.6	105,230	1,336	4.8	3,413	2.4	113,450	1,427	4.9
Latin America										
Argentina	204	.2	19,100	895	.9	421	.3	19,450	870	.8
Bolivia	6	0	396	98	-	9	-	429	104	-
Brazil	996	.7	27,800	349	1.3	961	.7	28,400	348	1.2
Chile	130	.1	4,880	587	.2	114	.1	5,430	618	.2
Colombia	104	.1	6,010	364	.3	118	.1	5,910	329	.3
Dominican Republic	22	-	630	182	-	22	-	594	164	-
Ecuador	15	-	754	155	-	17	-	776	153	-
Mexico	115	.1	17,700	429	.8	148	.1	18,800	440	.8
Paraguay	9	-	312	164	-	10	-	339	169	-
Peru	109	.1	3,260	294	.2	100	.1	3,460	296	.2
Uruguay	16	-	1,290	427	.1	16	-	1,100	405	.1
Venezuela	152	.1	7,320	826	.3	168	.1	7,450	854	.3
Total	1,878	1.4	89,452	438	4.1	2,069	1.5	92,138	430	4.0
Others, converted at official rates	250	.2	7,909	296	.4	279	.2	8,707	336	.4
Total	2,128	1.6	97,361	422	4.5	2,348	1.6	100,845	419	4.3
Far East										
Burma						71	.1	1,130	46	.1
Cambodia	26	-	456	76	-	30	-	472	77	-
China, Mainland	4-7,000	4.1	70,000	95	3.2	6,000	4.2	76,000	101	3.3
China, Republic of	316	.2	3,820	306	.2	331	.2	4,300	331	.2
Japan	1,460	1.1	167,000	1,723	7.7	1,622	1.1	175,000	1,786	7.5
Korea, Republic of	158	.1	4,230	153	.2	175	.1	4,620	163	1.9
Malaysia	112	.1	3,580	392	.2	161	.1	3,820	406	.2
Thailand	88	.1	3,780	124	.2	88	.1	4,020	128	.2
Total	6,160-9,160	5.7	252,866	275	11.6	8,478	5.9	269,362	279	11.6
Others, converted at official rates	995	.7	22,810	108	1.1	936	.7	24,220	127	1.0
Total	7,155-10,155	6.4	275,676	244	12.7	9,414	6.6	293,582	254	12.6

Concluded

Table V

MILITARY EXPENDITURES AND GROSS NATIONAL PRODUCT IN PURCHASING POWER EQUIVALENTS, BY SELECTED COUNTRY, 1964 and 1965

(Expressed in current dollars)

REGION AND COUNTRY	1964 MILITARY EXPENDITURES Mil $	1964 MILITARY EXPENDITURES % of World Total	1964 GROSS NATIONAL PRODUCT Mil $	1964 GROSS NATIONAL PRODUCT Per Capita $	1964 GROSS NATIONAL PRODUCT % of World Total	1965 MILITARY EXPENDITURES Mil $	1965 MILITARY EXPENDITURES % of World Total	1965 GROSS NATIONAL PRODUCT Mil $	1965 GROSS NATIONAL PRODUCT Per Capita $	1965 GROSS NATIONAL PRODUCT % of World Total
Near East										
Iran	$ 207	.2%	$4,900	$ 204	.2%	$ 266	.2%	$5,440	$ 220	.2%
Iraq	213	.2	2,690	357	.1	289	.2	2,820	344	.1
Israel	288	.2	2,814	1,137	.1	373	.3	3,080	1,202	.1
Jordan	57	-	432	234	-	64	-	496	261	-
United Arab Republic	448	.3	5,910	206	.3	532	.4	6,410	217	.3
Total	1,213	.9	16,746	258	.8	1,524	1.1	18,246	272	.8
Others, converted at official rates	277	.2	4,790	281	.2	307	.2	6,190	356	.3
Total	1,490	1.1	21,536	263	1.0	1,831	1.3	24,436	290	1.1
South Asia										
Ceylon	13	-	1,680	154	.1	14	-	1,770	158	.1
India	1,630	1.2	42,000	88	1.9	1,710	1.2	40,500	83	1.7
Pakistan	244	.2	8,750	79	.4	494	.4	9,280	83	.4
Total	1,887	1.4	52,430	88	2.4	2,218	1.6	51,760	84	2.2
Others, converted at official rates	18	-	1,703	71	.1	28	-	1,986	76	.1
Total	1,905	1.4	54,133	87	2.5	2,246	1.6	53,746	84	2.3
Africa										
Ghana	21	-	2,010	267	.1	19	-	2,023	263	.1
Morocco	135	.1	2,960	228	.1	123	.1	3,120	235	.1
Nigeria	61	-	5,950	139	.3	79	-	6,440	151	.3
South Africa, Republic of	608	.4	16,900	845	.8	510	.4	16,950	842	.7
Sudan	9	-	432	33	-	10	-	435	33	-
Tunisia	21	-	1,120	243	.1	18	-	1,260	276	.1
Total	855	.6	28,372	234	1.3	759	.5	30,228	302	1.3
Others, converted at official rates	269	.2	13,926	100	.6	536	.4	16,450	114	.7
Total	1,124	.8	42,298	177	1.9	1,295	.9	46,678	191	2.0
Oceania										
Australia	845	.6	26,780	2,339	1.2	1,080	.8	27,900	2,437	1.2
New Zealand	104	.1	5,750	2,178	.3	130	.1	6,000	2,273	.3
Total	949	.7	32,530	2,309	1.5	1,211	.9	33,900	2,406	1.5
World Total	138,613 142,613	100.0	2,178,795	677	100.0	143,120	100.0	2,326,445	721	100.0

1/ This table includes all countries for which data are at present available for purchasing power comparisons. All countries of military significance are represented.

Sources of data: See Appendix

Prepared by:
U.S. Arms Control and Disarmament Agency

Washington, D.C.
November 1967

TABLE VI

RANKING OF MAJOR COUNTRIES ACCORDING TO GNP AND MILITARY EXPENDITURES, 1965

(Expressed in purchasing power equivalents, in current dollars)

COUNTRY	Gross National Product				Military Expenditures	
	Total		Per Capita			
	Rank	Billion $	Rank	Dollars	Rank	Million $
United States*	1	683.9	2	3,514	1	51,844
Soviet Union*	2	313.0 1/	19	1,358	2	40,000 1/
Japan	3	175.0	16	1,786	11	1,622
West Germany	4	124.7	12	2,114	6	4,991
United Kingdom*	5	112.0	13	2,055	5	5,621
France*	6	105.8	10	2,159	3	6,100
Mainland China*	7	76.0 e/	58	101 e/	4	6,000 e/
Italy	8	69.8	21	1,354	7	2,509
Canada	9	53.7	3	2,740	8	1,724
India	10	40.5	61	83	9	1,710
Poland	11	30.8	23	978	10	1,700 e/
Spain	12	29.6	24	937	20	785
Brazil	13	28.4	38	348	18	961
Sweden	14	28.1	1	3,635	13	1,230
Australia	15	27.9	5	2,437	14	1,080
East Germany	16	26.6	17	1,565	16	1,000 e/
Netherlands	17	23.0	14	1,871	17	980
Czechoslovakia	18	22.1	18	1,556	12	1,300 e/
Belgium	19	20.9	8	2,200	19	816
Argentina	20	19.4	25	870	27	421
Mexico	21	18.8	35	440	46	148
South Africa	22	16.9	28	842	23	510
Switzerland	23	15.4	4	2,593	28	401
Rumania	24	14.8	30	779	24	500 e/
Yugoslavia	25	14.4	31	738	21	624
Austria	26	13.2	15	1,800	45	168
Hungary	27	11.1	22	1,099	34	300 e/
Denmark	28	10.9	7	2,254	32	363
Indonesia	29	10.4	59	100 e/	15	1,000 e/
Finland	30	9.8	11	2,148	43	170

Data presented in this table are recapitulated from Table V; the estimate for Indonesia which does not appear in Table V is taken from Table I.

1/ A representative ratio of military expenditures to GNP cannot be derived from the dollar estimates given for the Soviet Union because the conversion rate used to express Soviet GNP in dollar equivalents differs from that for Soviet military expenditures.

* Country possesses nuclear weapons

e Estimate - see Appendix

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APPENDIX

Statistical Sources and Methods

Population

Population statistics are projected to mid-1965 by the Agency for International Development (AID) based on data compiled by the United Nations (UN) and evaluations made by US missions abroad.

Gross National Product (GNP)

AID is the source of most of the GNP and military expenditures data used in this report. AID estimates of GNP are used for 82 less developed countries. In some cases AID figures are based on national accounts data; for the remaining countries where such data are not compiled, the figures are based on estimates of agricultural and industrial production and other available information.

GNP data for OECD countries and other non-Communist developed nations were taken from International Financial Statistics, January 1967, published by the International Monetary Fund.

Data for Communist countries are estimates derived from a variety of sources, U.S. Government and unofficial. Insofar as possible, national data have been adjusted to Western concepts. The GNP for Mainland China in particular is recognized as an extremely rough estimate, a best guess only, in view of the lack of official statistics.

Military Expenditures

AID compiles figures on military expenditures for the free world countries, adjusting national data to a standard definition of military expenditures (see Definitions).

The estimate of Soviet military spending in US dollars is adapted from various estimates made by Western analysts; it falls mid-way in the range of such estimates. Western observers believe that the Soviet defense budget of 12.8 billion rubles for 1965 omits some expenditure categories which are in Western defense budgets and that Soviet prices in the military sector understate values when compared with US prices. The $40 billion figure for Soviet military expenditures represents an estimate of the purchasing power equivalent of the Soviet defense budget.

Military expenditures for the remainder of the Warsaw Pact countries are based on announced military budgets, with some upward adjustment to make coverage comparable to Western concepts.

For Mainland China, a very rough estimate is derived from fragmentary information.

Foreign Economic Aid

With the exception of the estimates for the Warsaw Pact countries, these figures are from Geographical Distribution of Financial Flows to Less Developed Countries, 1965, a report by the Organization for Economic Cooperation and Development (OECD). The entries in the tables are the sum of net official bilateral flows, amortization payments on outstanding official debts and net multilateral flows. Net official bilateral flows, according to OECD's definition, include grant-like flows (net), plus net official grants, reparation and indemnification payments, plus net official lending. The donor countries which are covered by the report are: Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Italy, Japan, the Netherlands, Norway, Portugal, Sweden, Switzerland, the United Kingdom, and the United States.

The estimates for economic aid drawn from the Soviet Union and other Warsaw Pact countries are from U.S. Government sources. These drawings are not included in the totals shown for recipient countries.

Public Education Expenditures

The data for public education represent expenditures for the most recent year available in the United Nations Educational, Scientific and Cultural Organization Statistical Yearbook, published in 1966, with certain revisions and additions provided to ACDA by United Nations Educational, Scientific and Cultural Organization in September 1967.

Public Health Expenditures

Public health expenditures are the most recent available from the World Health Organization's Third Report on the World Health Situation, 1961-64. Since official statistics are not compiled for all countries, more of the national data shown in this column are estimates than in the other series. Those marked "e" are roughly calculated on the basis of the average per capita expenditure by all other countries in the region.

Armed Forces

Estimates of the number of men under arms were compiled from the following sources: The Reference Handbook of the Armed Forces of the World, 1966, published by Robert C. Sellers and Associates, Washington; The Military Balance 1965-1966 and the Armed Forces in Central and South America, by the Institute for Strategic Studies, London.

Conversion Rates

For the conversion of data from foreign currencies to US dollars, official exchange rates have been used for most of the national totals shown in Tables I through IV. The exceptions are the Warsaw Pact nations, including the Soviet Union, and several countries in Latin America and the Far East for which official rates appeared to yield unrealistic dollar equivalents. For each of the Warsaw Pact countries a rough purchasing power factor was used in place of the official rate to convert the national currency to dollars; in the case of the Soviet Union one conversion factor was used for GNP and a different factor for each of the components, i.e., defense, foreign economic aid, public health, and education. The conversion factors used for Argentina Brazil, Chile, Colombia, and Uruguay are determined by AID as representing estimated "effective rates" governing foreign transactions in 1965.

Table V represents a new effort to obtain a more realistic and consistent basis for international comparisons of military expenditures. In this table GNP and military expenditures are shown for all countries for which there was some means of computing purchasing power equivalent (PPE) rates, that is, conversion rates between national currencies and the US dollar which accurately reflect the relative command over goods and services provided by a unit of each currency.

The PPE computations were done under the direction of an ACDA consultant, Professor Emile Benoit, Columbia University. The primary sources of information were the research studies by Gilbert and Kravis on OECD countries, as published in Comparative National Products and Price Levels, A Study of Western Europe and the United States, OECD, Paris, 1958, and the more recent work by Wilfred Beckerman and Bacon, published in the Royal Economic Society's The Economic Journal, MacMillan Journals Ltd., London, September 1966.

The Gilbert and Kravis study provides separate PPE rates for GNP and military expenditures for each of eight OECD countries (Belgium, Denmark, France, West Germany, Italy, Netherlands, Norway, and the United Kingdom). For the other nations shown in Table V, PPE rates applicable to GNP are also used to convert military expenditures. ACDA has updated the rates to 1965 by the use of national consumer price indexes found in the IMF's International Financial Statistics, January 1967.

A brief description of the methodology used in constructing the PPE rates, and a table of the factors used, is available from Economics Bureau, ACDA.