C. NEED FOR AN INTEGRATED APPROACH TO ECONOMIC DEVELOPMENT ABROAD

A major indictment of our approach to the problems of the less-developed countries in the past is that it has been piecemeal. We tend to think of these problems in terms of more or less separate compartments such as the need for (*a*) foreign capital, (*b*) technical assistance, (*c*) larger export markets, (*d*) stable export prices, (*e*) social reform, and (*f*) strong governments capable of preventing internal Communist subversion.

This compartmentalization is reflected in our programs and policies with respect to the developing countries. For example, there is a tendency to regard trade and aid as alternatives rather than as complementary or interdependent means of promoting development. This attitude is well illustrated by section 602(d) of the Foreign Assistance Act of 1961 which places limitations on U.S. Government assistance for those enterprises in developing countries which compete with U.S. products.

The people of the United States and Europe and their governmental representatives have failed to understand that import restrictions on the products of low-cost foreign labor are incompatible with economic assistance for achieving growth on a self-sufficient basis. Nor have we looked at the problem of export commodity stabilization in terms of the need for long-term structural adjustments in world production and trade. And most serious of all, our aid programs and trade policies in the past have not been integrated and directed toward the achievement of our basic long-range political and social objectives in the individual developing countries. We cannot understand why, after large outpourings of aid, there occur political developments in the recipient countries which we consider antithetical to our foreign policy interests and to those of the free world generally. We have failed to relate what the social scientists have been telling us for years about political pressures and social conditions and attitudes within countries on the one hand, and the specific goals of our development assistance programs on the other.

Part of our difficulty in analyzing and dealing with the basic economic, social, and political problems of individual countries and regions in a comprehensive rather than in a piecemeal fashion lies in the organizational structure of the complex of national and international agencies concerned with trade and economic assistance. In addition to a score of industrialized countries providing various types of economic assistance to the developing countries, there are a number of international and regional economic assistance agencies plus several international or regional agencies such as the GATT and the European Economic Community which are concerned with trade policies affecting the developing countries. In addition, there is the new Organization for Economic Cooperation and Development (OECD) and its Development Assistance Committee which are concerned with both trade and aid in relation to developing countries. But in viewing this multitude of free world agencies, both operating and policymaking, the activities of which affect the welfare of the developing countries, three things are evident:

(1) The absence of a set of clearly defined free world goals on which all countries, developed and underdeveloped alike, can