

Address by

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One of the significant but ironical facts of the post-war period is that the three areas which have achieved the most spectacular economic development are intrinsically among the poorest places in the world. The epic development of Japan, Israel and Puerto Rico took place despite the fact that, in all three cases, the odds against them were enormous. And in all cases, it was a victory of the human element against the harshest possible material adversity. All three lacked what was believed to be the essential raw materials needed to support a viable economy and -- in Japan and Puerto Rico -- the intense population pressure against their sparse resources seemed an insurmountable obstacle. Yet all three refused to accept the verdict of most economists that they didn't have a chance, and the results are almost legendary.

In many ways, Puerto Rico's prospects seemed even grimmer than those of Japan and Israel. These two latter countries had one initial advantage which they used to the hilt: both had a highly educated, skilled population to spearhead their development. Puerto Rico did not even have

this. Its per capita income in 1940 was \$121 a year, and its people were hobbled by poverty, disease, illiteracy and hopelessness. It had probably the most fearful overpopulation in the world in relation to its size and resources; it had almost no educated, skilled labor force; it had no industry or industrial tradition. And at the same time it had to resolve some very fundamental political problems involved in emerging from colonialism.

What this meant, in sum, was that the island had to industrialize, educate its people, and create a new political structure at the same time. There are very few examples in history of these three difficult goals being advanced so rapidly in such a short time as in Puerto Rico since World War II.

The basic -- and dramatic -- economic statistic about Puerto Rico is that its per capita income has risen from \$121 to \$1,400 in thirty years. In education, while we still have a long way to go, we have nearly eliminated illiteracy and now have -- just as one measure -- perhaps 20 to 30 times as many college graduates as we had 30 years ago. And in the political area, the creation of the Commonwealth relationship to the United States is recognized by many scholars as being a landmark in evolution from colonialism by creating a new form of association between a very large community and a small one.

It is significant that all these three factors were interdependent. Had any one been lacking, all the others would have failed. Without successful industrialization and its resultant economic fruits, our educational and political objectives would surely have failed. Likewise, without a major educational effort, any economic or political gains would have been short-lived. And without the political structure of the Commonwealth relationship, we would have had neither the heart nor the political leadership for our development, nor the essential fiscal relationship of which I will speak later.

To cut the Gordian knot of the classical vicious circle of underdeveloped areas, required enormous dedication and sacrifice by the Puerto Rican people. It also required very remarkable political leadership. Very few Puerto Ricans doubt that, without the extraordinary vision and leadership qualities of Luis Muñoz Marín, very little of this would have been accomplished. Though he played his role on a stage which was geographically small, Muñoz is certainly one of the authentically great men of our times. He has been our George Washington and Thomas Jefferson rolled into one -- a genuinely epic figure.

It fell principally on him to dream the dreams, then to fire the hopes of a depressed people, and to induce them to work very hard for many years for small rewards. He inspired what was a major act of faith on the part of



the Puerto Rican people that, at the end of a long tunnel of sacrifice and work, they would emerge into a world of relative comfort and dignity. The results have been spectacular.

The remarkable economic growth is the best-known facet of Puerto Rico's development, but I would like to talk to you mostly about the unique political framework which has made this possible.

Beginning in 1950, in response to a request from Puerto Rico, the U.S. Congress passed Public Law 600, which enabled the people of Puerto Rico to organize a government of their own. In 1951, a constitutional convention in Puerto Rico adopted a constitution which was then ratified by a popular referendum. In 1952, this constitution was approved by Congress and President Truman. Then the entire procedure was again ratified by popular referendum, thereby formally creating the "Associated Free State" -- as it is called in Spanish -- of which the English equivalent is the "Commonwealth of Puerto Rico".

The essence of this very unusual relationship is that it reposes on mutual consent and is genuinely responsive to Puerto Rican desires for self-determination. If a substantial majority of Puerto Ricans were to come to desire independence, for example, I have little doubt that the U.S. government would be responsive to this. And if an even larger majority -- around 80% to 90% -- were to ask for statehood, I

believe that this too would be accepted by the United States. Mere knowledge of this fact is important to Puerto Ricans.

Yet, at the same time, all of our present measurements show a clear desire on the part of most Puerto Ricans to remain an autonomous, self-governing entity within the Federal system.

The most important single power available to the Commonwealth is the power to exclusively tax its own people. The fact that Federal taxes do not apply in the Commonwealth is the very heart of its political and economic being. This has a historical, moral and pragmatic basis. Historically, even when Puerto Rico was a U.S. colony, Federal taxes did not extend to the island. Morally, it would be difficult to justify such taxes while sustaining the traditional American posture of "no taxation without representation". And pragmatically, Puerto Rico's economic development would never have been possible except for the salient fact that the Commonwealth is within the customs union of the U.S. but outside its fiscal system.

Moreover, this basic fiscal attribute is as essential today as it was when the Commonwealth was created. Yet there is an increasingly emotional debate in Puerto Rico at the present time regarding what the island's political relations with the U.S. -- and thereby its economic and fiscal relations -- should be. There is a well-organized, well-financed drive toward statehood, led by the present

governor. It is backed by the resources not only of the government but also by the large private means of the governor and his supporters. And there is also, in a backlash against this statehood drive, a growing independence movement. Both these political thrusts deserve to be looked at afresh at this time.

There has been a long history of an independence movement in Puerto Rico which, while it has never commanded even close to majority support, was a substantial factor in island politics in the late 1930s and immediately after the war. But after the Commonwealth was established, and when its economic, political and cultural fruits became increasingly apparent, the independence movement shrank to insignificant proportions: running about 2% to 3% in most elections. The great majority of Puerto Ricans felt they had achieved the dignity of self-government under Commonwealth, as well as remarkable economic gains. The independence movement splintered and had difficulty surviving as an organized political entity.

But when it became clear in the last two years that Governor Ferré and his party intended to make a serious drive toward statehood, many of the old fears which contributed to independence sentiment were revived. Their basic fear is that, under statehood, Puerto Rico would lose its cultural identity, and that our 450-year old traditions as a Spanish-speaking



people with a distinct culture would be lost. This is a fear which is shared by many Puerto Ricans, including myself, who are strongly opposed to independence. But this fear is now sufficiently acute that the independence forces have been able to make a considerable amount of political capital out of it.

Since the major drive to change Puerto Rico's political system comes from the pro-statehood forces, they require the most serious attention. In past elections, the pro-statehood party never quite achieved 40% of the vote. In a plebiscite in 1967, when the people were offered a clear choice of Commonwealth, statehood or independence, the vote was:

Commonwealth - 60.4%

Statehood - 38.9%

Independence - 0.6%

In the elections of 1968, though, following an unhappy split in the pro-Commonwealth Popular Democratic Party which had been the majority party for 28 years, a pro-statehood governor was elected with 43% of the vote. However, very significantly, he campaigned on a platform in which he promised that he would make no effort to alter Puerto Rico's political status if elected. A vote for him was not a vote for statehood, he said categorically, and many Puerto Ricans believed him.

Since that time the governor has campaigned vigorously for statehood both in Puerto Rico and in the United States. At first glance, one might say tolerantly than many campaign promises are forgotten. But the situation in Puerto Rico is very special in this respect. For the governor of Puerto Rico is solemnly sworn

to uphold and defend the Commonwealth. For him to openly campaign in a way which is intended to undermine and destroy Commonwealth is not some minor peccadillo. It is, as stated recently in El Mundo, our largest paper, a violation of Puerto Rican law. Both campaign promises and legal obligations are clear: that the governor of the Commonwealth must support Commonwealth, and that he must take no steps which could lead to its debilitation or destruction. But in fact, no one doubts in Puerto Rico that the governor, with great resources at his command, and particularly financial resources, is determined to move Puerto Rico/as rapidly as possible, despite his campaign promises and despite the clear illegality of such moves. Likewise his Resident Commissioner, also sworn to uphold Commonwealth, has recently stated candidly that it is time to move Puerto Rico toward statehood.

What this means is that the troops responsible for defending the citadel chosen by the Puerto Rican people are openly working for its destruction. And this is leading to the most serious danger which the Commonwealth has encountered in its two decades of existence.

Statehood is, of course, a very honorable objective for any American citizens to pursue. And when Puerto Ricans express reservation about the wisdom of statehood for them, some Americans express hurt or even shock, and find it difficult to conceive that any community which might become a state would not want to do so immediately.

But this is not the case in Puerto Rico, as you see, and for very good historical, cultural and economic reasons.



Historically, Puerto Rico has been a Spanish-speaking community for over 450 years. San Juan was settled a century before the Pilgrims landed at Plymouth Rock. Our political and cultural identity for four centuries was with the Spanish Empire and with other Spanish-speaking islands of the Caribbean.

Even if we wanted to change our language and culture, I doubt if it would be possible. But polls show that some 99% of Puerto Ricans wish to retain Spanish as their official language, which is immediately in conflict with one of the basic requirements for statehood. It is almost impossible to conceive that Congress would accept Puerto Rico as a state with totally different criteria from those which have applied for all other states. These have always been that English would be the official language, that the state would be assimilated culturally, politically and economically into the body politic, and that it would meet the same fiscal criteria as other states.

Yet all these conditions are impossible for Puerto Rico.

Puerto Ricans want to keep Spanish as their official language. They want to conserve their cultural identity. And they could not undertake the fiscal obligations of becoming a state without facing almost immediate economic ruin.

These are the compelling reasons why statehood is an unreal objective for Puerto Rico for many decades, and may never be a desirable one. Yet the pro-statehood advocates brush them aside as being inconsequential or non-existent. They maintain that only under statehood will Puerto Ricans

become "first class" citizens, and they assert that -- since the 50 states are more prosperous than Puerto Rico -- becoming a state will somehow automatically mean prosperity for the island. They minimize the importance of our present economic relationship, in which Puerto Rico is within the customs unions of the U.S. but outside its fiscal system. Yet, qualified economists are in almost total agreement that <sup>without</sup> this relationship, which means that U.S. industry locating in Puerto Rico does not have to pay Federal taxes, Puerto Rico's industrial development would have been impossible, and could not be sustained even today.

It is an extraordinary thing that Governor Ferré and his party, which contains many of the most successful business men of Puerto Rico, should be such poor economists. Statehood would mean gutting our vital industrial sector, which in turn would mean economic ruin for Puerto Rico. On these grounds alone, quite aside from cultural considerations, statehood is not a realistic goal for Puerto Rico.

What we have therefore, is a most unusual situation in which two totally unrealistic and antagonistic political objectives -- independence on the left and statehood on the right -- are battling to crush the reality of Commonwealth. Should they succeed in crushing the Commonwealth center, ironically, neither could hope to prevail; each has a de facto veto power on the other. The independence forces

are strong enough to prevent Puerto Rico from ever becoming a state, and the pro-statehood forces can certainly interdict independence. What neither can do is provide a status which would permit Puerto Rico to continue both its economic and cultural development.

But in the polarization which both the independentists and statehooders seek, there is a real danger that they may undermine Commonwealth to the point where Puerto Rico would no longer be viable economically under any system, which would be an act of suicide. Already, the mere fact of having a government dedicated to radical change of our existing relationship with the U.S. is doing serious damage to our economic development, by causing <sup>American</sup> industrialists to delay or cancel their plans to invest in Puerto Rico.

Let me speak also of another danger. The statehood drive has an important, artificial stimulant - - money. The backers of statehood in Puerto Rico are generally the wealthiest members of our community, comparable to the big money wing of the Republican Party in the U.S. This poses a problem even more serious than the same phenomenon in the United States.

The New York Times recently editorialized:

"The excessive, disproportionate power of the big givers . . . distorts the balance of argument in campaigns and sometimes determines their result . . . and beclouds public policy making."

This fundamental weakness in the democratic system obtains in Puerto Rico as in the United States, but with



an important difference. In the U.S. the power of money may distort internal policy making, but it does not threaten the essential framework of the United States nor its larger political status. In Puerto Rico it does. The lopsided financial backing of the statehood party in Puerto Rico, translated into all the modern tools of propoganda, can profoundly distort our entire relationship with the U.S., threaten our cultural integrity, and undermine our economic viability. Moreover, coupled with heavily-financed public relations activities in the U.S. as well, designed to convince Americans that Puerto Rico is on the road to early statehood, another distortion is injected. Insofar as Americans come to believe, as a result of planned, sustained, and costly propoganda, that Puerto Ricans are seeking statehood far more than they are in reality, their political attitudes toward Puerto Rico in general and the existing Commonwealth ties in particular are subtly but significantly distorted.

Much depends on the next elections. It is not impossible that the political course of Puerto Rico for the next 20 years will be set at that time. If the pro-statehood forces were to achieve a majority of the vote, there is little doubt that they would greatly intensify their statehood drive, and that Puerto Rican political life would become even more polarized. If this happens, there is a distinct possibility that some of the more radical independentist groups may resort to widespread violence to oppose assimilation. But if the

pro-Commonwealth center returns to power, as I anticipate, then the island will regain the constructive thrust of the Muñoz period which saw such formidable progress. While Puerto Rico's economy would be shattered by any radical change of political relations with the U.S., a reaffirmation of Commonwealth would allow it to regain its momentum. At the same time, fears of assimilation on the part of independentists would subside, since the Commonwealth has been a clear and conscious instrument of conserving and stimulating Puerto Rico's culture and cultural identity.

In sum, Commonwealth status is more than a desirable political framework for Puerto Rico. It is the essential key to its development and to its very survival.