

The Economic Club of New York

Spain in the International Scene

The Honorable John Davis Lodge
United States Ambassador to Spain

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It is a distinguished honor for me to speak to such a notable gathering.

The famous writer Jose Maria Gironella in the preface to his book “The Cypresses Believe in God” says: “Spain is an unknown country. Experience proves that it is hard to view my country impartially. Even writers of high order succumb to the temptation to adulterate the truth, to treat our customs and our psychology as though everything about them were of a piece, of a single color. Legends and labels pile up; black Spain, inquisitorial Spain, beautiful Spain, tragic Spain, folkloric Spain, unhappy Spain, a projection of Africa into the map of Europe....”

Spain has been misunderstood and misrepresented in our country many times over. A realization which I have found helpful in understanding Spain and its political traditions, is that this ancient land located on the periphery of Europe and associated over several hundred years with North African peoples, never went through, or was influenced only very slightly, by two of the philosophical experiences which are fundamental to the origin of our country and of our way of thinking. I refer to the profound changes in thought which grew out of 18th century rationalism and the French Revolution.

Similarly the impact of the 19th century industrial revolution upon Spain's economic and social fabric was not nearly so far-reaching as in other countries of Western Europe, in Great Britain or in the United States.

Moreover Spain was never exposed to the Protestant Reformation, surely one of the most significant upheavals of modern history. Indeed Spain was the source, the center and the motive power of the Counter Reformation.

Finally, it should be remembered that almost all of Spain was occupied for almost eight centuries by the Moors with results which persist to the present day.

Given these physical factors, and the historic tradition of Spain, there are many valid reasons why Spain has developed along economic, social and political lines that are in many respects quite different from those we have followed in the United States. This does not mean, however, that we cannot work closely together in a fruitful relationship founded on mutual respect and on the larger concept of the defense of the Western world against the onslaught of Communist imperialism.

From a strategic point of view, but also politically and psychologically, Spain stands at the crossroads of some of the world's most vital areas and turbulent currents. The Iberian Peninsula faces Africa to the south and Europe to the north; the Atlantic Ocean lies on its northwestern

shores and the Mediterranean to the east; it has strong linguistic and religious ties with the Hispanic world overseas; it is perhaps better able to understand the Arab approach to life than any other European country; and, finally, Spain now has strong bonds of defensive agreements with the United States.

The visit of President Eisenhower to Madrid on December 21-22 was an event of outstanding significance in the evolution of Spanish-US affairs and, I believe, in the evolution of modern Spain.

There are many encouraging signs that our policies towards Spain are sound and bearing fruit. Certainly the presence of the President in Spain and the enthusiastically friendly way in which he was received were evidence of the development of one of our key policies towards Spain, which is to bring it into ever closer association with the Western world, and particularly with the United States. Other distinguished Western leaders are arriving in Spain with increasing frequency -- among them the Foreign Ministers of France and Germany and Belgium. The Secretary General of the United Nations, Dag Hammarskjöld, and Dr. Ralph Bunche visited Madrid for the first time in January. Mr. Fernando Castiella, the Spanish Foreign Minister, will visit the United States later this month.

The substantive value of the good will which the President did so much to advance is being shown in many ways, and I believe that thanks to it our national interests in relation to Spain are

better insured than ever. The visit punctuated in a dramatic way the fact that Spain has effectively emerged from the isolation imposed upon her directly after the war. Politics, whether on domestic or on the international scene, is the art of inclusion.

A little over six years ago, in September 1953, following a year and a half of exploratory study and negotiation which began with the trip of the late Admiral Forrest Sherman to Madrid in 1951, our government and the Government of Spain signed three agreements. The first of these concerned the establishment and construction in Spain, for the joint defensive use of our two countries, of five military bases, a pipeline 485 miles long, and other military facilities. The second agreement provided for American military aid. The third and last agreement provided “defense support”, that is, economic assistance for Spain in strengthening those sectors of her economy -- key industries, communications, transportation system, and agriculture -- which are related to the effective functioning of the new complex of bases.

At the end of 1959, all major facilities of the US-Spanish base program were 97.6% complete and virtually 100% operational. We continue to receive excellent cooperation for our Spanish friends with respect to these operations.

Although the signing of these agreements may, on the surface, seem an obvious act of self-interest on the part of both countries, its achievement was a question of much greater complexity and more lasting significance than any simple physical arrangement.

The days when we affirmed our own neutrality are not so long past as to have erased the memory of the motives and reactions which led us to try to avoid what we then considered dangerous “foreign entanglements.” A similar desire to avoid foreign entanglements gripped the Spanish people and its Government well through the end of World War II. Although under considerable pressure from Hitler throughout the Second World War to join the Axis, Spain adhered to a policy of neutrality.

Aside from a defensive alliance made with her next-door neighbor, Portugal, in 1939, dictated by the obvious geographical necessity of defending the Iberian Peninsula, the agreements of 1953 with the United States were the first major foreign military accords entered into by Spain in modern history. The reason is that, despite its isolation, Spain has understood the true nature of the Communist danger and the urgent need to be strong and ready to meet its challenge.

The other two principal directions in which Spain has sought to strengthen her international ties have been the “Hispanic” one, implemented through the fostering of her historical, cultural and religious ties with the “sister republics” of Central and South America; and toward the Arab world through an active policy of rapprochement with the Moslem countries, using as a bridge its favorable relationships with the Moroccan peoples of North Africa.

Gradually certain other western nations, as they too became convinced of the real danger of Communist imperialism, became more understanding and appreciative of Spain's value in the defense of the West. Accordingly in 1950 the United Nations, by resolution, lifted the ostracism it voted against Spain in 1946. In 1952 Spain was voted into UNESCO. From the status of almost an international pariah under UN condemnation at the close of World War II, Spain today has a defense agreement with the United States, has concluded a concordat with the Vatican, is a member of the United Nations and last July became a full-fledged member of OEEC.

Spain received no aid under the Marshall Plan. Our economic aid to Spain today is of several types. There is first of all the grant aid given under the Defense Support Program, which through fiscal year 1960 totaled \$450 million. We hope increasingly to substitute loans for grant aid.

Sale in Spanish currency of surplus agricultural commodities has also been a very important form of our aid to Spain. Known as Public Law 480 sales, these totaled \$511 million through fiscal year 1959. Export-Import Bank loans and credits totaled \$138 million through 1959. Development Loan Fund loans to Spain total about \$27 million. Other forms of economic aid, including technical cooperation and wheat sales through FY 1959 totaled approximately \$22 million.

Hence all of our economic aid to Spain so far amounts to more than a billion one hundred million dollars. The base construction cost aggregates about \$350 million.

US military aid to Spain as of June 30, 1959 totaled just over \$400 million.

The economic outlook has improved since an economic stabilization plan was adopted in July 1959. This plan had two major objectives: to overcome the balance of payments deficit and to end inflation. It was aided by loans from the United States government, US banks, the OEEC and the IMF as well as by the regular US economic aid. The total package aggregated some \$425 million. It is highly significant that, while the Spanish Government accepted the conditions laid down by the International Monetary fund, they have not had to use any of the \$75 million credits made available by the Fund, although they have drawn part of the amount to increase their own foreign exchange reserves. Nor have they had to use any part of the credit of \$100 million available from the OEEC, although here again they have added part of this credit to their own holding. They have not called for any part of the \$71 million credit extended by certain New York banks. Already, now some six months later, the deficit and decline in foreign exchange holdings have been realized. Meanwhile, the peseta has remained firm at 60 to the dollar, prices have been held in line and inflation seems to have been arrested. Business readjustments brought about by the liberalization of imports connected with the program have inevitably brought about some temporary economic dislocations.

As the program continues to be successful the implications for Spain and for the free world are enormous. The adoption of the economic stabilization plan in itself was an expression of mutual

confidence between Spain and the leading Western powers. This bold new departure could be based only on satisfactory experiences of the recent past and the satisfactory experiences of the recent past and the hope of even greater economic cooperation and trade expansion in the Western pattern.

We can thus look forward to Spain's eventual complete integration into European-American economic cooperative arrangements, from which it has been separated by attitudes and ideas rather than by geography or lack of mutual interest. Indeed, it is becoming increasingly clear that economic frontiers no longer coincide with political boundaries. In this vein, it is to be anticipated that Spain will soon adhere to the General Agreement on Tariffs and Trade (GATT). There is in Western Europe today an inexorable current toward closer economic and political cooperation among nations and toward the formalization of this cooperation in terms of international organizations and multilateral treaties. Spain is now riding this current and it is to be hoped, for the sake of all concerned, that Spain is on the road to full and equal partnership in the Western European community of nations.

With a determined execution of the plan, after what may be a brief though intense transitional period of readjustment, the Spanish people should be able to foresee a sound currency, stable prices, continued economic progress and increased economic opportunities for its people. The collateral consequences of such an economic result may well be historic in terms of the increased general health, vigor and welfare of the gallant Spanish people.

The atmosphere in Spain today is that of a people trying to find their way out of a backward position by moderate, non-violent means. During the past few years tourism has augmented enormously. Now three million tourists flood into Spain each year; thousands of Spaniards travel abroad; and thousands of Americans, including dependents, connected with our bases are mixing with Spaniards more and more.

Foreign capital is being invited in again, and exploration for oil in the Spanish Sahara, in Spanish Guinea and in the peninsula is proceeding.

Against this rather optimistic background, it is to be hoped that Spain will at last be enabled to emerge once and for all from the relative isolation of recent years and assume the international responsibilities to which it is entitled, not only because of its historic participation in the development of Western culture, but also because the Spanish people have much to contribute to the massive effort which must be made if we are to meet the common -- the stirring challenge to our generation.

In meeting that challenge let us Americans, by all means, place great reliance on our economic strength. Let us use it as a weapon short of war. But let us recognize also that our high standard of living is not a protection in a jungle world where unbridled passions are still on the march. Our creature comforts are not a shield in the struggle for survival. Indeed, they may well be a

disadvantage. History produces many examples of the decline and fall of proud nations and their conquest by nations which had no luxuries, few comforts, and in some instances, little culture.

This, ladies and gentlemen, is where our mettle will be tested. We must show that we are more capable of sacrifice than the people for whom austerity may be both a necessity and a creed. We Americans have more to give up and therefore more to defend.

History contains many examples of the victory of austerity over material abundance; in our own history we have, as an example, George Washington's tattered volunteers. The Spaniards were lean and hungry in 1492. This helped them to discover, explore, colonize, and settle large parts of the new world. It also gave them the motive power and the courage to oust the Arabs from their last stronghold in Spain -- Granada -- where the Moorish King and his court were living a life of Sybaritic ease in the palaces and patios, the fountains and the flower scented gardens of the Alhambra. The Christians did not die in the Coliseum and in the catacombs of Rome or fight the Crusades, in defense of their personal belongings. They had a sense of mission, a deep feeling of dedication, a lofty inspiration. We know, deep down in our hearts, that we do not live by bread alone. We know that the cult of mediocrity and the fear of excellence have no place among America's finest traditions. We know that in order to exercise the leadership of Western civilization in this trembling hour of decision we must rally behind our President and prove to a confused and distracted world that we value our duties more than our rights, our obligations more than our privileges, and that we recognize that freedom and responsibility are inseparable.

In the words of Vice President Nixon “we must constantly push forward on all fronts -- military, economic and moral -- if we are to defeat the very real threat which the Communist empire poses to free men everywhere.”

The greatest of America, I believe, lies not in our standard of living, wondrous as it is; not in our material possessions, unprecedented and comforting as they are; but in our ability to strive and to push ever outward the frontiers of human knowledge. It lies in our capacity to cross though barriers as well as sound barriers. It lies in the realm of ideas, for ideas are the necessary precursors of action; even the atomic missile will move to the measure of men’s thoughts. It lies not in our size as a country but in our nobility as a people -- in our capacity for dedication to great causes; in our ability to live by and die for the timeless tenets of human conduct on which our country was founded. No struggle, no victory; no victory, no crown; “no wilderness, no Moses; no cross, no Christ.”