



**REMARKS BY THE GOVERNOR OF THE  
COMMONWEALTH OF PUERTO RICO  
HON. RAFAEL HERNANDEZ COLON  
AT THE PUERTO RICO CHAMBER OF COMMERCE  
IN THE UNITED STATES**

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I wish to thank the Puerto Rico Chamber of Commerce in the United States for this invitation. It is a great pleasure to share with you my views on the political status for Puerto Rico in the decade of the 90's.

Since I last spoke to you in 1986, the agenda we set out for progress has borne many fruits. Just recently, in my State of the Commonwealth Address, I had the opportunity of examining the economic and social achievements of the past five years, and the challenges that we must face in order to ensure progress and quality of life for the Puerto Rican people in the decades to come.

Our major achievement has been the transformation of eight years of economic stagnation into an economic boom. In 1985, when my administration began, Puerto Rico's Gross National Product was fixed at \$14,183 million, today it has grown up to \$20,051 million. Private and public investment increased 82% over that of 1984 and investment in machinery and equipment rose 104%.

Compared with 1984, our per capita personal income rose 36%. Unemployment rate dropped from 21.6% in 1985 to 13% last December.

Now we are determined to carry on dramatic improvements in our infrastructure and our education. Guided by the same creative and pragmatic spirit that gave birth to Operation Bootstrap in the 1950's, we plan to create two interest-bearing perpetual funds, of \$1 billion each, for the enhancement of education and the betterment of infrastructure, the two essential pillars of our development in the 1990's.

Without doubt, the key to the sustained and successful economic growth of the past five years, has been the intensive use of Commonwealth's unique advantages in the structuring of a sound economic policy for the Island. Once again the flexible and dynamic nature of the Commonwealth status has proved to be Puerto Rico's unrivaled mechanism for prosperity and growth.

In 1952, the creation of the Commonwealth allowed Puerto Rico to emerge from poverty to a

vigorous and industrious society. Ending our colonial history, Commonwealth brought forth a new type of association, based upon a compact between the people of Puerto Rico and the Congress of the United States, which permitted Puerto Rico to enjoy local self-government and fiscal autonomy within its permanent association with the United States.

The creation of Commonwealth gave political expression to the two essential aspirations of the Puerto Rican people: our will to maintain our identity as a people, with a distinct historical heritage and cultural identity; and our allegiance to the United States and the U.S. citizenship we cherish. Commonwealth provided a most needed political center, a consensus from which to undertake the modernization of the island.

During the general election in 1988, I committed myself to the enhancement of the Commonwealth relationship along the lines of maximum self-government compatible with permanent association with the United States. Responding to

the electoral mandate, in my Inaugural Address in 1989, I called for a status referendum with adequate guarantees of implementation of the will of the people at the federal level.

We expect that, sometime during the summer of 1991, the people of the Commonwealth of Puerto Rico will have a chance to vote themselves into enhanced Commonwealth, statehood, or independence.

I am firmly convinced that neither statehood nor independence are in the best interests of Puerto Rico.

Independence would divide the Puerto Rican nationality, which extends beyond the island to the continental U.S., where 2.5 Puerto Ricans live. It would wreck the Puerto Rican economy and would run counter to the determined desire of the people of Puerto Rico to maintain their U.S. citizenship and live in permanent union with the United States.

The productive economic vitality enjoyed by Puerto Rico under Commonwealth is impossible under statehood. Constitutionally, Puerto Rico cannot preserve its tax autonomy under Statehood, given

the Tax Uniformity clause's mandate that all duties, imposts and excises shall be uniform throughout the United States. The application of the uniformity clause through Statehood, and the resulting imposition of federal income taxes, individual and corporate, would destroy Puerto Rico's continued economic prosperity.

Puerto Rico would be the first state to come into the Union as a dependent of the Federal Treasury. After a transition, \$2.4 to 3 billion annually would go in disbursements to Puerto Rico over revenue generated by Federal Income tax. This would take the form of larger Federal payments to provide the safety net necessary to make up for our devastated economy.

For Puerto Rico, Commonwealth is the answer and that is why we seek to enhance it, in four main ways: by enlarging the scope of self-government of the Puerto Rican people, through greater local control in a number of areas, by accelerating our economic and social development, by providing for increased participation in U.S. government

decisions affecting us, and by safeguarding our distinct cultural and historical heritage.

Among other improvements, we seek adoption of a clear federal policy toward Puerto Rico that will automatically fine-tune the application of uniform federal norms to Puerto Rico, so as to minimize friction between jurisdictions. This new standard would assure Puerto Rico a broader sphere of local control, and avoid the inescapable costs attached with the un-thinking and undifferentiated application of federal norms to a jurisdiction different in culture and economic development.

Unfortunately, as I recently explained in a New York Times column Senate bill 712 purporting to provide self determination for Puerto Rico does not provide a fair balance between these 3 options.

The bill is equivocal as to the dignity of Commonwealth and fully extends the federal safety net --food stamps, medicaid, SSI, AFDC-- under statehood, significantly increasing its electoral appeal while denying identical protection to the same U. S. citizens under Commonwealth.

To be fair, the bill must make clear that the dignity of the Commonwealth relationship is the same as that of statehood or independence. In order to do that, the sovereignty of the Puerto Rican government over matters not assigned to the federal government must be unequivocal. Measures of additional self government such as negotiating air routes into San Juan, setting shipping rates for Puerto Rico --among others-- which the Puerto Rican government has claimed, must be granted. Further, the bill should end all discrimination in the extension of federal social programs to U. S. citizens under the Commonwealth relationship.

We expect these essential points to be clarified in future revisions. Otherwise, we could never speak of free determination, because the people of Puerto Rico could be prompted to choose to become the fifty-first state simply because it offers some quick revenues through the Federal system.

As the winds of change sweep the world, and countries reach out to seize new opportunities of



growth within the framework of democracy, enhanced Commonwealth stands for us, as always, as the sole successful model for the continuous progress of our island.

Toward this end the government of Puerto Rico is fully committed.

