

III. ECONOMIC

29. The need throughout most of the area for economic development provides the greatest possibility for the exertion of outside influence - either by the Free World or by the Communist Bloc. Without considerable external help from some source, most of the governments of the area will be unable to satisfy the political demand for rapid improvement in their standards of living and provide for sound economic development. Failure to obtain such assistance from the Free World will tend to drive these countries toward economic dependence on the Communist Bloc. The outcome may be strongly influenced by the success with which the Free World can cope with Communist efforts to exploit the Southeast Asian export problems. The dramatic economic improvements realized by Communist China over the past ten years impress the nations of the region greatly and offer a serious challenge to the Free World. Flexibility of U.S. procedure and rapidity of U.S. action is of increasing importance if effective advantage is to be taken of unexpected and transient opportunities.

30. The United States should assist the non-Communist states of the area to formulate and execute programs designed to promote sound development, to demonstrate that they can achieve growth without reliance on Communist methods or dependence on the Communist Bloc, and to give their peoples a greater stake in the continued independence of their countries.