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For the Economic Implementation of the Monroe Doctrine

By George E. Quisenberry

June 11 • Speaking before the Foreign Traders Association of Philadelphia last Tuesday, the day after Italy announced its entry into the European maelstrom, Mr. Quisenberry, vice-president of Business Publishers International Corp., called for national action toward economic security for the Western Hemisphere. He delivered the same sentiments at the meeting of the Machinery-Metals Export Club, New York, on the following day, Wednesday.

THE United States is committed to military defense of the Western Hemisphere. That is our obligation under the Monroe Doctrine, a policy that has been reaffirmed by various declarations, statements and plans announced at Washington.

Therefore, accepting that the United States will not permit military occupation of any area in this Hemisphere, it is fitting that we consider the economic implementation of this military determination. If the Western Hemisphere is to be made secure against foreign armed invasion, it must also be made secure against economic invasion.

If Hitler Wins

Economic cooperation throughout the Western Hemisphere must be made secure by a breadth of conception, a grandeur of action and attainment such as we have not heretofore even dreamed. It is your job and mine, to organize it, to direct it, to carry it through to eventual success. If Hitler wins world domination, with world revolution throwing the raw material areas under direct or indirect goose-stepping control, we can expect economic warfare to blaze against the Americas. A possibility of eventual peace is that the world may, perhaps will, tighten itself into rigid spheres of economic power and determination. The British and French Empires may be one bloc, with control over Europe, the Near East, Africa and other sections. The Japanese may create a Far Eastern Empire. Russia may become another bloc. Each would be more or less self-contained.

In such event, the United States and the Western Hemisphere would be left as a final bloc. But the Western Hemisphere would remain a free territory only if we can protect it from armed invasion and if we can organize its economy.

I still hope that the Allies will win the war. I still hope that we may see, eventually, the renaissance of a liberal world, with cooperation and friendliness among the nations, in mutual self help to heal the scars of war, in reconstruction and upbuilding.

That, of course, is an idealistic expectation of the future. Today, threatened, uncertain, we can only be realistic, immediately practical. I do not believe you will disagree with my belief that we must proceed vigorously, energetically, to organize so that the Western Hemisphere may not be stranded, gasping away its economic life, now while war continues and then after peace.

Time Impels

In recent years we have bitten around the edges of the problem of closer economic cooperation north and south. We have made feeble gestures but they have been gestures only. Stark necessity faces us now; time is an impelling factor.

Necessitated are close cooperation, frank discussion; above all, clear comprehension of mutual obligation. Subterfuges and half-measures, grudgingly offered, will not suffice. Yankee imperialism, dollar diplomacy cannot be tolerated. Latin-America will not permit herself to be exploited and indeed should not be exploited as the raw material territories used to be exploited by selfish concessions squeezed out by hook or crook or military might. Fortunately, we have many examples of the most satisfactory, mutually beneficial American operations in Latin-America today, by individuals and corporations whose example is proof that fair dealing and amicable understanding are characteristic of United States and Latin-American relations. Do not be deceived by the defeatist cry that we are not "simpatico" throughout this Hemisphere. For every instance of dishonesty and dis-

like, I can tell you of a dozen, a score of examples to the contrary. And I might cite also the many, increasingly important agreements and arrangements that exist today between our government and those of Latin-America.

But let the nations of Latin-America ponder their fate if the Hemisphere fails in its task of forging economics and military security. The exploitation of Latin-America can be, may be, as ruthless, as desperate as is the exploitation today of Poland, of Czechoslovakia or of any other conquered territory. Remember, too, colonial exploitation of the early years of the 20th century. Compelling, inexorable reason, different than ever before in modern history, demands cooperation throughout the Hemisphere. Old concepts should be discarded, replaced by new orientations, different conditions.

From the United States, we have the obligation to build commerce as much as possible with Latin-America; first, because it is a protected area from which assured supplies of vital materials could be obtained; second, because it would throw a new and greatly stimulating stream of dollars into these areas. Heretofore we have opposed the alteration of normal trade channels, because such change would not mean any increase in world commerce, merely a diversion of its direction. Now conditions are different.

Organizing for Security

To organize economic security, trade channels can be shifted from far away sources of supplies to nearby countries and territories. Thus, we propose to change the commercial geography of the Hemisphere.

A first example is manganese. The largest supplier in recent years has been Russia, but we have been buying also from Cuba, Africa, India and other territories. Several sections of Latin-America do or can produce manganese, including Peru, Brazil, Chile, Mexico. Low-grade deposits exist in Costa Rica, perhaps elsewhere, which the mining people have never worked because non-American sources offered cheaper supplies.

Potentially, at least, Latin-America can provide all the manganese that we can consume, although it is extremely doubtful that those countries could do so today. I haven't the slightest idea what would be required, in money, brains, machinery, transport, to guarantee a protect supply for the long-time future. But, whatever may be necessary, in our urgency and because of our new orientation, let us provide it, not some time in the indefinite future, but today. Let us resurvey the mineral resources of all of these countries, in the light of changed conditions. We may even find that low-grade ore deposits can now be opened to guarantee us protected supplies.

Vital Supplies

By organizing the Western Hemisphere, we will obtain vital supplies. This buying will provide work and dollars for Latin-America, enlarging the mutual interchange of goods and services, turning faster the wheels of American factories, providing cargo for our fine new merchant marine. Where today Latin-America produces one ton or five tons, of a needed product, our joint effort should seek to produce ten tons, 20 tons, 100 tons. With some products, actual money expenditures may be small. But the total would be large and every penny, every additional pound of material, adds its bit to economic and defense security.

In non-ferrous minerals, possibilities are obvious. I am told that we now obtain some, but only a part, of our imports of chrome, manganese, tungsten, antimony, molybdenum from Latin-America. Mexico even provides a small supply of mercury. Mica is a product of Brazil and some of our industries are held up today because of slow deliveries from India. In some cases, quantities are almost infinitesimal, as of mercury. I am not a mining engineer and I cannot tell you if present supplies can be enlarged. But I can tell you that new conditions, new demands make imperative the attempt to enlarge them.

Of mineral requirements, tin is undoubtedly the most spectacular, as we consume 50 per cent of the world's output and it is one of the first strategic materials. Considerable tin is mined in Bolivia and recently supply sources have been found in the mountain areas of Argentina. Most people know that tin smelting is not carried on in the United States, although smelters were established during the last World War, only to be abandoned in peace.

Since last September two pilot, ex-

perimental tin smelters have been established near New York and from 200 to 300 tons of ore are being imported monthly from the Bolivian and Argentine fields for these operations. Obviously, this is the merest drop in the bucket. Part of our defense and economic plans might well be devoted to the assurance of a stable supply from Latin-America for smelting here, as much as the mining people can procure.

The position on crude rubber is difficult. This country requires from 40,000 to 50,000 tons monthly and only the smallest fraction of that amount is available from Latin-America. It is true that a few thousand tons of "wild rubber" have been bartered from Brazil to Germany, all of which should now be sold here, together with every additional pound that can be brought out from the Amazon jungles. But to increase the wild rubber supply is slow, difficult. Plantation cultivations are few, two American companies having plantings in Brazil, Panama and Costa Rica, from none of which commercial supplies are yet obtainable. Several sections of Latin-America are potential, in climate and character of topography, for rubber growing, including Brazil and the general area of the Panama Canal. The rubber leaf disease is more or less prevalent throughout the Hemisphere but, apparently, progress is being made in developing varieties of rubber resistant to its ravages.

Labor Shortage

Labor shortage is another factor, extremely difficult in Brazil, less so in the Canal area. An interesting possibility is that considerable acreage of land formerly used for banana planting, but now abandoned, is available for rubber plantations in the Canal area. One small rubber plantation on former banana land was started recently in Costa Rica.

Rubber development in Latin-America will take many years and, important as it may be for the long-swing future, is not an immediate hope. In the unexpected event that we should be forced to take over more of the West Indies sugar islands, their excess labor supply or some of the unemployed in Puerto Rico and the Virgin Islands might be shifted to the mainland for rubber growing or other important production.

You will recall that we obtained all labor necessary for building the Panama Canal from the adjacent islands. That procedure might be repeated again. Mass movement of Europe's peoples is under way, has attained

huge proportions. Movement of people in the Western Hemisphere is not an impossibility, although, obviously, mass migration could not be forced here by government decree and dictator control, but rather by the natural processes of economic betterment.

Much thought has been accorded the idea of refugee settlements and an interesting experiment with refugees settlement is under way in the Dominican Republic. Perhaps, in the stress of new labor demands and the creation of new or expanded production, immigration laws of some countries may require change. Such prospect has the decided danger that it might permit fifth column integration leading to revolutionary overthrow. Puppet governments, ruled by non-American ideologies or thinly-disguised as Trojan horses for non-American dictators, cannot be tolerated in the Western Hemisphere. Economic security is the best protection against them.

Revolutionary Times

Some of the suggestions in this discussion seem revolutionary. But these are revolutionary times. Latin-America has every sort of terrain, climate and conditions. Probably every tropical product that we now import can be grown in Latin-America. Some things are now produced there of which we import considerable quantities from other areas.

We can take more cocoa from Latin-America, less from Africa. Our textile mills could use larger percentages of Argentine-Uruguayan wools, if we but organize for that purpose and consider it a necessity in behalf of Hemisphere solidarity.

Peru produced a certain amount of long-staple cotton, of a type that we import from other sources. Peru heretofore has depended upon England or Japan to buy her cotton. Why not ship it here? I put this question to a banker not long ago. He said that the amount is small and that such shift would not greatly change Peru's overall financial picture. My reply was that we should consciously seek to give Peru every possible penny. Many things can be bought from Latin-America in small quantity today, but if Latin America produces them in ascending quantity and grade, the economic outlook will steadily improve.

Many things must be investigated. Some will turn out successfully; some will fizzle. We will find the good ones only if we start the search. Take coffee, of which today there is huge excess and of which Brazil is destroying hundreds of thousands of bags

because of market failure. A few days ago Brazil announced that a method had finally been developed to make plastics out of coffee beans. I can't tell you whether coffee plastics have any value nor do I suggest that here is the coffee solution. But some of our great industries should investigate, putting their research and production engineers on the job. Let's find out.

Unfortunately, we have let all such things slide along, since there has been little pressure of development, in Latin-America as well as here. I am sorry to say that Latin-America has exhibited little of the entrepreneur spirit. I should like to see Latin-American business men, planters and miners participate more and more in the search for these suggested new economic ties. I should like to see Latin-American governments participate more whole-heartedly in this high task, particularly to offer greater guarantees of stability for investment, wiping out the fear of confiscation that has grown like a cancer, deadening to development.

I do not ask guarantee against confiscation or exploitation concessions of the old speculator type, which were expected to return principal investments in a few months or years and thereafter to pay exorbitant dividends. Rather would I like to see if it is possible for mutual investment, requiring both United States funds and local capital, with joint ownership and operation. That is, we would have Brazilian-American, Peruvian-American, Colombian-American corporations, American dollars paying for equipment and imported materials, local money paying for local material and labor. Such partnership would have, must have, mutual trust, a solid base for understanding and benefit.

Let us search every nook and cranny of Latin-America, planning boldly for the long time future. New and added transport will be required, highways and railways opening up many areas for adequate production. Already a few of our government agricultural and engineering experts have been lent to Latin-America, for study, consultation, help. They should go forth now in increasing flood, not to exploit, rather to build. Perhaps the experts can suggest alternate crops for Brazil's coffee, cotton lands; a thousand places are available for them to work. Private industry should send its engineers, its scouts, its workers, for their own protection; if for no

other reason, for patriotism and defense. Our technical aid and advice should be available, without let or hindrance, to every country of Latin-America. I might tell you that I know of one important American company whose board of directors is this week working on a budget of \$100,000 for new, expanded Latin-American development.

I can tell you one thrilling story of trade development. Today, three products, almost unknown a few years ago to our mutual commerce with Brazil, now bring to Brazil nearly 10 per cent of that country's annual need for dollar exchange to pay for American imports. These products, mark them well, are castor beans, citicica oil, carnauba wax. Two of them make quick drying solvents for paints, the third makes automobile and furniture polish. Their value to Brazil last year was \$8,500,000; their ultimate value has only the limitation of production possibilities.

By referring to statistics, I find that we do not import copra, cocoanut oil or palm oil from any part of Latin-America, although our total imports of these things run into the millions. It is not impossible for Latin-America to supply us with jute, sisal, kapok, hemp, furs and hides, cabinet woods, ipecac, vanilla beans, even spices and pepper. Quinine was discovered in Latin-America, yet practically none comes from there now. The field of drugs and herbs is almost unlimited. Required, however, is an entrepreneur, either there or here. Capital for worth-while projects, I am sure, can be obtained. Lacking, primarily, has been initiative here, initiative there the potential is huge.

Politicians, both here and in Latin-America, have done many foolish and indefensible things to discourage accord and cooperation. We have no time for recrimination. Time remains only to repair the broken fences, to undo the damage. Here, at home, I suggest that we brush aside the pressure groups that, for example, have prevented accord with Argentina on canned meats; that have prevented the importation of needed edible oils from Brazil; that have refused realistic necessary tariff reductions on wool or that have kept us from extending by as much as a day the off-season period in which fresh vegetables or fruits could be imported from Latin-America. National requirements demand that we over-ride the pressure groups.

As a simple gesture of friendship, the Senate should at once adopt the Argentine Sanitary Convention. That

would be an act of justice to Argentina's legitimate trade aspirations long overdue and to which our delay has given psychological importance far beyond its worth. Do not misunderstand. The Argentine Sanitary Convention does not alter our rigid quarantine against meat from diseased cattle. Our cattle and meat people will continue to be adequately safeguarded. Adoption merely would remove a stigma that one of our thoughtless laws has placed, unfairly and unjustly, on all Argentine meat.

If thoughtlessness, selfishness and pressure politics have been exhibited here against Latin-America, so, too, have there been thoughtlessness and selfishness there. Argentine officialdom, at times, has seemed far more interested in "twisting the eagle's tail" than in achieving amity with us. We must ask, therefore, that Argentina begin to accord us full official friendship in all matters in the belief that hereafter by trust and understanding, all joint problems can be overcome. Argentina is not alone. Other countries of Latin-America may need at once to revise hampering policies, dangerous laws.

The first fruit of trust and friendship with Argentina should be agreement on corn and wheat surpluses. Argentina today has a grievous oversupply of corn, impossible to sell while Europe remains locked in war. We, too, have too much corn and today our two great countries are competing, tooth and nail, for the corn markets still remaining. Argentina even wants to barter 3,000,000 tons of corn for British coal, offering an exchange at the rate of 1½ tons of corn for one ton of coal, laid down at Buenos Aires, the British to provide all shipping. But here is the pay-off. Argentina can't make the deal with England because American corn, with export bounty, is offered on better terms. Smoke that one in your pipe.

You and I and all the world know that today there is no such thing as surplus of any essential food product, particularly corn, wheat, meat. True, we have shortage of transport and of consumers. Yet millions upon millions of men, women and children in Europe are near starvation. With short crops on the Continent last year and because of destruction and blockade, if the war continues more than a few weeks, Europe faces shortened rations, perhaps mass starvation. Under such conditions there can be no question of ultimate necessity for all the

food in the world today. Why, therefore, cannot two new friends, Argentine and the United States, agree to put the so-called corn surplus into reserves, holding all stocks for the time when the dam breaks and the starving millions of Europe cry out for food? If finance is needed, particularly to aid the grower, Fort Knox holds the answer. It is humanitarian, if you please, but surely no more than a drop in the financial bucket.

In the short space of this talk, I have been able merely to broach a great subject, one that, in breadth, in scope, in significance for the future, can claim our best thinking, our most

energetic action. Many corollary things have not even been touched. I have not mentioned currency stabilization or the maintenance of financial equilibrium throughout the Hemisphere. These cannot be delayed, either through the Export-Import Bank, the RFC or the projected Inter-American Bank. Likewise must follow the reduction of trade barriers, the completion of new conventions, the growth to full bloom of trust and friendship throughout the Hemisphere.

I would not, indeed, could not, have spoken in the manner of this discussion before Hitler's total war blazed out in all its fury, destruction and

death, to give proof that not Europe alone, but the whole world, is threatened with savage domination. You would not have listened then; nor would our own people and those of Latin America. But the implication now is clear; alongside of military defense must be economic defense.

Our high purpose is to safeguard our freedom of life, to achieve a better life throughout the Western Hemisphere, to keep its course straight, its direction true through whatever eventualities are to come. If we organize well, the Western Hemisphere need have no fear. Its way of living will be secure.



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