

ADDRESS GIVEN BY MR. WM. McC. MARTIN, JR. AT THE ANNUAL MEETING OF THE  
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THE EXPORT-IMPORT BANK AND THE MARSHALL PLAN

I would like to read a few brief comments from an issue of Harpers Weekly more than 90 years ago, October 10, 1857 or, to put it another way, some thirty odd years before Oklahoma City was founded:

"It is a gloomy moment in history. Not for many years -- not in the lifetime of most men who read this paper -- has there been so much grave and deep apprehension; never has the future seemed so incalculable as at this time -- In France the political cauldron seethes with uncertainty. Russia hangs, as usual, like a cloud, dark and silent, upon the horizon of Europe; while all the energies, resources and influences of the British Empire are sorely tried, and are yet to be tried more sorely."

There is no member of this audience, I am sure, who would be surprised if he were to pick up tomorrow morning's issue of the DAILY OKLAHOMAN and read an editorial along similar lines. When World War II ended in 1945, it was apparent to all of us that Europe was on the brink of disaster, and that if a lasting peace were to be attained, the United States must assume a more influential role than it had ever assumed before in the affairs of the world. And despite the difficulties which confront us and the failures to date, the security and prosperity of everyone of us depends upon our continued application to this problem.

I want to talk to you very informally about the Export-Import Bank and the Marshall Plan. The Export-Import Bank was set up in 1934 to fill a need which resulted from inadequate private capital facilities for financing trade between the United States and foreign countries. It brought together in one central place in the United States Government the three elements

essential to successful foreign lending - the economic, the financial, and the political factors. It operated on a modest scale in the succeeding years, financing principally short and medium term credits for specific commodities or industrial projects which private capital would not or could not undertake. Then in 1939, when World War II was on the horizon, its lending authority was increased and it undertook some government-to-government loans principally in Latin America to assist the United States in obtaining strategic raw materials and furthering other developments deemed vital to hemispheric security. By the time 1945 rolled around, it had virtually exhausted its statutory lending authority of \$700 million, but had acquired a wealth of experience in the foreign lending field.

When the Bretton Woods meeting was held in 1944, it was recognized that private capital would not be available in sufficient amount to meet the capital deficit resulting from the war's destruction. So the Export-Import Bank was deemed an appropriate vehicle to bridge the gap between the time when lend-lease would end and the period when the International Bank for Reconstruction and Development and its sister institution, the International Monetary Fund, would have had a chance to organize and undertake the twin necessities of physical and financial reconstruction.

The Export-Import Bank Act of 1945 and the legislative history surrounding it, authorized the Bank to meet this need and its lending authority was increased to \$3,500,000,000 specifically for this purpose. The administration was placed in the hands of a five-man bipartisan Board of Directors.

It became an independent agency of the Government and consonance with the foreign policy of the United States was assured not only by having the Secretary of State, ex officio, a member of the Board, but also through a National Advisory Council set up under the Bretton Woods Agreements Act, chairmanned by the Secretary of the Treasury and in which the Bank participates through the membership of its Chairman.

In the period from September, 1945, until the latter part of 1947, the Bank authorized long-term credits aggregating roughly \$2 billion to the Governments of France, Belgium, the Netherlands, Greece, Poland, Norway, Denmark, Finland, and Italy.

At the same time the United States through the United Nations Relief and Rehabilitation Administration, through military and relief expenditures in occupied and liberated areas, through the British Loan, through the Foreign Liquidation Commission and other agencies, made available to foreign countries more than \$10 billion in loans and more than \$5 billion in relief. In view of this staggering total and the many references made by critics of our efforts that "it is money down a rat hole", I think all of us need to keep the true picture clearly in mind. To be sure not all of the money has been expended wisely, but in my judgment it is not a confession of failure to admit that the reconstruction and rehabilitation undertaking has turned out to be much larger than many of us anticipated.

No one could have foreseen that the particularly rigorous winters of 1945 and 1946 would be followed by the severest drought in the last century of European history. Unless one travels around in Europe, it is impossible to evaluate in any true sense the catastrophe this has been in

terms of agricultural production. Again, no fair-minded individual will blame Europe for the vacuum created in its very heart by the total collapse of the German economy and the to-date abortive efforts of the victors to agree on basic policy with respect thereto. This is highlighted in the efforts toward recovery of a country like the Netherlands where, despite Herculean efforts, they are caught between the upper and the nether millstones of Germany on the one side and warfare in the Dutch East Indies on the other. Furthermore, Europe has been confronted with the tightening noose of Russian aggression as ruthless and as vindictive in its way, if not more so, than any of Hitler's efforts.

To live and work under such a shadow is, at best, enervating and disheartening, and yet, with all this, Europe is in the position where, with a little bit of assistance from the United States, it may be possible for it to get back on its feet and once again support itself.

Furthermore, let me draw for you a basic distinction between the situation as it existed at the end of 1945 and in the early months of 1946 as contrasted with the problem faced today. When the Export-Import Bank undertook its present lending program, the problem was relatively simple. We could readily identify railroads, mines, ports, factories, hospitals and homes that had been destroyed and, without worrying too much about the immediate balance of payments position of the countries involved, we knew that before anything could be done, physical reconstruction was necessary. When one considers the tragic amount of destruction, physical and psychological, resulting from five years of almost continuous warfare,

the record of recovery in the last two years is truly amazing and, with full recognition of the many mistakes that have been made, no honest observer can fail to be impressed with the physical progress made.

It is no longer physical reconstruction, but now primarily, in my opinion, financial and monetary reconstruction and the political will to go forward that are required. No amount of political action will serve to feed a hungry worker, and no measures can be taken by any government which will fill basic deficits in fuel and raw materials. These needs must be met by the United States and if they are not met by the United States, there is little doubt but that the European economic structure will slowly disintegrate and gradually be taken over as a part of the Russian orbit. In other words, the economic struggle which is going on is in reality a last desperate effort to prevent the lights of freedom from going out on a tired and struggling mass of 270 million human beings, and this at a time when proper use of additional U. S. assistance might make these nations self-supporting within the framework of their own economies.

Many of you may think that the effort is not worthwhile and that we are doomed to failure in advance. I insist that such an attitude is a case of putting your head in the sand like an ostrich and hoping the storm will pass by. The man or the woman who honestly believes that it is any longer possible in our world to retire to the Mississippi River and be unaffected by the storm gathering in the East is due for as rude an awakening as those of us who sat by and watched the minions of Hitlerians gather strength for the plunge that very nearly laid us low.

The Marshall Plan, in my judgment, offers you the only worthwhile opportunity to preserve United States security and prosperity.

It is not possible in the light of current conditions to forecast success without reservations. It is no longer one world but definitely two. The amount of money is insignificant because it is our very way of life and not only our trade that is at stake. In 1857 it was not imperative for U. S. citizens to take an active part in solving the European problem but today it certainly is.