ficially expensive raw cotton supplies under the so-called "two-price" cotton subsidy system.

It is well known that for cotton textiles a continuing program of comprehensive quotas, which are by definition the most restrictive form of measuring the international economic differentials a society considers it important to measure, was begun. Though the quotas were initially applied to Japan and Hong Kong, Spain and Portugal, the countries that are now most affected are the poorer developing countries, many of them striving for industrial development, in which textile manufacture is conceded to be a natural beginning step.

Since 1960 the cotton textile industry, according to a wide variety of economic indicators, has shown tremendous improvement. It has ironed out some of its basic structural problems, it has modernized and expanded extensively, it employs more workers, produces more goods at lower unit costs, and makes higher ratios of profits on invested capital. The quotas remain, however, as an obstacle to the reestablishment of the marketplace. The industry is understandably reluctant to give up the quotas—they in fact want stricter quotas and want them extended to the wool and manmade fiber sectors of the industry, seemingly unable psychologically to adjust to new conditions.

To me the textile quota program is of deep concern because of its effects on the poorer countries. It raises this profound problem: how can we effectively create the conditions for worldwide economic growth and prosperity?

The financial foreign aid programs carried on by the United States and other countries since the early 1950's have been less than successful, barely, if at all, bringing about increases in per capita income. Foreign trade; that is, the ability to sell goods in foreign markets to earn income, is a more fundamental, more correct method of generating income and growth, and would remove much of the need for financial aid.

Restrictions on exports of such things as cotton textiles both discourage the natural process of industrial development and create a continuing dependence on unearned financial aid—with all its psychological impact, including irresponsible expenditure of such unearned money.

So our businessmen and our labor unions, and our investors and Government officials must face this question: Will we allow the developing countries to sell us what they make, or will we continue to support them by means that I and many others consider to be wasteful and even harmful? Will we really accept the meaning of the slogan, "Trade, not aid"? Do we really mean it? And if we do, of course, then, we have to give thought to what is it economically feasible for these countries to produce.

I regard foreign aid—and I am in favor of the basic program, if it is designed to help nations get on their economic feet. But just as in welfare programs domestically, if it doesn't get people on their economic feet, it can result in creating a condition of permanent welfare or permanent aid.

Because I have used textiles as an example does not at all mean that this argument applies only, or even exclusively, to textiles. It might not even apply to textiles, though I think it does. It is a consideration for all goods and service industries.