



**REMARKS BY THE GOVERNOR OF THE  
THE COMMONWEALTH OF PUERTO RICO  
HON. RAFAEL HERNANDEZ COLON  
DURING A BANQUET AT HARVARD UNIVERSITY**

**APRIL 19, 1990**

**BOSTON, MASSACHUSETTS**

I am delighted to be here with you this evening. This dinner is a most enjoyable culmination of an exciting day at Harvard. Today I have had the opportunity of sharing with students and faculty members the most recent developments concerning Puerto Rico's projected plebiscite on the Island's status. An event that has drawn the attention of many a people who are aware of the far-reaching consequences that the outcome can bring to our country.

In many ways Puerto Rico is living a historical moment. Not only in terms of this major political decision, but also regarding the critical issue of future competitiveness which most nations of the world are addressing with particular concern.

Challenges are in the rise and we in Puerto Rico have decided it is time for action. As we approach the next century we cannot let our competitive prospects dim.

That is why I proposed to the people of Puerto Rico to engage in a new journey towards qualitative

change; to commit itself with vigor and enthusiasm to a new effort that will lead us to new heights of prosperity and well-being.

In order to reach our goals we must start by conquering two very basic needs. First, to develop a world-class work force through excellence in education. And second, to upgrade and modernize our infrastructure for future development and economic growth.

Ours is a pragmatic agenda, yet it is indeed the most important endeavor proposed to our country since Operation Bootstrap --the economic strategy of the 40's that transfigured Puerto Rico into a modern society within the span of two generations.

Setting a course for educational excellence and upgrading infrastructure have long been two top priorities in my administration. In the past five years we have taken many steps and committed a great amount of our budget to these areas. Yet the magnitude of the task that I propose exceeds our ordinary governmental budget. The profound

transformation which I envision will require both, dramatic and fast improvements.

Just recently we have taken a bold move to achieve our goals. My administration enacted legislation to sell the Commonwealth's Telephone Company for at least \$2 billion and direct these proceeds towards education and infrastructure development. To safeguard public interest in this economic transaction the law establishes a special committee comprised by five renowned citizens that will supervise its execution.

It is a very special piece of legislation because it provides for the creation of two perpetual funds in which the proceeds will remain untouched. Invested in these permanent trusts, these two billion dollars will grow over time. In order to safeguard the funds from inflation, a portion of interest revenues will be reinvested as principal, allowing the funds to grow to almost \$6 billion in 50 years. We have estimated that each

one of these perpetual funds will generate between \$85 million and \$90, a year, in interest revenues.

To guarantee the correct use and the permanent nature of these funds, we have also required that both funds be mandated by additional legislation. Furthermore, we will submit to the consent of the people of Puerto Rico the possibility of amending the Constitution to ensure these two patrimonial funds for generations to come.

The law also provides a series of measures to protect the Company's workers as well as Puerto Rican consumers. It requires the enactment of legislation to create a Puerto Rican Telecommunication Commission to watch over the quality of telecommunication services in the island and maintain fair rates.

The Infrastructure Fund will boost our development by improving drinking water, sewage and electric power systems, roads, modern waste disposal systems and many other facilities necessary for future development.

The monies of the Education Trust Fund will be used solely to advance our Education Reform program. The income produced by the Education Trust Fund will be committed in the first year to completely update and rebuild the physical resources of our school system. Later on the income will be used to support innovative and educational programs. The Education Trust Fund will impel our Education Reform for which have been working on a bill soon to approved by the Legislative Assembly. This new law updates our educational policy; defines its objectives; restructures the system for better management; updates the curriculum and sets new educational standards for our students; fosters quality by emphasizing innovative methods, media and research for teaching; links education with the business world; and consolidates and rationalizes the numerous administrative initiatives of the last five years.

Among the most important changes the new law will decentralize our educational system by establishing the school as its basic unit. Schools will be endowed with new decision-making authority. The law will effectively expand the participation of teachers, students, parents, and the community in general in the educational process. The legislation will also transfer to the School Districts the funds for teaching materials, equipment, maintenance, repairs and other such costs that are now concentrated centrally.

The decision to sell our Puerto Rico Telephone Company was difficult to make. As a people, we are very proud of this public corporation that has modernized our telephone system and increased access at affordable rates.

Today, however, the challenges we face are very different than those present when we bought the Company back in 1974. We have to ensure that all young people in our country will be prepared for a new era of technology and harsh worldwide

competition. The new law enables us to transform an asset of the state into one that directly enables the Puerto Rican people to meet the needs of a rapidly changing world.

In closing, I would like to return for a moment to the subject of Puerto Rico's projected plebiscite.

Our status as a Commonwealth has been crucial to the post-World War II development of Puerto Rico from a predominantly agrarian economy to the mixed economy of today. Thousands of good jobs have been created, and the lives of many Puerto Ricans have been transformed.

It is the harsh truth that if we were to lose our commonwealth status and, therefore, our tax advantages, it would be a giant and irreversible step backwards. Puerto Rico would inevitably lose plants and factories and other businesses.

The result would be the transformation of thousands of hard-working, skilled Puerto Ricans from proud working people to welfare recipients.



The cost to Puerto Ricans in pride and money would be devastating. The cost to the United States taxpayer would be very high indeed. The Congressional Budget Office has estimated this cost at \$19,000,000,000 in the year 2,000.

Much of the good accomplished by Operation Bootstrap would be wiped out. And, the high hopes that Puerto Rico has for the proceeds of the sale of our telephone system would be dashed. We would be playing catch-up ball in a game that can't be won.

But, my hopes and those of Puerto Rico are high. Our new Education and Infrastructure funds should be in place in 1991. And, the wisdom of the people of Puerto Rico can be counted on to protect our hard-earned progress.

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