Mrs. KELLY. That is what I wanted to bring out, Mr. Secretary, because I long regretted the fact that in the 1950's we gave only about $75 million a year to the entire Latin America, including Central America, while we were giving much more than that to, for example, Yugoslavia. That point was a thorn in my side, and still is.

The solution of the problems affecting Latin America could also be a solution to many of the U.S. problems—for example, the resources on tap in Latin America could be very helpful to all of us in the future.

Secretary RUSK. I think, Mrs. Kelly, that there is considerable excitement about what could happen in Latin America if they had available to them what is called the economics of scale. Countries who might be able to nourish industrial development for a market of $250 million, or within the next two decades perhaps $450 or $500 million are in quite a different position than countries limited to their own national frontiers.

The attractions for private investment in that situation are quite different, the ability to develop more sophisticated industry which can't be supported with small populations in single countries would be very great.

I would think we could see some dramatic development as integration opens up the possibilities of vigorous industrial development, for the most part, on a private enterprise basis.

Mrs. KELLY. Then you will agree that the solution of those problems could be very helpful to the United States and that in the long run it would make a wonderful contribution to the well-being of the entire Western Hemisphere, isn't that right?

Secretary RUSK. I think so, Mrs. Kelly. You know, there may be some people who are nervous about the effect on our trade relations of industrial development in Latin America, but I would point out that Canada, a very highly industrialized country, is our No. 1 trading partner. Our second largest export market is the European Common Market, and Japan, another exceedingly industrialized country, is our No. 3 trading partner. We have found, contrary to some people's expectations, that as full industrial development goes forward we find better customers and better trade partners, and I would expect that to happen here in this situation.

I think also that the matter of scale is of some importance.

The present gross national product of all the Latin American countries that are contemplating integration amounts to something like $75 billion, one-tenth of that of the United States. And yet you have a country like Brazil that is as big as the United States. There are enormous possibilities of growth and development in this hemisphere if the economic, physical and trade arrangements can be worked out to give it the impetus which it needs.

Mrs. KELLY. Thank you, Mr. Secretary.

Chairman MORGAN. Mr. Frelinghuysen.

Mr. FRELINGHUYSEN. You have been eloquent as usual in presenting your case, Mr. Secretary, but I would like to ask you a few questions about this resolution.

In the Foreign Assistance Act there is formal recognition by Congress, in section 251, of the unique relationship that the United States