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Digitized: February 26, 2014

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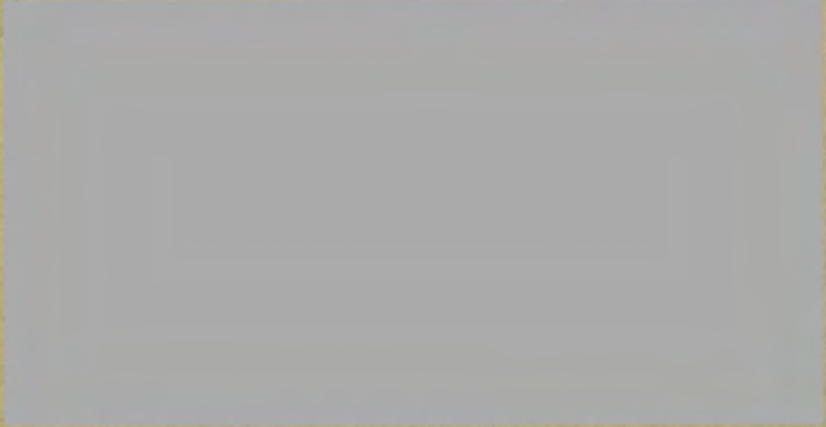


THE WORLD BANK
Washington, D.C.

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SALAZAR

CAREER OPPORTUNITIES FOR UNIVERSITY GRADUATES IN LATIN AMERICA

An Address by Dr. Javier Salazar, Alternate
Executive Director of the International Bank
for Reconstruction and Development, to the
Delta Sigma Pi Fraternity of Georgetown
University, December 11, 1949

I feel deeply honored to have been asked to speak to you on career opportunities for university graduates in Latin America. It is always a pleasure for me, a citizen of Peru, to talk to students on the great work that remains to be done in all of Latin America, and to call to their attention the important part they can play in it.

Much of my talk will be concerned with conditions in Peru, with which I am most familiar, but what is said can be applied to practically all of the countries in South and Central America to a greater or lesser degree. In addition, I shall dwell on the activities of the International Bank for Reconstruction and Development, or the World Bank, of which I am an alternate Executive Director. Through my work with the International Bank, I have learned that the acute shortage of technical and managerial talent, so acutely felt in my own country, is a problem common to all countries having a Latin culture in the Western Hemisphere. It is also this general problem which has given the importation and training of specialists in all the professional and business fields, a high priority in plans for economic development and for raising the standards of living of the peoples of the area.

To the Bank has been assigned the task of assisting its 48 member countries in financing the reconstruction and development of their economies. This it does through direct loans, of which about \$750 million are now outstanding, or through participation in and guarantee of loans by others. I should like to emphasize that the Bank is not a relief organization; it is an international credit bank interested in making only productive loans to aid the economic development of its membership, and it expects repayment on its commitments.

The Bank's first loans, which were made in 1947, were primarily for reconstruction purposes in Europe. The urgent need for reconstruction loans has diminished in the last two years, however, due to operation of the Marshall Plan and to the efforts of

the European countries themselves. Consequently, the Bank has turned more and more to the job of aiding the development of the productive resources of the lesser developed countries of the world. The extent of development needed is almost beyond calculation; and the task will extend over a period measured in decades rather than in years. One of the principal areas for development is Latin America, with its vast untapped resources and millions of people who are clamoring for a better standard of living.

All of the countries of Latin America, with the exception of the Argentine, are members of the World Bank and look to it for guidance and financial aid in the long process of achieving economic development in the years ahead. Since the spring of 1947, it has made six loans in Latin America amounting to \$130 million, and several others under consideration should soon appear on its books. All of these loans are concerned with such basic development projects as expansion of electric power facilities and mechanization of agriculture. Despite the fact that the Bank is limited only to productive loans of this type, its Latin American activities have been on a relatively small scale when compared to the enormous prospects for loans in the area.

On first glance it might appear that the Bank has been over-cautious, or that it lacked the financial resources to make more loans. Neither of these conclusions would be correct, however, as the Bank stands ready to make loans whenever a well planned development project, with reasonable prospects for repayment, is presented to it for consideration. Some of the difficulty lies with the member countries themselves who often are not certain of what their vital development needs are and find it difficult to draw up a sound and detailed plan to assist them. Economic development is not a matter of dollars and cents alone, as was thought in the past. Money is important, but the ability to plan and lead the way to a higher economic plane is of equal or greater importance.

It has become increasingly clear to all thoughtful observers that a comprehensive program of financial assistance to under-developed countries would be fruitless unless a corollary program of technical aid is developed along with it. Recognition of this need motivated President Truman to call for his "Point IV" program of technical assistance and had spurred action on similar lines by some under-developed countries. In this connection the World Bank, prior to Point IV, adopted the practice of sending out "field

missions" staffed by experts to examine all of the factors which might affect a prospective loan. These groups, whose personnel is drawn from the Bank's own staff and from outside sources, don't make a survey of the project to be financed and then pack their bags and go home. They realize that a project, no matter how sound it may appear on the surface, is affected by the entire economic and financial condition of the borrower, and that construction and operation of the project produces its own widespread effect. As a result, in addition to make^{ing} a technical study of the project, the mission looks into a host of other items which may include the following:

The general economic and financial condition of the borrower; Administrative and fiscal practices and policies of the Government and their effect on the economy. The position of the project in the economy and its influence on the economies of neighboring countries. The ability of the borrower to earn foreign exchange to repay the loan. The availability of local capital to meet local currency costs of the project. Sources of raw materials, labor and of technical and management personnel to run the project. The market for what the project will produce and a host of other factors are studied, as well.

Consequently, a field mission may be staffed by experts on economics, finance, all types of engineering, markets, government, health, transport, production or any specialized field that can be named. These requirements apply not only to the World Bank, but to any group that is interested in development planning and work. The men required must be of high quality. They must be more than gatherers of knowledge, in that it is essential for them to be able to correlate information to the specific task on hand and to make sound judgements and sound suggestions concerning what should be done.

The very success of the Bank's field missions highlights the need for more work along the same lines. Their reports are useful in making loans, but they are also eagerly sought by under-developed countries as blue-prints for planning the future. We are receiving an increasing number of requests for these services from countries which are not primarily interested in a loan, but want a survey of their development needs and of how they can be satisfied. Recently, a Bank mission headed by Dr. Lauchlin Currie, the eminent economist, made an overall survey of Colombia to determine that country's

general economic requirements and potentialities and to formulate plans for developing them.

What the Bank has done and what it will do in the future is important, but literally it can only scratch the surface of world economic development. It cannot possibly meet more than a fraction of the enormous demand for expert advice and financial assistance. This will have to be done over a long period of years by such agencies as those envisioned under Point IV and through the efforts of private industry, which is becoming increasingly aware of the potentialities inherent in sound development. It does not matter who does the job, so long as it is done, and done well.

It is my belief that the future will be marked by a great effort toward economic development, which will be sponsored by both private and governmental interests. Certainly, if we are to deal successfully with social and political unrest in this postwar world, programs of this type must materialize. They will be of great importance to you, who are planning on careers in foreign lands or with companies doing business abroad. A whole army of highly trained men with special knowledge and aptitudes will be needed to work out the programs and manage them successfully. This need is behind the programs of educational co-operation, scholarships and student exchanges established by the United States, which has received warm support in Latin America; it is also the prime motive which has spurred the growing foreign training programs organized by almost all underdeveloped countries in the Western Hemisphere.

To bring a development program to a satisfactory conclusion is the most complex task that I know of. Professional capacity on the part of its personnel is essential, but it is not enough. Throughout your career, if you decide to enter this field, you must deal with all types of peoples. You must develop an understanding and appreciation of their feelings and aspirations in working with them, and view them with sympathy and goodwill.

To describe for you the countless business opportunities for university men of initiative and intelligence in Latin America would be impossible. Thus I shall

confine myself to a discussion of the best chances that are offered, with an occasional reference to specific cases.

As you know, the economy of Latin America differs substantially from that of the United States. Here you live in what is an almost completely self-sufficient society; you produce almost everything you need, and depend on imports and exports to an insignificant degree. Foreign trade represents less than 5% of your total trade. In Latin America, on the other hand, foreign trade constitutes the backbone of the economy. Our countries export a great part of their production in the form of raw materials such as coffee, leather, cotton, oil, copper, silver, lead, tin and foods. They also import a great part of their necessities as well. There exists no country in Latin America where foreign trade represents less than 25% of its total business, and there are several of them in which the percentage goes above 40%.

If you examine the statistics of imports into Latin America, you will find that in addition to equipment for existing industries, they import a great variety of small articles for use and consumption. The latter include paper products such as drinking cups, paper plates, containers and stationery; metal articles such as hardware, razor blades, pens and clips; decorative items such as lamps, picture frames and costume jewelry; and games such as playing cards, jigsaw puzzles and all types of toys. These items may not appear important to you, but there is an enormous demand for them. Their manufacture and distribution in Latin America would require only a small outlay of capital along with simple initiative and "know-how", and those possessing these attributes could readily start a profitable business in production of any of them.

In addition there are many small businesses springing up in Latin America along these lines, with the capital supplied by local citizens and the technical skills by foreign engineers or specialists. In most instances these enterprises are in the form of partnerships. However you enter business, you will find excellent markets and that competition is nil, particularly since many of the articles mentioned are considered unessential and are subject to import restrictions.

In my country alone, I could cite hundreds of cases of foreigners who have made fortunes by establishing themselves in small enterprises. For example, shortly before the last war a foreigner set up a small plant for production of ribbons, which now provides 95% of total consumption, and has made its owner several million soles in the process. Another foreigner founded a small business to manufacture bronze lamps and became a millionaire, while still another has practically a monopoly on the manufacture of metal windows and rollable doors. A Yugoslav client of my law office became wealthy in three years on an initial capital of less than \$1,000, by manufacturing charcoal irons.

The whole afternoon could be spent in giving examples of this type. I shall say instead that what these people have done some of you can do. You will find that all the governments warmly welcome businessmen or specialists seeking opportunities to organize small enterprises. Special privileges and facilities are extended by the governments to smooth importation of the equipment necessary, which consideration is given in recognition of the vital contribution small industries can make toward alleviating the acute foreign exchange problems of Latin America.

It is apparent that the man who desires to be his own boss and work independently will find great opportunities in Latin America; and I should advise that all of you study the import statistics on these countries to find where the best possibilities lie.

There are also excellent jobs for those who prefer to work for United States concerns. These are very active in mining; oil drilling and exploration; air, sea and rail transport; and in commerce and distribution of merchandise. Most of them employ a large number of their own nationals, as well as citizens of the countries in which they operate. Additional opportunities exist, at least in Peru, for employment by large domestic firms, which are hiring specialists from the United States on an increasing scale at good salaries and often with a share in the profits.

It is interesting to note that several large companies whose home offices are in the United States began in a very modest way in Latin America. An interesting case

is W.R. Grace & Co., which owns and operates banks, air lines, shipping concerns, sugar plantations, and cotton, paper and alcohol factories located in all parts of this continent. This vast corporation, only a few decades ago, started in Callao, Peru, as a small intercoastal shipping and stevedoring company. There are still large fields in Latin America, which remain unexplored and which offer possibilities for the founding of what might be termed "big businesses." This is especially true in the case of chain stores and other retail distribution organizations.

Many more opportunities are open to you in the lands to the south than those I have discussed. Practically all of the liberal and specialized professions are urgently in need of recruits in such fields as medicine, engineering, aviation, accounting, business consultation and in teaching both in the universities and technical institutes.

I should like to close my talk by stating again that you will receive a warm and gracious welcome in Latin America. These countries already have invited many technicians and businessmen in the United States to come and work there. This invitation is a general one to all who have something to contribute toward a better economy and a better way of life, and I hope that many of you here today will accept it.