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TRANSCRIPT OF RADIO TAPE OF REPRESENTATIVE MIKE MANSFIELD

Statement to United Nations Committee on Economic Development
of Underdeveloped Countries, Paris
November 20, 1951

Mr. Chairman, one of the most important goals embodied in the Charter of the United Nations is the human objective. This objective is expressed in terms of jobs, conditions of work, and standards of living. All of these are things which go to determine the welfare of people around the world. In other words, a basic objective of the United Nations is general improvement of economic and social conditions everywhere. The condition of people in need has always been a matter of humanitarian concern to the individual citizens of the United States. Furthermore, as a nation they are convinced that only through economic and social improvement can the world achieve those conditions under which free government can be maintained, unrest decreased and war banished. They are convinced that the only solid foundation upon which we can build security is worldwide economic advancement. They know that, otherwise, we would be building upon quicksand. That is why the people and the government of the United States are cooperating through the United Nations, as well as on a bilateral basis, to assist other countries to advance their economic programs. That is why it is the policy of the United States government to continue this cooperation. As a newcomer to the deliberations on this body, I should like to make it clear that I do not propose to approach the problem of economic development as an academic or political exercise. I represent a part of the United States which, until a short time ago, all of you would have considered as economically underdeveloped. As the son of Irish immigrant parents, who, together with immigrants from over twenty

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other countries throughout the world, helped to develop an underdeveloped state, I was brought up in an area where our economy depended primarily upon mining, lumbering, cattle and sheep raising, and agriculture. I have worked as a copper miner, a farm hand, a smelter man, and a lumberjack. In such an environment, it would be impossible not to understand the aspirations of those who seek to improve their way of life. I have lived through a period when transportation facilities were limited. I know what the opening of new roads means to the life of a community. I have seen the effects of the extension of education on the initiative and social responsibilities of those to whom education was not previously available. I know what the coming of electricity means to a community and what it can do to stimulate economic activity. Economic development has been part of my life experience. I know what it costs, not only in terms of money, but in terms of human effort and in terms of human determination. Our concern with the economic development of other countries has expressed itself not merely in the form of suggestions and exhortations or persuasions. Our interest has been demonstrated by our performance, a performance which has taken the form of large amounts invested in underdeveloped areas by our private citizens and by my government, both directly and through the United Nations and the specialized agencies. This investment by the government of the United States has been in the form of loans and grants and technical assistance.

Mr. Chairman, the General Assembly has already agreed that the economic development of the underdeveloped areas of the world must rest

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primarily on the efforts of the people in those areas. I note that the Economic Commission for Latin America has also wisely laid great emphasis on the need for the people of Latin America to increase the rate of their domestic capital formation to provide incentive for the promotion of domestic trading and to direct their savings into activities which will help to increase production and productivity. We are pleased to see that the Commission for Asia and the Far East is holding a seminar on this subject this month. At the same time, we have recognized the crucial importance to the underdeveloped areas of external assistance in furthering the development programs of the people who are determined to help themselves. The need for such external assistance has long been appreciated by the government of the United States. In 1950, this recognition was embodied in our National legislation, where the Congress declared that it is, and I quote, "the policy of the United States to aid the peoples of the underdeveloped areas to develop their resources and improve their working conditions." During the past six years, the United States government has made available over five and one-half billion dollars in the form of loans or grants to countries in underdeveloped areas. This figures does not include our paid-in subscription of 635 million dollars to the International Bank, nor does it include the contributions which we have made to the many United Nations programs which have directly and indirectly assisted in the improvement of economic and social conditions in underdeveloped areas. During the twelve months ending June 30, 1951, alone, the United States government made grants of over one-quarter billion dollars for technical and economic assistance to underdeveloped areas. This figures does not

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include our economic assistance to Greece, Turkey and Korea. Underdeveloped areas have also, generally, benefited from the rapid recovery of western Europe from the ravages of war. The industries of western Europe have again become important markets for the raw materials of underdeveloped countries. Western Europe has, in turn, been able to send increasing amounts of capital, equipment and other manufactured goods to these areas. Of the five and one-half billion dollars made available to underdeveloped countries during the past six years by the United States, almost one and one-half billion dollars was made available by United States Export-Import Bank. This assistance has been in the form of loans for economic development purposes to Latin America, the Near East, Africa and Asia. During the past fiscal year, that is from July, 1950, to July, 1951, the Bank loaned over 395 million dollars. Of this amount, over 96 per cent went to underdeveloped countries. Under the Bank's Charter, these advances were made for projects which could not be financed through normal commercial channels. The needs of underdeveloped areas for basic facilities in such fields as transportation, power, communications, education and public health, as a springboard for obtaining higher standards of living, has been frequently expressed in the debates of every United Nations agency. The Economic and Social Council, in its eleventh session, made a number of recommendations designed to further the financing of this type of project by governmental and inter-governmental credit agencies. The importance placed on basic development projects by the Export-Import Bank is particularly evident in its recent operations. During the

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first six months of 1951, the Export-Import Bank extended credit to assist in financing power development in Cuba; road construction and improvement in the Republic of Liberia; a water supply project and a sewer system for the city of Monrovia; diesel electric locomotives for the railways of Uruguay and Colombia; improvement of airports in Ecuador; equipment, materials and services for the development of a valley in Haiti. The largest single item in this project will be the construction of a dam for flood control and irrigation storage with a provision for the later installation of electric power generating facilities. I am sure that members of this committee will not have failed to note how many of these projects fall into the category of what has been described as non self-liquidating projects. It is the accepted policy of the United States government that private investment can and should play an important role in economic development. Admittedly, the outflow of American private investments to underdeveloped areas in recent years has been disappointingly small in relation to need. In the recent past, the existence of many uncertainties has had a dampening effect upon the willingness of private investors to place their capital abroad. Yet, it is worth noting that, in the face of these risks, the net outflow of private United States capital to underdeveloped areas during the five years from 1946 to 1950 has amounted to almost three billion, five-hundred million dollars. The United States government has attempted, by various means, to stimulate the flow of private capital to underdeveloped areas. These have included such measures as investment sheets, providing for the avoidance of double taxation, tax credits and government guarantees against risk of inconvertibility and

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expropriation. It is our intention to implement the greatest extent possible the detailed recommendations of the thirteenth session of the Economic and Social Council, which looked towards encouraging international, private investments in underdeveloped countries. Only last month the United States Congress revised our Internal Revenue Law to eliminate further the double taxation of American foreign investments. As one of those who supported these revisions in the United States Congress, it is my hope that we will have this prove to be an important stimulus to American, private investment abroad. Mr. Chairman, I have not cited these figures of capital made available for economic development by the United States as a means of self-congratulations. I have cited them as concrete evidence of the seriousness with which the government and the people of the United States regard the problem of economic development. To us, economic development is more than an academic question. Despite the heavy burdens being born by every American family as a result of the Communist aggression in Korea and the danger of further aggression against the free world, the American people are determined to continue helping the people of the underdeveloped areas further their economic and social progress. They recognize that the defense of the free world rests not only on armament but also on greater productivity, equity in the distribution of income, economic and social progress, strength and unity of ultimate purpose. To implement this determination, our Congress recently increased the lending authority of the Export-Import Bank by an additional one billion dollars. This brings the basic lending capacity of the bank up to four and one-half billion dollars

at the present time. In addition, the appropriation by Congress last month was over four-hundred million dollars to support a widespread program of economic and technical assistance in agriculture and industry in the Near East, Africa, Latin America and Asia. These funds are to be made available almost entirely on a grant basis. Under this legislation, President Truman has announced the inauguration of a widespread program of aid for the Near East and has appointed a special representative to coordinate economic and technical assistance to this area. In inaugurating this expanding program, the President expressed the hope that it would lead to new levels of production in both agriculture and industry with benefits to the welfare and security of all the peoples of this important area. Similar programs are shortly to be inaugurated as well in other areas. In addition, to its own instrumentality, the government of the United States has always looked to the International Bank as the major instrument for assisting in the financing of economic development of underdeveloped countries. Shortly after its inauguration, my government authorized the Bank to use the entire amount of our paid-in subscriptions for lending purposes. By amendment to our banking and security laws, we have facilitated access to the Bank by the Bank to the private capital margin in the United States. During the last fiscal yearending June 30, the International Bank made twenty-one loans, totaling almost three-hundred million dollars for development projects in eleven countries. As the Bank pointed out in its last annual report, this is the largest number of loans, as well as the largest sum, it has made available in any one fiscal year since beginning its operation. Additional loans totaled

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over 110 million dollars and have been made during the last three months. This brings the Bank's total lending to date to almost one and one-quarter billion dollars. We look forward to the continued acceleration of the Bank's activities. It is significant that the Bank has recently been concentrating on basic development projects. These include agricultural production in the Belgian Congo; electric power development in Brazil; Colombia, Iceland, Yugoslavia, and Uruguay; road and port development and railway improvement in Australia, Ethiopia, Nicaragua and Turkey; flood control and irrigation in Iraq and Thailand; and grain storage facilities in Nicaragua and Turkey. It is particularly important to note that the International Bank is also making loans to help finance additional imports which are necessitated by the increased economic activity resulting from development programs. Loans of this type were advocated by the Economic and Social Council at its eleventh session. Only recently, the Bank announced a credit to the United Nations for this very purpose. Under this arrangement the Italian government will finance a ten-year program for the economic development of southern Italy from its own resources. This program would create greater economic activity and employment. The resulting increased income is expected to meet an increased demand for goods from abroad. The credit made available by the Bank will assist Italy to pay for such imports. Thus, the Bank is taking concrete steps to encourage countries to make maximum use of their domestic resources. During the recent annual meeting of the governors of the International Bank, may I emphasize that sixty per cent of these men represent underdeveloped countries, considerably satisfaction was expressed concerning the operation of the Bank and the liberalization of its lending policies.

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We have reason to believe that the Bank will continue to move in this direction. One of the great recent advancements in international cooperation has been the almost universal acceptance of worldwide responsibility for helping people to help themselves. We are all familiar with the work of missionaries of all faiths who are pioneers in helping the people of underdeveloped areas to improve their ways of living. Private organizations and institutions have, for years, carried on programs costing millions of dollars monthly. On a governmental level, we have given living expression to this responsibility through our bilateral technical assistance programs. We have also supported and contributed to the expanding technical assistance program of the United Nations. We expanded our bilateral program about one year ago. During the first year of the expanded program, almost five hundred requests for technical assistance were approved. By last August, programs were under way in thirty-six countries in every part of the world. Provisions had been made for the employment of over twelve hundred technical experts in the field. In addition, eight hundred and seventy-two training grants had been approved for trainees to study in the United States. These trainees came forth from forty-one countries. Equally impressive is the record of the United Nations and the specialized agencies in the field of technical assistance. During the past year the number of fellowships, scholarships and other training opportunities offered by them totaled at least two thousand. A steadily increasing number of projects is getting underway. Under the United Nations expanded technical assistance programs alone, three-hundred and eleven agreements had been signed with recipient countries as of September of this year. Five-hundred and forty experts

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had been recruited. Under this program, a DDT spraying operation in Afghanistan has been completed. It covered an area exceeding eight hundred square miles. This operation has resulted in a dramatic decline in the incidence of malaria. In Thailand a broad scheme, based on the recommendations of a consultant commission, for reorganizing the entire educational system is underway. In Ethiopia, where rinderpest has been rampant, a mass immunization program has saved more than half a million cattle. Usually, this disease is ninety per cent fatal. In El Salvador and India the United Nations has been engaged in training public administrators. I need not emphasize the importance of efficient, public administration to this assembly. Among other direct contributions to economic development, which might or might not be considered as technical development and technical assistance, I should like to refer to the very useful studies made by the Secretariat in such fields as the mobilization of domestic capital. We should not overlook the assistance which is being given to various countries through seminars or otherwise in surveying their total economic resources and presenting well worked-out development schemes to financing institutions. I should like to mention, also, the contributions which the regional economic commissions are making to the problems of economic development within their own areas. The United Nations may be justly proud of the achievements of its technical programs during its short life. But may I repeat what our Secretary of State, Mr. Acheson, has already observed in this Assembly, "All of this is really a beginning." Mr. Chairman, we have been talking about loans, grants, experts and research and, most important of all, the efforts of the underdeveloped countries themselves. What has been the results of these

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loans, these grants, the experts that have been made available, the research and the efforts of the people of the underdeveloped countries? The most graphic answer to this question has been given to us in the official figures of the United Nations. Let us take electricity, one of the basic needs in our modern economy. Production of electricity in the Philippines in 1937 amounted to 10.9 million kilowatt hours for one month. By January, 1951, production amounted to almost 41 million kilowatt hours. In India production of electricity totaled 345 million kilowatt hours in 1947; 425 million in 1940; and 505 million in May of 1951. In Morocco, the monthly figure was 14.8 million kilowatt hours in 1940 and 52 million in January of 1951. The production of cement is a basic requirement in any expanding economy. What is the story here? Brazil, which in 1940 produced 62 thousand metric tons a month, produced 111 thousand tons in January, 1951. The monthly output of cement in India in 1940 was 145 million tons; in May of this year, she produced 264 thousand. Let us look at the story of iron and steel. In 1946 Chile produced 1.8 thousand metric tons of crude steel per month. By April, 1951, monthly production had increased to almost 15 thousand tons. During the last six years, Brazil increased her monthly output of crude steel from 17.2 to almost 74 thousand tons. During the same period India increased her pig iron output from 119 to 176 thousand tons. I might cite a few instances in the field of general manufacturing industry. The index of industrial production in Chile in 1940 stood at 115. By April of this year it had risen to 250. In Mexico, the corresponding figure for 1940 was 99. In 1940 it was 108. I have selected these examples more or less at random. I can cite many others to show that

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progress is being made in many areas. I would be the last to deny that much remains to be done in the field of economic development. Yet, I am sure that we can all agree that progress is being made. These, then, have been some of the accomplishments of the efforts in the field of economic development since the War. But people are concerned with the possible effects of the present emergency. They are worried as to how far the urgencies of defense will delay progress towards a better life. They are worried as to what extent they will have to shelve their plans for improving health, education, industry and agriculture, working conditions and standards of living. As far as the government of the United States is concerned, our policy for meeting these needs of humanity was clearly enunciated by President Truman in his address to the joint meeting of the Board of Governors of the International Bank and the International Monetary Fund on September 10. The President said, and I quote:

The defense program of the free nations will create some difficulties. There will be shortages of certain capital goods, but we must not slacken our efforts to create new sources of wealth and thereby bring about higher standards of living in the economically underdeveloped areas. The cause of freedom to which we are dedicated will not permit us to fall behind in this effort. The economic resources of the free nations taken together are sufficient to provide both military security and economic progress. As we move forward with our defense effort, we should do everything possible to increase the prosperity and raise the standards of living of the free nations. We should remember that this is the work of the greatest positive goals of the United Nations. We have not joined together for purely defensive means. We are not an association for preserving things as they are. Our objectives are to secure peace and to create better lives for all people in the world.

Our answer to those who say that economic development will be a casualty of the defense program is a clear and emphatic "no." But this does not mean that in these critical times we can accomplish all that we would wish in the field of economic development. As our representatives

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in the Economic and Social Council recently pointed out, the immediate needs for stronger defenses and the greatly increased strain on resources of the free world make it necessary to reapparise and, in some cases, to alter some of our assistance programs. In some respects we shall not be able to go as fast as we would like in aiding others, just as we cannot make progress as rapidly as we should like within our own country. The needs of defense production are forcing the free countries of the world---developed and underdeveloped---to subject economic development to the same limitations as other phases of our economic life. In the United States these limitations take the form of priority control over production and consumption. In operating these controls, it is our policy to take into account the requirements of other countries on an exportable basis. The criteria we use in determining priorities obviously must place greatest weight on defense production. What I wish to emphasize is that these criteria include the maintenance and necessary expansion of essential services and production facilities both at home and abroad. In other words, we consider the economic development of underdeveloped areas to be an essential feature of the program to strengthen the free world. We intend to continue to support foreign development programs and projects through the provision of capital goods, as well as technical and financial assistance. This continued support will be subject to new primary requirements. The difect defense of the free nations and the maintenance of the basic economies of the free nations, both developed and underdeveloped, will be these requirements. In implementing our policy of supporting foreign economic development, we are evolving a set of standards for use in allocating materials and goods for export. Under

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our controlled materials plan, definite allocations of steel, copper and aluminum have been made for export to foreign countries both in raw and fabricated form. Machinery has been created for making sure that our allocating authorities will give foreign requirements simultaneous consideration with domestic requirements. Specific agencies of our government have been designated as official claimants for the requirements of foreign countries for items in short supply, and may I emphasize that these procedures for submitting claims of foreign countries are identical with those for screening the claims of agencies responsible for our own military requirements and the needs of our civilian population. A special division has been organized in the National Production Authority for the purpose of considering the capital goods requirements of essential foreign projects. Once such requirements for essential foreign projects are approved, they carry automatic priority ratings and obtain the necessary certificates to permit delivery. High priority has been given to applications for materiel required for foreign public health and public utilities projects. Among other projects for which assistance has been given, are port and railroad development in the Belgian Congo; irrigation projects in Mexico and India; and a hydroelectric power project in El Salvador. Despite shortages of many types of capital goods, the volume of United States exports of manufactured goods during the second quarter of 1951 was 25 per cent above the corresponding period of 1950. Our exports of manufactured goods were 44 per cent greater. Based on data available to date, our 1951 exports of metals, metal products, machinery and chemicals, showed increased volume ranging from 18 to 61 per cent in

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value over 1950. Although a part of this increase reflected increases in prices, a large part reflects actual increases in physical quantity. And I should like to point out, in passing, that the greatest increases in our export of certain types of capital goods were to underdeveloped countries in Asia, Africa and Latin America. This has been particularly true of our exports of mining, as well as well and pumping machinery and tractors. During 1951, the value of tractor parts and accessories exported to these areas increased by 46 per cent over 1950. Exports of agricultural machinery and implements rose by 33 per cent; mining, well and pumping machinery by 35 per cent; electric machinery and apparatus by 33 per cent; automobiles and automobile parts by 58 per cent. In physical quantities we are shipping more capital goods and equipment to underdeveloped areas than in 1950. We are shipping them a larger percentage of our total exports of such goods than in 1950. These are the efforts being made by the United States to assist the underdeveloped countries in getting a fair share of our production. But foreign governments and foreign buyers can also help us with these efforts by assigning appropriate priorities to their various development programs. The presentation of well documented cases to our allocating and export licensing authorities will enable us more quickly to fulfill requests for assistance. Such procedures on their part will go a long way towards insuring the most effective distribution of our production between foreign and domestic requirements. No overall discussion of economic development would be realistic without a consideration of the importance of agricultural production. One of the most important aspects of this problem is that of providing the incentives necessary to induce the people

who work the land to put forward their best productive efforts. At the 13th Session of the Economic and Social Council, the United States delegation made considerable emphasis on the importance of land reform in attaining defense. Accordingly, together with our colleagues from Brazil, Pakistan, and Thailand, we have submitted for the consideration of this committee a draft resolution emphasizing the importance of the Council's action. My delegation will wish to refer to this matter in more detail when our draft resolution comes before us. I turn now to the extensive resolution on the financing of economic development which the Council has adopted in response to the Fifth Assembly's request that further study be given this problem. During the past year there was made available to us a report on, "Measures for the Economic Development of the Underdeveloped Countries." This report was submitted by a group of experts appointed by the Secretary General. They recommended, among other things, that a new international organization be established to provide grant assistance for financing the basic projects. The problem of financing the basic requirements of economic development raises two questions. The first concerns the extent to which grants are necessary. The second concerns the instrumentality to which such grants are to be made available. As for the first question, the extent to which grants are necessary to finance basic projects, both the International Bank and the Export-Import Bank have indicated willingness to make loans for projects which contribute only indirectly to increased productivity. In fact, both institutions have extended many loans for projects of this character. To be sure, they have not always been able to help finance such projects, particularly where the prospective servicing capacity was

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too limited. However, this should be less true in the immediate future. The balance of payments position of most underdeveloped countries has been measurably increased. Underdeveloped countries are generally, therefore, in a better position to finance non-bankable projects with their own resources or, alternatively, to assume larger debt obligations in order to accelerate investment in this type of project. Nevertheless, we recognize that some countries, particularly the least developed, may sometime require a measure of external grant assistance to provide an initial impetus to basic development. This recognition has been embodied in the resolution of the Economic and Social Council which is before us. As to the instruments through which financial assistance should be made available, it is the view of my government that it would be neither practicable nor feasible to establish an international agency for the purpose of distributing grants. No new organization will be a truly international institution unless a sufficient number of countries is prepared to make effective and significant contributions to its operation. So far as we are aware, it would be extremely unlikely that countries which in the past have been capital exporting countries would now be in a position to export additional capital in any large volume. We all know that even in the case of subscription to the International Bank, most countries have found it impossible to permit any extensive use for lending purposes of that part of their contribution which has been made in national currencies. I should also like to remind the members of this committee of the very real difficulty that the Negotiating Committee, established by the last General Assembly, experienced in obtaining contributions for Korea and Palestine. In these circumstances, in my

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opinion, it would be quite unrealistic and impractical to assume that there would be a wide and substantial participation in any agency organized for the purpose of giving grant assistance. Without this wide and substantial participation, such an institution would not be truly international in character. This does not mean, obviously, that the possibility of obtaining grant assistance by underdeveloped areas is foreclosed. Grant assistance has been available for economic development over recent years, and the indications are that it will continue to be so. It is the considered view of my government that grant aid can be effectively made available in the foreseeable future without creating a new international agency. The experts appointed by the Secretary General also recommended that we explore the establishment of an international corporation to promote the financing of productive private enterprise in underdeveloped countries. The Economic and Social Council has requested the International Bank to examine this possibility. Such an analysis will be extremely useful. The United States delegation is of the opinion that the resolution of the Economic and Social Council in the financing of economic development is a reasonable and satisfactory response to the request of the General Assembly. We look forward with interest to the further reports which the Council will make to us.

Mr. Chairman, I have reviewed some of the many important things which have been going in the field of economic development. I have also tried to indicate some of the problems which we face today as well as some of the accomplishments we may look forward to in the future.

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I have tried to make clear our determination to help carry forward the fight against poverty, hunger, ignorance and disease as vigorously as possible in the face of present rearmament burdens and prospective difficulties. Unfortunately, what we can do is sharply limited by the cost of maintaining defenses to prevent aggression and war. If that cost could be reduced, if the burden of rearmament could be lessened, new energy and new resources would be liberated for greatly enlarged programs of reconstruction and development. If I may quote the words of the President of the United States:

If the rulers of the Soviet Union did not drown their words of peace with the drums of war; if their professions of peaceful intent were matched by deeds; the century in which we live could become the brightest man has known upon this Earth. For our part, if peace could be made sure, the American people would be glad to invest a part of the resources we must now allocate to defense to a large scale program of worldwide economic development. The benefits of such a program would be immeasurable; the cost a small part of what we must now pay to build our defenses at home and abroad. With such a program we could in cooperation with other people inaugurate the most hopeful and fruitful period of peaceful development the world has ever known. This was our vision six years ago when the War came to a close. Let us never forget it, and let us never give up our hope and our efforts to make this vision a reality.