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TRANSCRIPT OF RADIO TAPE OF SENATOR MIKE MANSFIELD

**Speech to the United Nations Committee on
Financing Economic Development of Underdeveloped
Countries, Paris
December 11, 1954**

I regret deeply that I am again compelled to answer groundless charges against my country, made yesterday by the distinguished delegate of the USSR. These charges are, as usual, founded upon upside down statistics and baseless assumptions. The delegate stated, or seemed to state as far as I could understand his speech, that the United States private, direct foreign investments are being increased at the rate of about one billion dollars a year. He seemed to imply that each such billion brings in an annual return of one billion, four-hundred million dollars. Of course, if such were the case, no one would ever have any trouble persuading private capital to invest abroad. The facts are that in 1948, the year so frequently quoted by the Soviet representative, our foreign, direct investments totaled about eleven billion, three-hundred million dollars. The return on this sum was about one billion and one-half or, roughly, fifteen per cent. Also, as I have already pointed out, fifty per cent of the profit on private, direct investments during recent years has been left in the country where they were earned and plowed back into their economy. The same delegate also spent one-half hour trying to show that United States business was collecting, "tribute" by charging higher prices to foreign buyers than they receive at home. Mr. Chairman, under our price control laws, the price for the foreign buyer is identical with the price charged to American consumers. If the prices which foreign consumers have to pay in their own country for American products are so far above our controlled export prices

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as to warrant complaint on their part, the blame must be put where it properly belongs. Responsibility clearly does not rest with the United States. As to his contention that we are taking advantage of the producers of raw materials by exacting relatively higher prices for our manufactured product, may I bring up to date, for his information, figures which are already available in the summary record of the Economic and Social Council. Using the year 1938 as a base, the International Monetary Fund in its October issue of International Finance and Statistics show that the price index of the United States exports of finished manufactures increased from 172 in June, 1950, to 203 in July, 1951, that is, by approximately eighteen per cent. In the same period, the price index of raw materials imported into the United States rose from 289 to 412, a rise of about forty-two per cent. I shall not take the time of this committee to answer the many other baseless charges made by the representative of the USSR. I hope I shall not be called upon again during this session of the Assembly to answer these type of charges from the delegates of Eastern Europe. This committee has work to do. We want to get on with it. We shall, accordingly, try not to take this committee's time in the future to answer groundless accusations unless we are forced to do so by further speeches of the kind we heard yesterday.

Now, Mr. Chairman, if I may, I would like to proceed with the matter before this committee. I think there is one thing on which every member of this committee is agreed, that is, the importance and urgency of getting on with the job of improving economic and social conditions in the underdeveloped countries. The issue concerning

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which there is a diversity of opinion is, how are the financial resources necessary for financial development to be obtained and made available. As several members of the committee have already pointed out, we have time and again agreed that the desired rate of economic development of the underdeveloped countries required an expansion in the international flow of public capital. No one can deny that the last few years have witnessed a considerable expansion in the flow of such funds to underdeveloped areas. I think it is unnecessary for me to repeat that the people of the United States fully appreciate the magnitude of the job that is to be done in the economic development of the underdeveloped countries. Despite the fact, the United States delegation cannot accept the contention that present measures in this field have been utterly inadequate. During the fiscal year ending June 30, as the President of the International Bank stated yesterday, the Bank made the largest number, as well as the largest amount, of loans for economic development since the beginning of its operation. He pointed out that, during the last three months, its lending operations have progressed at an even more rapid rate. At the same time, loans from the Export-Import Bank to underdeveloped areas have been steadily increased. The combined amount of dollar loans from the International Bank and the Export-Import Bank to countries in Latin America increased from 78 million dollars in 1948 to 206 million in 1949 and to 398 million in 1950. I have already mentioned the 400 million dollars which the United States Congress recently appropriated to support a program of economic and technical assistance in the Near East, Africa, Latin America, and Asia.

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These funds will provide increased amounts of public financial assistance to underdeveloped countries in these areas. Most of this assistance is to be on a grant basis. At present a personal representative of the President of the United States is en route to the Near East to begin negotiations with the government of that area, relative to projects which they may wish to have financed with these funds. Our discussions of the question of the adequacy of capital available for financing economic development has recently focused on the availability of capital for financing basic development, or, non self-liquidating projects. The opinion has been given that practically nothing was being done to assist the financing of such non-liquidating projects as "electric power, roads, and irrigation and drainage" Is it really true that practically nothing is being done in this field? It would take far too much of the committee's time to recite the whole list of loans that have been made for this type of project. As far back as three years ago, the International Bank extended its credit to Chile for electric power development. The bank has made a loan to Ethiopia for rehabilitation of the country's road system. It has extended credit to Iraq for a flood control project. The Export-Import Bank has extended a credit to Afghanistan for the construction of a dam and irrigation system. It has made loans to Ecuador for road and highway maintenance. It has given credit to Indonesia for an electrification program. Together these two institutions have so far made available a total of over one billion dollars for just these three categories of basic development projects, that is, for electric power, roads, and

irrigation and drainage. To argue that projects of this type are stagnating for want of financial assistance is to disregard what is being done; to imply that such projects cannot be carried forward on a substantial scale unless grant assistance is made available through an international agency is to overlook the facts as they are. In his statement yesterday the President of the International Bank referred to the importance of grant assistance for economic development. The United States delegation is the first to recognize that all underdeveloped countries are not in a position to finance basic development projects through loans. We have given recognition to that fact in our approval of resolution 368 on the Economic and Social Council. But, Mr. Chairman, I submit that the United States government is not simply resting on this approval of the Economic and Social Council's resolution. We have given concrete proof of our acceptance of this principle in the one-quarter billion dollars that we made available as grant assistance to underdeveloped areas during the twelve months ending June 30. We are doing it at the present time through the 400 million dollars that the United States Congress recently appropriated for this purpose. We have heard a lot about the external assistance that will be required to further economic development in the underdeveloped countries. References have been made to the figures contained in the report of the experts on measures for the economic development of underdeveloped countries. They have been cited as authoritative pronouncements of what is needed. Mr. Chairman, I want to refer to the summary record of the Sixth Session of the Economic Employment and Development Commission. Far from being accepted as authoritative

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the calculations of the experts were severely criticized, not only by other experts, but by representatives of government as well. These calculations were not acceptable as a realistic basis for action. In fact, they were characterized as representing a mere exercise in arithmetic. As one of the members of the Economic Employment and Development Commission pointed out, the experts, themselves, indicated the uselessness of the calculations when they came to making concrete proposals for action. First, they talked about fifteen billion of external capital annually. Then, they kept their hypothetical figure to one-third. Mr. Chairman, the issue before us is whether the United Nations should create either a new institution or a special fund for the purpose of financing economic development. Irrespective of anything that may have been said to the contrary, the fact is that the new combined resolution before us, in effect, calls for agreement at the Seventh Session of the General Assembly to take such action. To ask the Economic and Social Council to prepare a series of detailed recommendations on the composition and administration of such a fund and the collection of contributions means nothing less than committing the United Nations to enter upon such a venture. No matter what qualifying language as to "timeliness" or anything else be put into the resolution, that will be the understanding of the men and women of the underdeveloped countries. My government has made its position plain in this matter. I shall not again review the reasons why my delegation cannot at this time concur in any proposals to this effect. As a member of the Congress of the United States, I am positive that I am correctly reflecting the prevailing opinions in that body when

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I say that the United States is not prepared to commit itself to any such action, either now or in the near foreseeable future. Under existing circumstances, the fact is that a directive to the Economic and Social Council, even in the modified form contained in the new combined draft resolution, would mislead the people of the underdeveloped countries. As a distinguished representative from Greece has so capably pointed out in his statement to this committee, the whole operation would simply result in further discouragement of the people of the underdeveloped countries. For the United Nations to engage in laying out the blueprint and the principles of action, which cannot be given life under present conditions, would only give rise to expectations which have little chance of being realized. Mr. Chairman, we have been told that the action taken by the Economic and Social Council in response to Resolution 400 of the General Assembly has "provoked intense disillusion on the part of the underdeveloped countries." Mr. Chairman, we would be inviting much greater disillusionment if we embarked on the course set forth in the combined draft resolution. Worse still, it would constitute a grave setback to the cause of economic development and international cooperation. As to the concession that General Assembly Resolution 400 called for the elaboration by the Economic and Social Council of plans for a new international institution to provide grant capital, I must say that the United States delegation finds no such logic in this resolution. We do not agree that having accepted the principle contained in Resolution 400, we have also accepted this proposition. I agree,

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Mr. Chairman, that the Council was instructed to consider "practical methods, conditions, and policies," relating to the flow of foreign capital for economic development. The Council was not called upon to devise "novel" methods which have no relation to the practicability. Nothing would be more impractical than to embark upon the creation of a fund or an institution for financing development to which no major contributor is willing to make any commitment. In the opinion of the United States delegation the resolution of the Economic and Social Council on the financing of economic development is a reasonable and satisfactory response to the request of the General Assembly. We are prepared to approve the measures recommended by the Council; accordingly, we support the draft resolution tabled by Brazil and Greece. We cannot accept the contention that this draft resolution loses sight of "the main objectives pursued by the underdeveloped countries." On the contrary, it points the way in which we may continue to move forward until we can be relieved of the burden which the necessities of defense impose upon the free world. It points the way in which we can continue cooperatively to exert our maximum effort until world conditions make it possible to devote greater energy and greater resources to greatly enlarged programs of reconstruction and redevelopment. Mr. Chairman, I may have some comment at a later date on the resolution submitted by the distinguished representative of Ecuador. We are in sympathy with this resolution. I understand that six amendments are under consideration which will clarify it. In the meantime, Mr. Chairman, let us not forget that the Economic welfare and political security of all of the countries here represented is vitally related to the

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action of the United Nations and the General Assembly. It is important, therefore, that the resolutions of this body maintain the high standards of effectiveness which have, so far, characterized its action. We must not permit ourselves to impair this effectiveness by adopting a resolution which, as should be apparent to all of us, cannot bring about the desired results. Let us not deliberately deface the character of the United Nations.

Thank you, Mr. Chairman.