December 5, 1949

MEMORANDUM FOR MR. FISHER

SUBJECT: Overseas Investment in Point IV

I gather that the State Department has not given much time to the expansion of overseas investment under the Point IV program, and in fact, is deferring it as a major effort, because they are now in the process of undertaking a gigantic drive to increase imports into this country. Apparently, the policy decision has been made to launch a tremendous drive of publicity, speeches and activity on the Hill in the direction of increasing imports. This goes beyond the program for reducing tariffs and removing customs barriers, etc. The Department realizes that this is a tremendous undertaking and means virtually a shift in American thinking about foreign trade.

Underlying the role of foreign investment also rests on the difficulties encountered or anticipated in this field, and the further belief that technical assistance is in many areas a necessary first step before such investment can be undertaken.

I believe that these currents in State Department thinking account for the comparatively negligible role which overseas investment currently has in their Point IV planning.

This comparative neglect of the investment feature of Point IV seems to me a mistake for several reasons. While we can be most sympathetic toward the efforts to increase imports, it is certain to be a slow and laborious process, and quite unlikely to close the dollar gap in the foreseeable future. Secondly, an increase in investments is also a slow process and requires a great deal of advertising and prodding before good investments can be made. The danger is that we will coast into 1943 and later not only without any appreciable increase in overseas investment, but also without the mechanism and preliminary groundwork necessary for such an increase. We should certainly ask, for example, for an increase in the Ex-Im Bank's authorization for the fiscal year '43. Unless the Ex-Im Bank does more foreign lending than it has done or is now doing, we will not be in a position to justify such a request with the emphasis that is required.
As a last consideration, it is only through some
outstanding examples of what can be done in for
m countries through
the export of American public and private capital that we can
dramatize the role and effect of the Point IV concept. By 1964 or
1964 at the latest, we ought to have a couple of outstanding
examples of resource development in under-developed countries
which are directly attributable to the Point IV program. The
value of such show pieces as the practical and propaganda aspects
of the Cold War would be tremendous. The difficulty with our
present position is that we appear to be waiting for these show
pieces to happen, instead of pushing forward aggressively to
create them. I discussed these matters with Dallas Fort of the
State Department.

DAVID D. LLOYD

COPIES To: Mr. Murphy
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