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## THE FINANCING OF CATHOLIC MIGRATION ACTIVITIES

Consideration on the feasibility of creating an international fund to financxz migration

by Dr. Carlo Tomazzoli (Italy)

In a report to the International Catholic Migration Congress at Breda in 1954, Dr. Walter Gase, chairman of the sixth working group, declared "Financial problems are increasingly becoming the fundamental difficulty in international migration".

"It can safely be said," he added, "that <sup>to</sup> the volume of emigration will depend on the extent which the financial problems are solved."

Now, three years later, the elements the problem are the same.

This is emphasized by the fact that, just as at Breda, this Third Congress has deemed it useful for one of the working groups to concern it self with problems of financing migration and that the topic which I have been charged to deal with is this: How can Catholic migration activities be financed?"

There is no longer any doubt about the need for some kind of Catholic financing. Yet, though the



problems is recognized, the best ways and means of solving it remain to be found, and it is that I appeal to the earnest effort and the practical sense of the participants in this Congress.

It is important above all to evaluate objectively and realistically the migration phenomenon, which, still in the active stages three years after the Breda meeting, retains its elementary importance for a society which wishes to provide its members with work and well-being.

It must be acknowledged that, thanks to Western solidarity, the huge task of solving the problems of the surplus populations in the post-war period, and before that the heart-rending problem of the refugees, has been met. Within the space of a few years, certain countries like Germany managed to quit the ranks of the emigration countries.

Yet, while it is incumbent on countries racked by unemployment to carry through programs for increasing productivity and use on their own territory the potential wealth of the inactive manpower, it is



nonetheless true that today, and certainly for some years to come, it will be necessary to have recourse to emigration as a "safety valve."

So there is still a great deal to be done. And even though, thanks to the recent agreements aimed at establishing a better economic equilibrium in Europe, we are now within sight of our goal, it is probable that for certain countries and at certain times - especially when the European market starts to become a reality - this transition is going to entail great and multiple difficulties.

This is why it is fitting that those elements in the Catholic world which are most interested in migration should pursue their studies and their work, in the light of the Holy Father's teachings. Moreover, they should look for new answers to their problems and should rally their forces so as to be able to cope with the financial problems posed by the growing migration movements.

#### PAST ACTIVITY

Before entering into the heart of our subject and bringing some proposals to your attention, it



would seem wise to review the steps taken up to now in the matter of financial assistance by the International Catholic Migration Commission and the different national organizations.

As we know, the most appreciable results have been obtained in financing of emigrants' voyages and in setting up programs of great human, moral and social value, such as that for reuniting the families of emigrant workers.

Thanks to the International Catholic Migration Loan Fund, established in 1952, hundreds of workers and their families have been afforded the means necessary to find new employment opportunities and to reestablish the unity of the family disrupted by necessary emigration.

The activities of the Fund are indeed praiseworthy.

First of all, it has helped to establish a network of relations between the parishes and the center, as also between the center and the Catholic agencies of the immigration countries. Moreover, the Fund has done and continues to do much for the morale of emigrants; it is the proof that Catholics responsible for emigration feel, and within certain limits act upon, the necessity to complement their normal activity



(seeking work apenings, helping obtain contracts and visas, etc) by concrete assistance of a financial charater.

It must be acknowledged, however, that the present loan fund is at grips with formidable technical and organizational difficulties. The moment has perhaps come when we must think of transforming it into a more flexible instrument, better adapted to realities and with more extended prerogatives, not confined as at present to granting loans for the payment of passage.

If we want to ask for real efforts on the part of the Catholic world - as it seems to me we should in order to help Catholic emigrants by means of a program larger in scope, then we can hardly rest complacent about what has been achieved up to now in certain limited directions. In my opinion, we must consider other types of help which would absort the existing sources of credit and would perhaps create new sources of funds.

We must also take into account the fact that loans for the payment of passage are granted not only by the Intergovernmental Committee for European Migration, the largest organ concerned with migratory movements, but also by governments and specialized



credit institutions.

Nor must we forget that the fund is beset by formidable financial difficulties, not only because it is short of funds, but also because of the unfavorable psychological repercussions which almost inevitably follow efforts to recover the sums advanced.

While the loan fund should continue its present work, we can do more and better work to boost Catholic emigration, provided Catholics will afford tangible proof of their solidarity for their brothers forced to find work in far-away lands, and provided an effective instrument can be created.

In any case, the problem lies less in creating and developing an organization endowed with its own financial means and an autonomous structure than in assuring that all the financial resources interested in the development of Catholic migrations should be assembled for this purpose.

Besides the organs of an international character, there are not lacking, in countries of emigration like Italy, nor in the countries of immigration, specialized credit institutions or, again, credit services which function in connection with the ordinary banking system where it is possible, at least in



theory, to obtain the financial resources necessary for many measures designed to promote and develop emigration. But theory is one thing and practice another.

The emigrant does not have access to existing loan and credit facilities, for he cannot offer sufficient guarantees of repayment of the furnished sums, nor can he cover the exchange risks.

However, if a Catholic organization working along with the credit institutions interested in emigration disposed of a fund sufficient to cover the possible defaults of emigrant workers, then I think that the whole question of credit circulation would be both safer and easier. Great financial resources, still unused, could be mobilized in behalf of these emigrants who are not in a position to offer the guarantees required by banks.

While respecting sound credit principles and rigorously observing any statutory limitations, a number of organs and specialized institutions could thus contribute a great deal more to financing emigration than they have been able to do so far.

I shall name only a few of these credit institutions



which, in reality, are waiting only for more favorable general and technical conditions before developing to the maximum their possibilities: from the "Council of Europe Resettlement Fund" created recently by the adhering countries (Germany, France, Italy, Luxemburg, Belgium, Greece and Turkey), to the "Institute for Italian Labor Abroad" designed for Italian emigration, from the "Agricultural" or "Rural Banks" of Australia to the Institutes for the development of industry and agriculture in many countries of Latin America.

For all these reasons, I deem it not only useful but necessary to get on at once with the undertaking in question, that is, to establish a Guarantee Fund for financing Catholic emigration.

#### MEASURES FOR PROMOTING MIGRATION

Before considering the method and the limits which should permit efficient working of the Guarantee Fund, it seems wise to indicate in what direction and towards what objectives the credits devoted to migration should serve, thanks to the instrumentality of the Fund. The ideas which I am about to advance should in no wise be regarded as an effort to anticipate



the conclusions of the other working groups or of the Congress in general. However, I am firmly convinced that the objectives which I am about to outline are sufficient, indeed that they are the only objectives possible, in the light of what has been achieved up to the present time in other fields.

In recent experience, just after the war, it was thought possible to create new outlets for redundant labor, especially rural labor, by undertaking ambitious schemes for agricultural colonization in several immigration countries.

Now my ideas may perhaps not be in accord with those of other rapporteurs, but I think that, considering results obtained up to now, I am safe in saying that agricultural colonization schemes require a capital investment absolutely out of proportion to the number of demographic units for which they open an emigration outlet.

Organized programs of agricultural settlements can only be carried out with the financial commitment and total involvement of the countries of immigration, which find it necessary to undertake land reform and other changes useful for rural development.

Account must also be taken of other so-called



local difficulties threatening agricultural colonies, such as to cite only one example the increasing attraction of the big city for country people. Moreover, experience has shown that the problem of surplus manpower cannot be solved by the creation of isolated colonies, often artificially formed, in countries with economic and social standards lower on the average than those of the country of emigration.

Along these lines, where there is, incidentally, an excess of authoritative intervention, our major problems remain almost unsolvable. We facilitate emigration in the first place by helping to cover the travel costs, then by assisting in a solution of the housing problem, and by making available for the emigrant skilled or unskilled credit to improve his position and to advance as the case may be from laborer to artisan, or from artisan to tradesman, or from farmhand to farmer or small land holder.

We facilitate emigration by making available to the emigrant particularly in areas where the national currents are the strongest, centers of assistance and reception in which he finds an atmosphere which suits his sentiments and his material and moral needs.

If we examine objectively the great migration movements



which took place spontaneously around the time of the first world war (an emigration that was free, disorderly, and often brought about for purposes of exploitation), and <sup>m</sup>compare them with what has been attempted in the recent postwar period by means of an organized and directed emigration, we can conclude, in my modest opinion, that the best form of emigration is that which is at the same time free and assisted. I refer to emigration which, while leaving to individual initiative and responsibility the decision to face the difficulties of expatriation and resettlement abroad, nevertheless sustains the emigrant on the hard path he has chosen by all possible forms of assistance, including financial help, which ultimately is only a reflection of the spirit of Christian charity.

And finally, an effort must be made to facilitate the integration of the immigrant by avoiding dangerous contrasts for him, so that he will feel sheltered from occurrences which might surpass his forces or his capacity to work. In this way, he becomes a center of attraction for other emigrants, and there will be formed in the new country, through harmonious social contact, so many little national homelands bound together by the mutual ties of language, customs and blood.



Taking the views which I have just outlined as the point of departure, here are some of the principal activities permitting an effective operation of the Fund:

- loans to cover the travel costs for emigrants and their families;
- credits to solve the serious problem of housing;
- credits for renting or buying a small piece of property, letting the migrant thereby become a small farmer;
- credits for the acquisition of instruments of work, an artisan's tools, or the equipment for a small industrial or commercial enterprise;
- financing of assistance centers or meeting places in localities where the number of emigrants is highest.

Through this kind of action, a strong contribution to the expansion of migration movements would be made. I have already referred to the advantages accruing to migrants from certain forms of direct assistance (preservation of their faith and maintenance of their traditional customs). The benefits are too obvious to dwell upon. I should only like to say that any intervention of the new Fund should be made in a spirit of keeping fresh the stamp of the country of origin



in the new settlement, letting the immigrant become assimilated to the social environment without having that mean forgetting the old country or weakening the faith which has been his since childhood.

### OPERATION OF THE GUARANTEE FUND

Having admitted the advisability of expanding in this way the Catholic assistance to emigration and of making use of the Fund which I have suggested to provide, in behalf of migrants, a guarantee for certain credit transactions with finance companies or institutions operating in this field, let us now see how this Fund would work. I think that by a series of examples a more concrete idea of the operations of this the Fund can be conveyed.

As I said before, the guarantee of the Fund would extend both to risks deriving from lack of money for reimbursing and to those resulting from fluctuations in the rate of exchange between the currency in which the loan was granted and that of the country of immigration and sometimes also to the two at once.

### EXAMPLE OF THE INTERVENTION OF THE FUND TO COVER A RISK OF FINANCIAL SHORTAGE



Let us take the case of 10 or 100 heads of families who are working in Canada and would be able to have their families rejoin them there if only they had housing. Let us also suppose that these were Italian families. Leaving quite aside the possibility of a grant of credit being made by ordinary banking institutions in Canada, ICLE, which is the Italian agency making a specialty of credits for emigration, could enter the picture to finance the construction of ten or a hundred housing units.

However, to comply with its own statutes and also, I might add, to conform with the rules of wise administration, ICLE cannot forego requiring a guarantee which will shield it from the possible insolvency of the recipient of the loan.

If the migration is to be financed in its entirety, contact will be established directly between the Italian Institute and the emigrant. By acquisition of a first mortgage on the possessions of the debtor, the risk would be covered to a great extent, at least in theory, without the intervention of the Fund.

But given the fact that ICLE can hardly undertake alone the financing of housing construction, there



is need for a local source of credit, if only to increase the ICLE operations. Since this source would undoubtedly require a guarantee in the form of a first mortgage, ICLE would be deprived of a guarantee. Hence the need for the intervention of the Fund. The Fund would act as subsidiary guarantor of the Catholic emigrant by committing itself to cover in whole or in part the risk of the Italian financing agency.

A similar process would take place in the case of loans to be granted to artisans or small businessmen for the acquisition of working equipment. In general, the artisan has no property and therefore cannot provide the collateral security for <sup>a</sup> loan from ICLE.

He can offer a guarantee on the machines or instruments which he acquires, but this security is very relative and difficult to have accepted.

In this case, too, the Fund can intervene to serve as guarantor before ICLE.

It can cover the risk of the Italian Institute inasmuch as it is possible for it, through the affiliated Catholic organization, to have all useful information on the migrant, to follow him up in his work and to intervene to make him meet his obligations.



EXAMPLE OF THE INTERVENTION OF THE FUND TO COVER  
AN EXCHANGE RISK

In 1953, after deliberation of the Committee of Ministers of the Council of Europe, the Fund for resettlement of refugees and surplus populations was created. Fed by the contributions of many member countries of the Council of Europe, the Fund presently has available in capital assets approximately five million dollars, which should shortly be increased to the originally anticipated sum of ten million.

Moreover, the Fund for Resettlement can augment its income by insuing stocks and bonds through certain banking institutions, such as the Bank for International Settlements.

The Resettlement Fund began its activities only a short time ago and has not yet been able to operate on a large scale, being obliged by its statutes, and in order to have the possibility of red is counting to make its loans in A.U.S. dollars, which means that its operations are dependent upon a guarantee against any risk of change in the value of the dollar.



In theory, at least, the Resettlement Fund may extend its facilities for financing to any activity involving the establishment of unemployed manpower, from the construction of houses for refugees or emigrants, to the financing of small craft or industrial enterprises, from initiatives aiming at improvement in the qualifications of workers to the financing of assembly and assistance centers for emigrants.

In reality, however, things are not so easy. Let us take as an example the financing by the European Resettlement Fund of an assistance center in some country of South America. It involves construction of a home where the emigrant can find material and moral comfort, where he can find people of his own origin, where, in short, he will find a familial warmth if necessary during the difficult early stage when he is often assailed by homesickness and a longing to return.

For the enterprise to succeed, let us say that 100,000 dollars are needed, and for this, reimbursement must be provided over a period, for example, of 20 years from such sources as the following: the restaurant, the community rooms, the cinema, donations collected on the spot, contributions from the government of the emigration country. These funds will be available in the currency of the country of immigration or of emigration,



no one being able, in any case, to undertake reimbursement in dollars.

Here again is a case for the intervention of the Guarantee Fund in covering for the International Resettlement Fund its exchange risk, for to this point the latter has acquired no more than property collateral. In case of a variation in the exchange rate between the dollar and the local currency, it will be the Guarantee Fund which will cover the difference.

I hope to have been sufficiently clear and persuasive in outlining these practical examples in order to avoid having to extend the discussion to all the possible kinds of operations.

It might well be asked where the Fund will find the operating capital, how much it should amount to, and what procedure it would be suitable to adopt to achieve the ends set for it.

To the first question I can only answer by expressing a reasonable confidence in the solidarity of Catholics.

Just as the Catholic world responds on Emigration



Day, I feel certain that it will not remain deaf to an appeal for contributions to the capital fund needed to begin operations. The International Catholic Migration Commission itself could provide the organs and the means suitable for the purpose. Above all it must not be thought that establishment of the Fund will cost too much, more than the means of Catholics to provide. I should point out in this respect that the Fund would necessarily go through an experimental stage. Before being its operations would have to be put to the test. The Fund should then function as a guarantee fund, and it is not certain that to begin with would be frequent call for its intervention.

In many cases, indeed, the guarantee would be limited to only part of the risk, perhaps 30 to 40 percent of it.

That being granted, an initial fund, say of a half million dollars, would provide credits up to a million and half and two million. It goes without saying that no administrative costs should encumber the Fund and that as long as it is not required to act to cover a debtor's lack of means, the Fund will grow by the capitalization of interest.



### OPENING THE FUND

The Guarantee Fund which I have been discussing should be created and administered by the International Catholic Migration Commission. National agencies will be informed of its activities so that religious order and associations connected with the Commission might act as intermediaries in the transmission to the Fund of requests for its intervention and indicate, if possible, the local sources of credit. The Fund and the Commission, once they have judged the advisability of the operation, would negotiate for the actual financing with national and international banking institutions who would be offered the subsidiary guarantee of the Fund.

I am certain, as far as Italian emigration goes, for example, that an organization with so simple and practical a structure would give Catholic workers advantages which they have never had before.

If my proposals are accepted, even with modifications which someone here present might suggest from his own experience, I think that they could be carried out in the following successive stages:

- a) Compile preliminary statistics with attention



paid to all agencies, national and international, which can grant credits for emigration. After examining the possibilities for intervention of the agencies in question, the necessary relations with them should be established.

b) Determine the minimum amount necessary in the Fund for it to begin operations and study, by means of a commission created for this purpose, the means of raising the needed funds. It is advisable to call explicitly upon all in the Catholic community, agencies and private persons, who feel obliged to help those of their fellowmen striking out on the uncharted seas of emigration.

c) Study the most suitable modalities for operating the Fund with promptness, flexibility and efficiency, possibly extending its activity to the granting of contributions for the payment of the interest attendant upon a credit operation. This would serve at the same time to lower the interest rate.

d) Set into actions quickly as possible the first activities of the Fund on an experimental basis. It could be begun by a program of housing construction for immigrants in one of the receiving countries.



Let me close now by expressing my deep conviction in the miracles to be wrought by the faith and the generosity of Catholics when they set these virtues to removing from work a little bit of its excessively onerous and sorrowful character. May I also be permitted to hope that the no doubt rough-hewn ideas which I have proposed may, polished and ready to be carved into reality, emerge from this admirable city of Assisi, where everything speaks the language of charity and of Christian solidarity with the humble and the meek.