

Charles McCabe

Himself

3/21/77

51st State?

IT REMAINS a puzzle what caused President Ford, in the 11th hour of his presidency, to urge that Congress make the island of Puerto Rico the 51st state. Perhaps he met a nice Puerto Rican somewhere who convinced him of the merit of the statehood case. Perhaps it is an idea he has long harbored. There are reports that oil may have been behind his decision. Seismic studies show potential deposits in deep waters off the northwestern coast. Mobil Oil and a subsidiary of Exxon are in keen negotiations with the island government. Former Governor Rafael Hernandez Colon recently expressed the view that Ford's interest was roused by these potential oil deposits.



I spent five years of my life in Puerto Rico and was close to the political situation there, largely due to a friendship with Luis Munoz Marin, the great man of the island of those days. I spent another three years in Washington as a newsman largely preoccupied with the political situation as it affected the island. I think statehood for Puerto Rico is a bummer, for us and for the island.

There is no doubt, however, that the present political situation there is becoming untenable. Since 1952 the island has called itself a Commonwealth, though it is far from a Commonwealth, as that term is defined in the Statute of Westminster, which offers true equality of status with Great Britain.

The Puerto Rican "commonwealth" has no vote in national elections, and no voting representation in Congress. Its citizens must fight the wars of the United States if called upon:

★ ★ ★

THE COMMONWEALTH, which was negotiated by Munoz Marin, is essentially a whore's bargain. As a reward for not getting certain essential rights, the island government got money, and money in vast quantities.

Puerto Rico was given the power to collect and spend its taxes. By congressional arrangement, American and other foreign companies doing business there do not pay any island taxes.

For a quarter of a century these huge revenues have muted political criticism of the political relationship between the island and the mainland. Since 1952, these tax dodges have attracted \$5 billion dollars in investment.

Economic progress has been undeniable. The gross economic product rose from \$755 million in 1950 to \$7 billion in 1975. The profits of U.S. companies there reached \$792 million in 1975.

★ ★ ★

WHAT EFFECT statehood would have on the island's economics is incredible. A report on this matter was prepared for the Hernandez Colon Administration, which admittedly opposes statehood, a month before last November's election, which was won by Carlos Romero Barcelo, a statehood man.

The report stated the flow of federal funds to the island would fall by \$420 million because Puerto Ricans would have to pay U.S. taxes that would be greater than any increase in eligibility for federal programs for the states.

Also, tax exemption would be eliminated. American business would pay \$352 million in new taxes. This would not only remove a great incentive for future development, it would cause a majority of American companies to move out.

★ ★ ★

NO MATTER what the polls say, I have always firmly believed the average Puerto Rican wanted independence in his heart. The money has kept him quiet. The island will always have a military and political importance for us, if only because of its proximity to Cuba and the Canal.

Luis Munoz Marin was an *independentista* in his youth. He changed his mind because of the dire economic plight of his homeland. I wonder what he thinks now, in his retirement. I think the final answer is independence, negotiated in the friendliest possible terms, and with all the U.S. assistance the American taxpayer can bring himself to grant.