

The race for resident commissioner and the Puerto Rico's economy

By : RAFAEL HERNANDEZ COLON

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In its Sept. 4 issue, CARIBBEAN BUSINESS had a front-page story on what each candidate for resident commissioner intends to do if elected to the U.S. House of Representatives. The differences between Pedro Pierluisi and Alfredo Salazar regarding the steps to be taken to strengthen the economy of Puerto Rico are profound.

Pierluisi affirms that “a sound economic public policy for Puerto Rico must be based on the island’s full integration into the national economy of the U.S. This integration can’t be halfway because that limits Puerto Rico’s potential to achieve the economic growth rate of the 50 states.”

This statement is perplexing in many ways. Puerto Rico has had free trade with the U.S. and vice versa since the past century; we have a common tariff barrier; the dollar is our currency; we have the same minimum wage; the same Environmental Protection Agency (EPA); the same Occupational Safety & Health Administration (OSHA); we can travel back and forth to the States as we please. Our economy is fully integrated with the U.S. economy and, in the '50s and '60s, our rates of economic growth—9% to 10%—far surpassed those of the States of the union.

I would think what troubles Pierluisi isn’t the growth-rate potential of our economy vis-à-vis that of the States’ but rather the collective wealth of Puerto Rico vis-à-vis that of the States, or perhaps the difference between our per capita income and that of the residents of any of the 50 states.

Closing that gap is a worthy goal. The question is, how do you go about it? This is where the basics of economic development come in. Economic development is about production, about investments that will create jobs for our workers to produce goods and services. This is what creates wealth; this is what, in a sustainable way, increases our per capita income. This is what can help us close the gap with the States.

Economic development as we know it won’t be the focus of Pierluisi’s endeavors in Washington. His focus will be to turn Puerto Rico’s economy into the economy of a state of the union by seeking parity with the States in federal programs. Parity in federal programs can stimulate consumption but it won’t generate production in a meaningful way.

Pierluisi intends to pursue an extensive list of federal programs ranging from drug enforcement to temporary assistance to needy families. On the list, he includes parity in Medicaid and Medicare and the inception of Supplemental Security Income (SSI). The three of them, he says, will add \$3 billion to \$4 billion to our economy.

This is the same list of programs Fortuño went to Washington with four years ago. His achievements can hardly be said to have strengthened Puerto Rico's economy. Pierluisi—and I wish him luck—won't do much better.

It is interesting that Pierluisi states “the federal government should be promoting job creation, investment and stability in Puerto Rico.” However, when he turns to what the federal government should do to promote this, he mentions parity in such programs as Medicare or Medicaid. These measures are necessary but they aren't measures for economic development.

Furthermore, regarding getting new federal programs or parity, he takes the wrong approach. It is a shotgun approach that implies he can redress the discrimination against Puerto Rico in all of these programs at the same time. This is merely wishful thinking. To be effective, the resident commissioner must focus on a few priorities and direct his energies toward them. The record of the past resident commissioners who used the shotgun approach counsels against following this route.

Salazar's approach is more focused. He is clear that he must pursue measures for economic development and they are specific measures directed toward that end, such as fiscal arrangements, or exemption from the Jones Act to lower shipping costs for the island's economy. Although he will pursue parity in federal programs, he understands this isn't the way to promote production of goods and services for the island's economy. This isn't the way to pursue economic development.

The differences between Salazar and Pierluisi become starkly clear when one remembers Pierluisi was the New Progressive Party leader in the Obama campaign in Puerto Rico and Salazar was for Hillary Clinton. Pierluisi makes no mention of Obama's commitment to create a task force to formulate specific recommendations no later than Aug. 31, 2009 on ways to maximize the use of existing federal initiatives to create jobs in Puerto Rico and new federal initiatives to achieve the goal.

Salazar, on the other hand, states: “I will lead the task force that Sen. [Barack] Obama has committed to if elected U.S. president. I have a vision,” says Salazar, “of how to attack the macro-economic problems Puerto Rico is facing and how the federal government can assist with this endeavor.”

Toward this end, he speaks of increasing federal funding for academic institutions on the island for scientific research and building alliances with U.S. mainland academic institutions to establish common agendas in scientific development and create job opportunities for our scientists. He also turns to small business as an economic engine and intends to join the House Committee on Small Business to create new policies to strengthen entrepreneurship and promote the creation of small businesses that will create jobs for the local economy.

Although neither Pierluisi nor Salazar mention status in their interviews, it is clear that Pierluisi's vision for economic development is statehood and Salazar envisions concrete measures to improve our economy within the Commonwealth relationship. Pierluisi will be guided in Congress by an ideal that won't become

a reality, if ever, during his tenure. This is his Achilles' heel because it limits the alternatives or initiatives for economic development to those available to the States of the union.

Puerto Rico needs special attention because it lags far behind the poorest state. Federal policy can best be tailored to our special needs when the limitations pertaining to States of the union don't curtail the field of initiatives. Salazar will be guided by the realities of economic development and the potential of the present Commonwealth relationship. This is the proper framework from which timely and effective measures can be taken to assist the economy.

