

**ADDRESS BY THE GOVERNOR  
OF THE  
COMMONWEALTH OF PUERTO RICO  
HONORABLE  
RAFAEL HERNANDEZ COLON**

**FUNDACION  
BIBLIOTECA**



**TO A MEETING OF CARIBBEAN LEADERS  
JUNE 28, 1985  
BRIDGETOWN, BARBADOS**



**Honorable**  
**RAFAEL HERNANDEZ COLON**  
**Governor of Puerto Rico**

We meet today with pride in the different places from which we come —and with a sense of shared purpose in the Eastern Caribbean which now brings us together here in Barbados.

We convene in the spirit of hope, with a belief that there is work to be done and that we must move ahead. But first let us pause for a moment and recall the memory of a man and the prime minister who led this land —and who was a leader among us all in the cause of economic development and individual liberty. The democracy of Barbados— the progress which has been made here —is a tribute to our friend Tom Adams— and an inspiration to all the people of our region.

We shall miss Tom Adams —and we shall continue the effort to which he was committed, here in his country and in every free island and land of the Caribbean.

I come here in that spirit —as a representative of the Commonwealth of Puerto Rico— to bring a message and a pledge from our citizens to the representatives of your countries.

We are fully committed to the common prosperity of the entire region. None of us can achieve our true potential if some of us are falling further behind. No nation in the Caribbean can be an island entire of itself; ultimately, no single society among us can exist separate and prosperous amid a sea of poverty or economic stagnation.

We Puerto Ricans are fully committed to President Reagan's Caribbean Basin Initiative. That initiative challenges us to look beyond ourselves —to recognize that despite differences of language and geography, culture and history, we have an essential common heritage of free ideals and free institutions. And we will have a common destiny in which we all advance the reach of liberty— or liberty will lose ground.

More than a century and a quarter ago Abraham Lincoln warned that the United States could not permanently exist half slave and half free. Today the Caribbean Basin cannot permanently exist part free and part subjugated —part prosperous and part deprived.

At the center of our commitment is the conviction that individual rights and economic progress alike depend on the capacity of private enterprise to innovate, to invest, to create new wealth and new opportunities.

We have learned in Puerto Rico that growth comes primarily from the private sector, not from government. Government can be a help —or it can be a hindrance— but in the end, what we can do in our Commonwealth is inevitably determined by what business has done in our economy. Political leaders may create the climate for growth; but it is the investor and the entrepreneur who plant the seeds, nurture them, and gather in the harvest.

The record shows that free economies outproduce state economies. And if we carry out our responsibility, then the wave of the future will not be Communism but free enterprise in a free society.

In my Inaugural Address as Governor, I asked what our Commonwealth could do to build a future of freedom —not only for ourselves, but for our neighbors across the Caribbean.

Puerto Rico has been blessed with a strategic location, with a strong people —and with the help of the United States— the tax advantage offered by that nation to investors in our Commonwealth. Specifically, a provision known as Section 936 of the American Tax Code has given us the chance to become a model of economic development. To those Marxists who, for their own purposes and propaganda, falsely assail the United States, we respond that our own experience has proved how wrong they are. We are proud of what we have achieved, through our own initiative and for our own people, in the years of “Operation Bootstrap”; we are also grateful to the United States, because Section 936 has given us a place to stand —to plant our boots and to pull ourselves up.

Today, Section 936 companies account for 60% of our manufacturing employment, nearly three-quarters of our domestic products in manufacturing —and one quarter of all salaries paid in all sectors of the Puerto Rican economy.

**We still have many miles to go, but we have made remarkable progress. How then can our progress best serve our Caribbean region?**

**An analysis published by the prestigious Overseas Development Council this month describes the Caribbean Basin Initiative as “the most sweeping economic package that the Reagan Administration has offered to developing countries”. This same report notes, however, that the results of the first year of Caribbean Basin Initiative are “disappointing” since “relatively little new export-oriented investment was undertaken”.**

**President Reagan foresaw the need for tax incentives to fuel the opportunities created by the one-way free trade access to the United States market that is the heart of his Initiative. Unfortunately, Congress afforded the President only half a loaf —duty-free access but not tax incentives. With the underpinning of Section 936 of the United States tax code, Puerto Rico will supply that missing ingredient so essential to the success of the Initiative.**

**In my Inaugural, I announced our intention to help others do for themselves what America has helped us to do. I announced a sweeping plan to share the gains of 936 with the rest of the Caribbean. Under it, we have committed the money deposited in the Puerto Rican Government Development Bank as a consequence of Section 936 and our own law —a total of \$700 million— to a strategy of shared regional development.**

**In effect, we have dedicated the resources at our disposal to the service of President Reagan’s historic Caribbean Basin Initiative. We have offered financing, on favorable terms, for new plants in Puerto Rico to corporations ready to invest their own funds on “twin plants” on other Caribbean Islands.**

**We want to widen the grounds of opportunity; we want to be an agent of change; we want others to have a place to stand —and a chance for their own “Operation Bootstrap”. In short, we are seeking, in the best traditions of America’s history and in the bright spirit of President Reagan’s Caribbean Basin Initiative and vision, to shape a new Caribbean alliance for prosperity— which can bring new hope to all the islands and lands of our region by bringing together Puerto Rico and your nations, public leadership and the private sector.**

We now have commitments from 21 major corporations to make new investments in Puerto Rico and complementary new investments elsewhere in the Caribbean Basin and Central America.

Yet this alliance for prosperity is in danger even as it begins. The proposed repeal of Section 936 as part of the Tax Simplification Plan, now before the United States Congress, would doom our endeavor— and it would inflict severe damage on the President's own Caribbean Basin Initiative. We in Puerto Rico do not oppose the reform of the American tax system; we favor it, and in critical aspects our people will gain from it. But ending 936 is not tax reform; it would represent a critical loss to our economy; it would set back the prospect and stability of this region.

Many of you already know that —and you know what “twin plants” can mean to your countries. I have traveled not only to Washington, but to many of your capitals to promote and to plan this effort.

In Grenada, I met with Prime Minister Blaize, who saw in our proposal a great source of hope for his people. And I can tell you today that we have four pharmaceutical firms prepared to create new twin plants and new jobs in Puerto Rico and Grenada if we succeed in preserving Section 936. The citizens of that country regained their liberty with the help of the Eastern Caribbean community and the United States. The rest of the hemisphere and the world are watching to see what will happen there now. And we must resolve that the people of Grenada have not been unshackled in order to become unemployed.

In Jamaica, we are working with Prime Minister Seaga to provide housing —one of that nation's most desperate needs— by prefabricating units in Puerto Rico and financing them with 936 funds. We are pursuing the possibility of investing 936 funds from our Redevelopment Bank to construct factories in Jamaica's free trade zone. We are answering the call and the challenge of Jamaican Minister Oswald Harding to “demonstrate how effective the retention of 936 could be in ensuring the success of the Caribbean Basin Initiative”.

Here in Barbados, we are also providing housing, pre-fabricated in Puerto Rico. I am here to dedicate those units today. This much we have done together —and we can and will do more. We are now

encouraging Intel to finance the expansion, in Barbados, and Puerto Rico, of a twin project in the computer field.

We are making similar efforts in the Dominican Republic and Central America, where the incentives of 936 can help both to bring in benefits of free enterprise —and to keep out the enemies of freedom.

Given the chance, we will bring thousands of new jobs and new investments to the Caribbean Basin and Central America, where unemployment is the ally of instability —and a thriving free enterprise can become a bulwark against tyranny.

I saw this so clearly on my trip this spring to Dominica. There Prime Minister Charles has set an example of leadership in the cause of liberty. With 936 funds, we are working with her to develop a preliminary processing plant for the fruit grown in Dominica, with the final processing to be done in Puerto Rico. We will move beyond that to harvest the wood of the island to manufacture furniture. As Prime Minister Charles said to me, with deep conviction, “If we are able to use 936 funds, our farmers will be able to sell all of their products. This is the number one priority for Dominica”.

I am convinced that we can prevail in this issue —for I am certain of the President’s special concern for the Eastern Caribbean. He helped write a new chapter in the history of freedom here in 1983— and now together in 1985, with him and with America, we can write a new chapter in the history of economic development and social progress.

Our aim is to have the United States as our partner in that progress —and to have each of your nations as a full and equal partner in the gains we make. We must be allies not only in building prosperity; we must be allies in sharing it.

We can do that with “twin plants” which can mean jobs now. And we can also make essential investments in the most important resource of all —human capital— which can mean jobs, growth, and opportunity in the coming decade and generation. So today I am announcing the next step of our strategy, the newest commitment of our alliance.

We have decided to create scholarships, which will bring ten Scholars from each of the Eastern Caribbean countries to study at

our technical center in Mayagüez. We will challenge the 936 corporations to provide the scholars with on-the-job experience during their time in Puerto Rico. We want them to have practical, technical, and academic training —and we want them to return to their own nations as the vanguard of economic development.

We intend to call them Reagan Scholars. They and the students who come after them will be the living embodiment of the President's Caribbean Basin Initiative. They can be messengers of liberty, leaders of skill, and forces for change.

In that spirit, we also intend to apply the leverage of our 936 resources to the task of investing, on a broader basis, in health and culture and human capital. We will call on all our educational institutions, on all our business and managerial skills, on the idealism of the young. We plan to be involved at every level. When I look across the Caribbean in years to come, I want to see investors from Puerto Rico joining investors in your nations at all the frontiers of growth and development. As time passes, I want to see advisors who are from the Eastern Caribbean and Puerto Rico — not from Cuba— providing assistance in Central and Latin America.

With Section 936, the United States put into Puerto Rican hands the tools to make our own future —to earn our own way. Now we seek to share those tools with you —and we ask you to stand with us in the struggle to save that provision, which can make possible a more powerful and sustained progress— for my Commonwealth and this community.

Our message is plain and compelling.

We welcome President Reagan's Caribbean Initiative —and we want to see it work.

We hope not for a handout, but for the opportunity to help ourselves.

We know we can make our region a showcase of freedom, a beacon of our beliefs across the hemisphere.

We ask President Reagan and the people of the United States to join in our alliance for prosperity —to assist us in earning a new place in the world economy— and to gain for themselves and for America a new place of honor in the history of the Caribbean.



