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Welfare won't make it so.

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## Puerto Rico, The 51st State?

Americans who only read of Puerto Rico in travel brochures—or when a terrorist bomb shatters skyscraper glass—must have greeted last New Year's headlines with some bewilderment. For it was on New Year's Eve that Gerald Ford came off the Vail ski slopes and proposed Puerto Rican statehood. Were we really offering this Caribbean commonwealth a place in the Union, a star on our flag? Then Jimmy Carter returned the Puerto Rican status issue to its long-held spot in oblivion. Congress should take no action, said Carter,

“until the Puerto Rican people express a preference”—to remain a commonwealth, join the Union as a state, or become an independent republic. Now this was more like it: Puerto Ricans have been arguing their island's political status preference ever since the US Army invaded in 1898. Seventy-nine years later they have still come to no conclusion and under the Carter plan they will undoubtedly be debating the issue 79 years from now.

Ford's apres-ski remarks coincided with the advent in San Juan of a pro-statehood administration under the New Progressive party of Governor Carlos Romero Barcelo. His election marks the first time in Puerto Rican history that the statehood forces—allied with the mainland's Republicans—won a electoral majority against the Popular Democrats, counterpart of the mainland Democrats. The lameduck President's statement paid a political debt—the Puerto Rican delegates to the Republican national convention had delivered their four votes to Ford in expectation of his backing statehood. But, Ford spoke before consulting a single Puerto Rican, and no one in Congress took his statement the least bit seriously. And though Ford may have intended to assist statehood forces, actually he embarrassed and irritated the new Puerto Rican administration. Romero had campaigned on a pledge to strenuously avoid the status issue until he could improve the horrendous economic conditions prevailing on the island for the past four years.

Until 1973, Puerto Rico was a model of Caribbean progress. The island's industrialization program, known as Operation Bootstrap, dates from the postwar era when the father of modern Puerto Rico, four-term Governor Luis Muñoz Marin, began luring American corporations to the island. At that time, rapid modernization seemed the only way to save Puerto Rico from the curses of high population, a plantation agricultural system and its despairing colonial mentality. In two decades, Operation Bootstrap transformed Puerto Rico from the poorhouse of the Caribbean to “a showcase of democratic development.”

Few Puerto Ricans seriously question the material benefits the island has gained from its postcolonial economic association with the mainland. GNP has increased from \$755 million in 1950 to \$7.7 billion last year. Life expectancy has risen from 46 to 68 years in the same period, and 90 percent of the population is literate. Per capita income is \$2000, far above any Latin nation, though only two-thirds of Mississippi's average income.

More than 2000 American companies have hustled south to take advantage of Operation Bootstrap's corporate tax exemptions and the seemingly limitless supply of willing factory hands. Pharmaceutical companies have moved to Puerto Rico in such great numbers that islanders often refer to their native land as “the pill capital of the world.” Furthermore, a booming construction industry has blanketed the

island with housing developments and condominiums; the bond market has buzzed with Puerto Rican issues as the commonwealth built an infrastructure of roads, docks, water and power facilities to service the industrial sector. A billion dollars worth of American food products are imported annually, along with enough automobiles and television sets to satisfy a voracious internal consumer market; and—at least through 1973—a three-billion-dollar petrochemical industry was all set to refine that “cheap foreign crude” which was supposed to serve as an artificial resource base for a century of economic growth in plastics and textiles.

But, the OPEC price surge staggered the petrochemical industry. Imported food prices soared. The construction industry collapsed, and the jittery bond market downrated Puerto Rican notes to prevent a “New York situation.” Reeling under the simultaneous inflation and recession, Puerto Rico suddenly lost its attractiveness for new American investment. Two years ago, the Popular Democratic administration of Governor Rafael Hernandez Colon braked the economy sharply to restore investor confidence. The austerity measures, including new taxes, government cutbacks, and a wage freeze in the public sector, spawned massive labor unrest, sending rank and file workers straight to the arms of Mr. Romero and his New Progressives.

**T**oday the slump remains intractable. Fully half the 3.7 million natives are calculated as living below the federal poverty line. Two thirds of the island’s families subsist on federally supplied foodstamps, a \$593 million annual transfusion from Washington, which, as former Governor Luis Ferre told me, “saved the island from complete economic collapse.” Government economists estimate that 40 percent of the labor force may be out of work. But the despair of ordinary Puerto Ricans is best demonstrated not by the statistics, but by the very fact that they have turned, at the bottom of this depression, to—of all people—the Republicans.

Governor Romero, formerly the mayor of San Juan, is the man generally credited with having convinced the Nixon administration to extend the food stamp program to Puerto Rico. He made this accomplishment a centerpiece of his election campaign, and he argued that he could pull off the same feat with other US social programs. The new governor promises more federal public works funds, countercyclical federal stimulus, federal housing programs, federal grants, stamps and increased unemployment compensation. In essence, the governor’s economic recovery program is based on the very un-Republican theory that federal spending is the best bootstrap for Puerto Rico.

The new administration’s economics have a direct connection to its statehood ambitions. In the most recent island plebiscite on status, in 1967, 60 percent of the electorate favored the present commonwealth

arrangement and only 39 percent favored statehood; the independence movement boycotted the plebiscite. Governor Romero signaled his strategy in a book entitled *Statehood is for the Poor*. As former Governor Ferre puts it, “Once Puerto Ricans are getting food stamps, social security, federally guaranteed home mortgages, and unemployment benefits, statehood becomes inevitable. To become independent under those circumstances would be a return to the beautiful era of the Indians.” Washington’s financial support of Puerto Rico, exclusive of defense costs, now amounts to two billion dollars a year. Before calling for a new status plebiscite the Romero administration hopes to double that aid over the next four years. Ironically, the American subsidy of Puerto Rico far outdoes Russia’s one million-dollar-a-day support of Cuba—and one certainly doesn’t hear the Cubans threatening independence from the Soviets.

Nevertheless, this “locking-in” strategy by no means guarantees a pro-statehood majority at the next plebiscite. Although Puerto Rican political alignments have generally followed the status question, islanders readily abandon status politics when it’s in their economic interest to do so. The statehood movement, in fact, gained its first adherents shortly after the American invasion when local anarcho-syndicalists promoted entrance into the Union as a means of winning the eight-hour day. The independence movement, on the other hand, has never had a credible economic program and has never won more than 10 percent of the vote. Traditionally, advocating independence for Puerto Rico was a parlor game for the island’s intellectual elite. In the ‘30s, the pro-independence Nationalists wore black shirts and borrowed a strange semi-mystical ideology from the Irish Republicans and the Spanish Falangists. The ‘60s wed the independence and student antiwar movements, but their neo-Cuban socialism lacked any appeal whatsoever for the Puerto Rican masses, and the movement soon fragmented. Extremist remnants such as the FALN are now “carrying the struggle” to the mainland with their pipe bombs.

The Popular Democrats were the first party to declare explicitly that a social-economic program took precedence over the long and stultifying status debate. Accordingly, Luis Muñoz Marin created the Commonwealth as a means of industrializing the economy and raising living standards. Only in the past 10 years since Muñoz’s retirement has the Commonwealth been thought of as a permanent status option. But by this time commonwealth status is strongly identified with Bootstrap economics and this relationship was a major reason for the Popular Party’s debacle at the polls last November.

Puerto Ricans now criticize Operation Bootstrap on two counts. Complete dependence on investment and imports from the mainland have left Puerto Rico highly vulnerable to the US business cycle, and created a

pseudo-American lifestyle centering around the automobile, the ranch house, the hamburger, and, of course, television. Little public or private capital has been employed to modernize farming. As Governor Romero protested in his first State of the Commonwealth address: "While we import most of our food, most of our land is cultivated inefficiently or lies abandoned."

Dependence on the mainland has also left the island without an indigenous entrepreneurial class, so crucial to the success of industrial revolutions in underdeveloped lands. Local capital formation is practically nonexistent and Puerto Ricans are far more likely to put their money into real estate speculation or bank it abroad. In addition, the Commonwealth has never required American companies to train Puerto Ricans to improve their lot in the industrialized economy. In the studies made prior to the Commonwealth's purchase of the Puerto Rican Telephone Company in 1974 it came to light that after 60 years of operation on the island, ITT's subsidiary was still run by an all-white, all-male, continental management team. Not a single Puerto Rican had ever held a top executive position.

The island might still have survived the recession had it not been for Operation Bootstrap's second and grosser failure—the failure to resolve the island's profound population problem. Even in the heyday of economic growth Puerto Rico exported surplus population at a frightening rate. Two million Puerto Ricans presently live on the mainland, but even so the island's population density is 925 people per square mile, higher than India's. Until the onset of recession, the mainland *barrios* served as a spillover for Puerto Rican migrants. Now, however, the mainland recession has reversed the flow of migration back to the island. Last year, Puerto Ricans streaming homeward accounted for a two percent population increase. The great tragedy is that prodigal Puerto Ricans find themselves as redundant in San Juan and Ponce as they are in New York and Chicago. Worse, the world recession has driven a wave of legal and illegal Latin aliens to Puerto Rico—140,000 in the last three years. Operation Bootstrap simply can't provide jobs for these people. As Teodoro Moscoso, Bootstrap's director for 25 years, frankly admits: "There's just no way. The unemployed of 20 years from now were born yesterday." Moscoso not long ago outraged the island's Catholic majority by publicly suggesting that birth control pills be poured into the water supply. He retired from office shortly thereafter.

Governor Romero has assumed the post of Operation Bootstrap's chief critic, but his designs on the US Treasury do not assure a revived economy. For one thing, Congress may tire of the costly pump-priming operation. Last year, Representative Albert Quie (R, Minn.) introduced legislation to make Puerto Ricans pay federal income taxes like ordinary Americans (under the Commonwealth compact, Puerto Ricans

escape the 1040). The Quie legislation was roundly defeated by congressional liberals. But with Republicans now in power in San Juan, mainland liberals will be under pressure from island Democrats to thwart Governor Romero's efforts to achieve statehood by maximizing dependency on Washington.

Statehood is also made a doubtful prospect by Puerto Rico's connection to American multinationals. US corporations have provided 150,000 new jobs for Puerto Rico, but they are there because Puerto Rico is neither a country nor a state. Independence would place Puerto Rico outside the American tariff, making it unprofitable for US companies to carry on their export manufacturing. Statehood would render the islands corporate tax exemption illegal. So, both status options are seen as precipitating a devastating flight of American capital. The presence of five billion dollars in American fixed investment favors the status quo: Puerto Ricans cannot afford to throw the Yankees out, but neither can they afford to become Yankees.

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