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before
THE U. S. SENATE FOREIGN RELATIONS COMMITTEE

- Products
- Housing
- Subsidy

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Let me first express my appreciation for the honor conferred on me by this Committee in wishing to hear my views on a policy that I believe is of great moment to the United States, of greater importance than is sometimes attributed to it. I am grateful, too, to the people and Commonwealth of Puerto Rico. It is because of what Puerto Rico has accomplished, and, even more, what it has envisaged, that my appearance here may be of some small use.

I do not profess to be an expert on Latin America. I only hope some time in the not too distant future to become an expert on Puerto Rico. The experience of Puerto Rico, however, I believe is in itself salient to the problems and policies that your Committee has under consideration. For Puerto Rico is a kind of microcosm of the hemisphere itself. In working together to create the Commonwealth of Puerto Rico, the Congress of the United States and the people of Puerto Rico have started a new constitutional concept in the U.S. system and a new political departure in the Americas as a whole. The Puerto Rico Commonwealth has been described by Chief Justice Warren as "perhaps the most important constitutional development in the United States in this century". However, in viewing this political development against the background of Latin America, it should be emphasized that what it can contribute is not its particular form of association. No one expects that Latin American countries would want to associate themselves with the United States or with each other in the manner chosen by Puerto

Rico. What is important is that Puerto Rico has made a breakthrough from nationalism. It has by-passed nationalism. The hemisphere today finds itself tossed and turned by the currents of nationalism. Yet the way to greater union, greater power and greater prosperity for all inevitably lies beyond any sea of sovereignty or spirit of unadulterated nationalism. I'm afraid there will never be a post-nuclear world for us to live in unless we can somehow attain a post-nationalist world. The political significance of Puerto Rico is not, as I say, in its literal form but rather in the reminder that political creativeness was not exhausted when the now aging forms of sovereignty and of federalism were devised. In a world that seems to be each day more unbalanced as between its scientific progress and its political structures, this may be a reminder that politics need not lose all hope of catching up with modernity. It may suggest re-appraisals, although along entirely different lines from the ones we have followed. Upon leaving the barren shores of colonialism, Puerto Rico decided to by-pass the turbulent waters of nationalism altogether.

One does not have to look around the world much to come to the inescapable conclusion that the more authoritarian the government, the more nationalistic its behavior. In Latin America we have an often undervalued counterbalance to that in the natural spirit of democracy and freedom that all Hispanic and Iberian people possess. Too often it is throttled into temporary voicelessness by ambitious and unscrupulous leaders, but it is always there and I am glad to note that recently it has been very much in the ascendancy.

It would serve the interests of the United States if it took greater care to encourage this inherent will toward free institutions. There needs to be some greater distinction than in the past between the United States attitude toward friendly peoples with friendly democratic governments and friendly people with tyrannical governments that find it to their interest to play along with the United States.

I do not mean that the United States should intervene in the internal affairs of any Latin American country, or that it should decide for its neighbors what form of government they shall have. This, of course, would not be proper, nor to the best interests of the United States. It is a matter of degree, and the degree is most important. Nobody can deny this country the right to exercise its own freedom to determine and demonstrate what neighbors it feels enthusiastic about and what neighbors are subject to a minimum amenity. When you give equal consideration to dictators and tyrants as to proven democrats you cannot help but discourage democracy.

In the field of economic development, it is the hope of many of us, in the States and in Latin America, that the United States will develop a vital policy, as distinguished from a merely friendly and well-wishing one, for Latin America, to which Latin America should respond wholeheartedly. This would be a policy that would have validity even if Russian Communism did not exist, and that consequently will have greater validity because Russian Communism does exist. We should set for ourselves, both North and South, the urgent goal (urgent though it may take years)

of reasonably diminishing the tremendous gap between the standards of living prevailing in the United States and those prevailing over enormous areas of Latin America. The process of equalization will be beneficial to all concerned. In the United States, 170 million people live on about 400 billion dollars. In Latin America 180 million people live on 50 billion dollars. More people, one eighth as much money. The whole Western Hemisphere is a distinct house in the village of the world. Yet by the figures you have just heard it must be evident that, no matter how friendly the prevailing sentiments, it is a house divided, not yet a house divided against itself, but certainly it is a house divided against its own best interests, against the unity that it will increasingly need.

A greater economic equalization is an end to which the United States and Latin America must contribute energetically, not only in money and resources, but in the understanding of a long-range purpose, with clear short-range advantages.

The complaint is heard that the United States devotes much more attention and much more economic resource to other regions of economic scarcity than to Latin America.

Is this because the region is considered of relatively minor importance to the security of the United States and to the maintenance of the peace of the world? Obviously not. In peacetime the U.S. economic machine could hardly run at any level that could be called prosperity without the natural resources of its southern neighbors - the tin, copper, oil, etc. that Latin America supplies. In wartime the situation becomes many times more acute.

Countless examples could be given of the importance of Latin America to the economy and the security of the whole continent.

Certainly, the importance of Latin America to the United States is out of proportion to the comparative aid and attention it receives. Why? Is public opinion in the United States unacquainted with this massive fact? Probably. But can the same be said of the leaders of public opinion? I believe not. What, then, is the explanation? The explanation, I fear, is a form of thinking that takes the following lines:

"Yes, Latin America is of great importance in peace or war, but we can count on it anyway. They are our friends and neighbors. They are as much against Communist despotism as we are. We can take them for granted. Of course, we should and do help them, but the situation in other parts of the world is more urgent."

On the countries that make up the Asian fringe of Russia, the United States has spent ~~900 million~~ ^{hundreds of} million ^{of} dollars ~~in two years~~. The Soviet Government has spent ~~1.9 billion~~ ^{the bulk of its foreign aid} dollars ~~in a shorter~~ ^{time.} ~~time.~~ ^{in the same area.}

Latin America is on the fringe of the United States. More than that, it is an increasingly important part of America, and I mean the hemisphere when I say America - a word so often used to signify less than the whole continent and archipelagos named after Americo Vespucci.

Now let's see where the example of Puerto Rico's development can be applied in any concrete and vital program for correcting the imbalance of prosperity in our hemispheric house. Puerto Rico is small, densely populated and almost totally lacking in

natural resources aside from land. It is also a democracy in excellent operating condition. Its people are racially and culturally a Latin American people -- Latin Americans who are good citizens of the United States. In 17 years (but really mostly since the end of World War II) its economic development has been most heartening. Net income in terms of dollars has more than doubled. It has today a standard of living which, although still far from that of the United States as a whole, is at the head of all Latin America and in advance of most European countries -- about \$2500 yearly per family. A few years back 35% of the families had incomes of less than \$300 a year. Now only 3% of the families are at that level of intolerable poverty.

It has three important advantages: what is equivalent to a Customs union with the United States, the receipt of grants-in-aid somewhat larger than smaller countries in Latin America receive in equivalent aid, and the spiritual energy and drive that a good working democracy provides to a freedom-loving people. These advantages are no doubt important. But they do no more than compensate for the lack of fuels and raw materials, the scarcity of land in relation to population, the insular geography.

Most regions of Latin America have abundant water power, ample fuel, tremendous expanses of land open to population and cultivation, many foods and raw materials. The disadvantage of about 1/3 of their goods not having free entry into the United States market has been partly offset by the trade agreements legislation and I firmly believe that these barriers should be still further lowered. The great and difficult idea of a Latin

American common market or of regional common markets leaping as many political boundaries as possible deserves and needs greater support from the United States.

A certain sector of economic development must be carried out by the various home governments, another by private enterprise. Our own experience has taught that any doctrinaire demarcation of each sphere needs to be avoided. Don't declare either public or private initiative sacred, but only freedom. Every society has its own convictions, conditions, prejudices and conclusions about what type of development belongs in each sphere, or what individual undertakings belong in each. It would seem, however, that in countries that recognize free enterprise - i.e., in the Western World generally - a large proportion of economic growth must come from that source. But if it is important that determinations as to this should be based on practical reasons and not on reasons of doctrine in an emerging economy, then surely the assisting government - the United States - must also avoid the appearance of tying its help to an insistence on any dogma.

In Puerto Rico the development program has been carried out under a government that has no political obligations to owners of capital other than treating them fairly, scrupulously keeping its agreements with them, and protecting the legitimate expectations under which the free determination to invest capital is carried out. We are committed to a fight to abolish poverty. We have had no obligation of any kind to conclude that a large part of that fight must be waged through private initiative. Yet

we concluded that that was the way to do it. We started out by building and operating government factories. We soon realized that the government would never have enough money to establish all the industrial enterprises needed to put the Puerto Rican people on their feet, unless it was willing to tax the population to intolerable limits. We also realized that an underdeveloped country needs not only capital but know-how and that this is not to be purchased simply by high salaries paid to technicians -- because know-how is not just technique -- but that it comes as part of a package with the investment of funds by persons and companies determined to make the investment a successful one.

In other words, we did not make private enterprise a sacred cow, but a productive and contented one.

I believe this distinction is very important in Latin America and probably in the underdeveloped areas of the world generally. The experience with colonialism and imperialism which accompanied capitalism into Asia and Africa was not a happy one for the peoples there. Even in Latin America former policies of the U.S. government have left a sediment of memory that can be very easily stirred into a sense of grievance to be exploited by political forces.

Since private investment must carry the ball for the bulk of development, and since it is easy to stir suspicion against it, as a device inimical to local justice and local interests, it is of paramount importance that the United States or the developed Western powers avoid seeming to try to ram a doctrine down the throats of those who wish to receive their aid.

The program in Puerto Rico has proven how well private enterprise can function in bringing hope to what had been considered a hopeless situation, if the people believe in it as a respectable and efficient tool and are not asked to accept it as a doctrine partaking of the nature of the sacrosanct. More than 500 factories have been opened in Puerto Rico in the last few years. Several hundred million dollars in new capital have been invested, mostly by private enterprise. Puerto Rican and U.S. private enterprise, and a little from other countries. This has been done under the auspices of a government which is not suspected of being beholden to any improper influence or control by mere property interests, and with the enthusiastic support, through free election after free election, of substantial majorities of the people.

In competing with Russia to assist the underdeveloped areas, the United States labors under one great handicap that Americans do not realize because they have grown accustomed to it. Let me elucidate:

In a democracy, there must be a record of the reasons for arriving at a decision to aid other countries. The Russians, because of the kind of government that Russia has, need no such record. They can pretend, with naught but opinion and precedent to dispute them, that every ruble they give is out of the goodness and generosity of the Soviet heart.

The United States, as a democracy must do, records the arguments that lead to its decisions. And the record contains the emphasized and re-emphasized assertion that aid policies are proposed to serve the selfish interest of the United States.

This, in turn, is made known to the peoples of the world by the free press and by the propagandists of totalitarianism.

Now, as a Puerto Rican and as a citizen of the United States familiar, I believe, with the spirit of the American people, I would like to question this. I do not believe that selfishness is a notable ingredient of American character. I believe that the American people are generous, that they take a real interest in their neighbors, that they are endowed with a spirit of sensible idealism. I believe this has been shown many times. But for some peculiar reason there seems to be a certain feeling of shame about this, shame of not being "practical", shame in using money in ways that may not be considered basically motivated by selfishness. It is a most peculiar trait of a most generous people, and it makes for misunderstanding throughout the world of the aims and policies of the United States. I would earnestly recommend to the Congress, to the schools, to the universities of the United States, that each do something in its own sphere to make the American people feel more natural in their goodness. Let us cease to pretend that the American people are extraordinarily hard-headed in order to hide the altogether creditable fact that they are decently kind-hearted.
