Number 73

A TIME FOR DECISION:
PUERTO RICO AND THE UNITED STATES FACING THE 1980s
A Rapporteurs' Report

Jorge Heine
Stanford University

Barbara Mauger
The Wilson Center

Authors' note: This paper is the rapporteurs' report for an April 16-18, 1980 conference on "The United States and Puerto Rico" organized jointly by the Latin American Program of the Woodrow Wilson International Center for Scholars, Smithsonian Institution, Washington, D.C. 20560, and Yale University.

This essay is one of a series of Working Papers of the Latin American Program of the Woodrow Wilson International Center for Scholars. Dr. Michael Grow oversees preparation of Working Paper distribution. The series includes papers by Fellows, Guest Scholars, and interns within the Program and by members of the Program staff and of its Academic Council, as well as work presented at, or resulting from, seminars, workshops, colloquia, and conferences held under the Program's auspices. The series aims to extend the Program's discussions to a wider community throughout the Americas, and to help authors obtain timely criticism of work in progress. Support to make distribution possible has been provided by the Inter-American Development Bank.

Single copies of Working Papers may be obtained without charge by writing to:

Latin American Program, Working Papers
The Wilson Center
Smithsonian Institution Building
Washington, D. C. 20560

The Woodrow Wilson International Center for Scholars was created by Congress in 1968 as a "living institution expressing the ideals and concerns of Woodrow Wilson . . . symbolizing and strengthening the fruitful relation between the world of learning and the world of public affairs."

The Center's Latin American Program, established in 1977, has two major aims: to support advanced research on Latin America, the Caribbean, and inter-American affairs by social scientists and humanists, and to help assure that fresh insights on the region are not limited to discussion within the scholarly community but come to the attention of interested persons with a variety of professional perspectives: in governments, international organizations, the media, business, and the professions. The Program is being supported through 1982 by three-year grants from the Ford, Mellon, Kettering, Rockefeller, and Tinker Foundations, the Rockefeller Brothers Fund, and the Xerox Corporation.

TABLE OF CONTENTS

A TIME FOR DECISION:
PUERTO RICO AND THE UNITED STATES FACING THE 1980s
A Rapporteurs' Report

by Jorge Heine, Stanford University
and Barbara Mauger, The Wilson Center

Introduction

The "Puerto Rican question" is perhaps the last outstanding colonial issue in U.S.-Latin American relations. It may also become an important issue within the U.S. political system in the 1980s, if Puerto Rico's push for statehood culminates in a majority endorsement of that option in a plebiscite announced for 1981. In many ways, such an outcome would confront Congress with an unprecedented situation: for the first time an overseas possession with a sizeable population and national characteristics that are quite different from those predominating in the United States would ask for its formal incorporation into the Union.

Whether such a plebiscite takes place or not, it is apparent that the Commonwealth formula which has provided the framework for U.S.-Puerto Rican relations for almost three decades is under severe strain. There is a remarkable consensus in Puerto Rico that the 1980s will witness the emergence of a new type of relationship between the island and the United States. No such agreement exists on the precise nature of any such arrangement, and the long-standing division among Puerto Ricans regarding the future of their homeland is paralleled by the new alignments which the Puerto Rican issue is already creating within the United States. The traditional alliance between Democrats and Commonwealthers, on the one hand, and Republicans and Statehooders, on the other, is giving way to a much more complex constellation of forces which defies not only conventional party labels but also orthodox ideological categories (say, along the liberal-conservative spectrum).

Will a majority of Puerto Ricans endorse statehood? Would Puerto Rico be able to survive economically and politically as an independent nation? Would the United States be willing to make major concessions in order to enhance the present Commonwealth arrangement if the populares win the 1980 election? And is the United States willing to consider the admission of a 51st, Hispanic state? These are only some of the many questions that come to the fore when one begins to look at Puerto Rico's future.

The 1965-1980 period has witnessed important changes in the Puerto Rican polity and economy. The retirement of Muñoz Marín and other changes in Puerto Rican society opened the door to the emergence of a genuine two-party system, effectively ending the exclusive control over the local government apparatus held by the Partido Popular

Democrático (PPD) since 1940. In 1974, the oil crisis and world-wide recession struck the final, critical blow to an economic model of development which had already shown serious signs of strain. During this period, Puerto Rico's financial dependence on the United States government grew dramatically. All of these developments led to the present situation (which nearly all Puerto Ricans agree is unsatisfactory) and contributed significantly to the growing desire for change.

From April 16-18, 1980, a group of prominent Puerto Rican and U.S. scholars and policy makers gathered at the Wilson Center for a conference on "The United States and Puerto Rico."* Nine papers were presented and the three days of discussion focused on a number of key questions about Puerto Rico's economy, political system, culture, and especially, its relationship with the United States. It was not the purpose of the conference to endorse any particular position or produce a set of recommendations; rather, its objective was to provide an arena for discussions between Puerto Ricans of various persuasions and the U.S. policy makers who will influence many of the decisions on United States policy toward Puerto Rico in the coming decade.

This report does not provide a comprehensive transcript of everything that was said at the conference, nor does it purport to summarize the papers delivered at the meeting. It is an effort to provide an analytical summary of the main lines of argument emerging out of those three days of probing and searching.

I. The Never-Ending Status Debate

The starting point for the discussion of status was the agreement among the Puerto Rican participants on Puerto Rico's present colonial condition. In fact, it is a fallacy, one participant argued, to think of Puerto Rico as an entity with its own history as is taught in Puerto Rican schools. Puerto Rico is the product of the two major powers which ruled it as a colony: Spain and the United States. (García-Passalacqua) However, it is a new development for the independentistas and Statehooders to share a common view on the colonial status of Puerto Rico. (Quintero) A U.S. government official corroborated this by pointing out that there had never been any united demand by Puerto Ricans from all the major parties for the United States to recognize that Puerto Rico has been a U.S. colony. (Maynes)

The Commonwealth forces agree with other groups that the current situation in Puerto Rico is unsatisfactory. But they dispute the allegation that the Commonwealth is dead. The populares (PPD supporters of commonwealth) point out that since 1952 there have been several attempts to change and improve the terms of the U.S.-Puerto Rican relationship, in an effort to achieve a "Culminated Commonwealth," with a much wider array of powers in the hands of the Puerto Rican

* A list of participants in the conference appears on pp. 33-34.

government. Despite the fact that the PPD could count on heavy electoral support for these objectives, Washington proved to be immune to all these efforts. In fact, a series of federal and legislative actions have severely undermined Puerto Rico's autonomy.

The Commonwealth of Puerto Rico today finds itself in a rather awkward and in many ways paradoxical position. While in the early 1950s commonwealth status was seen by some as an innovative, courageous formula for confronting the relationship between a metropolitan power and a small territory trying to extricate itself from the more oppressive features of colonialism, today the island fares sadly in comparison with other associated states and U.S. territories, most of which enjoy many more rights and powers vis-a-vis the metropolis than the Puerto Rican government does. The Commonwealth of Puerto Rico, defined by its creators as an essentially dynamic state, has in fact proved to be a remarkably static entity.

But statehood, Commonwealthers argue, does not provide a desirable alternative. It will lead to a ghetto state which is increasingly dependent on the United States and will not be conducive to the development of the Puerto Rican economy. The island finds itself in an increasingly precarious economic situation, yet "Puerto Rico's economic policy is limited for the most (part) to manipulation of corporate tax exemptions under the Industrial Incentives Act (IIA) and to front-end subsidization of newly operating firms."*

The constitutionality of greater autonomy for Puerto Rico has been questioned, but the U.S. executive branch has recently come to an agreement called the Compact of Free Association with the Government of Palau, the Marshall Islands, and the Federal States of Micronesia. This agreement gives the entities involved much broader powers than Puerto Rico now enjoys, including the right to sign treaties and conduct some of their own foreign relations. This new attitude on the part of the U.S. executive makes free association a viable formula for Puerto Rico as well. (Hernández-Denton)

Many of the independentistas' arguments are discussed in later sections of this report. Their basic argument, however, is that independence is needed in order to liberate the island from economic and political dependency and to safeguard Puerto Rico's culture.

Although the status debate tends to be somewhat sterile and repetitious (the same arguments are set forth over and over again), important changes have occurred in the discourse of the statehood movement. Politically, the striving for Puerto Ricans' full enjoyment of their rights as U.S. citizens, with the concomitant participation in U.S. national elections, still provides the core of the statehood argument. Yet, with the ascendance of Carlos Romero

---

*U.S. Department of Commerce, Economic Study of Puerto Rico (Washington, D.C., December 1979), Vol. I, p. 54

Barceló's leadership, the Partido Nuevo Progresista (PNP)'s appeal at the polls has also relied heavily on economic reasoning. As the argument goes, statehood would not only provide "security"; more importantly, it would raise the income and standard of living of the vast majority of Puerto Ricans who still find themselves under the poverty line. As a state, Puerto Rico would qualify for many more federal expenditures than it does today, thus offsetting the impact of the loss of federal tax exemption.

Others point out that certain groups in Puerto Rico, not just those relying on federal transfer payments, know that their present position can only be maintained under statehood. One conference participant divided the supporters of statehood into four different groups: intermediaries between the U.S. and Puerto Rican economies who are in the trade and service sectors; those who feel that they are American (this is part of the colonial psyche); political leaders with ambitions for national power; and marginal groups for whom statehood becomes a guarantee of subsistence (70% of the population is either unemployed or not in the labor force). (Villamil)

Bertram Finn's paper projected what the Puerto Rican economy would look like 20 years after statehood and discussed some of the transition measures which would be needed. In order to make this projection, Finn argued, one must examine Puerto Rico's fundamental economic characteristics by looking at its factor endowments and comparative advantage. The most important resource then, as now, will be labor. In 20 years, Puerto Rico will still have a labor surplus, while there will be a labor shortage on the mainland. Thus, Puerto Rico will have a comparative advantage because the average wages of its relatively skilled labor force will be lower than on the mainland. Other important endowments are the climate, which will contribute to the growth of agriculture and of tourism; and mineral resources, especially copper, nickel, and oil reserves which might be developed. The economy will also be more balanced as manufacturing and the government sector become relatively less important and tourism and agriculture grow.

Before this occurs, however, there are some major adjustments in the Puerto Rican economy and government which would have to accompany the transition to statehood. A number of measures which would ease the transition could be considered, and Finn mentioned some possibilities. For example, since Puerto Rico is not wholly integrated into the federal revenue system, federal tax programs might gradually be phased in; tax exemptions which have been granted to encourage investment might be allowed to continue until their expiration dates. Congress, which has helped new states through land grants or cash subsidies in the past, might assume Puerto Rico's large public debt. Some shipping regulations now in force might be relaxed in order to reduce Puerto Rico's high transportation costs. Over time, the local government, which now has a large budget and relatively broad powers, would shrink and come to resemble other state governments.

There was disagreement among the participants about how the U.S. Congress would react to the proposed transition measures. Jaime Benítez thought that it was ludicrous to think that Congress would assume Puerto Rico's public debt, while Maurice Ferré pointed out that Congress had already been willing to give the island substantial amounts of money through federal transfer payments and subsidies.

But granting any major concessions would imply that Puerto Rico had a special status somewhere between a territory and a state. Some thought that the concessions which are being requested go against the nature of the U.S. Constitution. If the District of Columbia was not able to obtain a constitutional change, they doubted that anyone else would be able to. (Ferré) In addition, other cities and states--New York City, for example--would object to this favored treatment.

Federico Hernández-Denton argued that there is no historical or constitutional precedent for a 20-25 year transitional period in the application of federal tax laws, while others countered that there has been no historical precedent for the Panama Canal treaties either. Since states are admitted on a tailor-made basis, the adoption of transition measures is not impossible. (Ferré, Márquez)

At a more general level, several participants thought that Finn's analysis of the economic consequences of statehood implied all the benefits of both statehood and commonwealth. They also stressed the legal and constitutional obstacles of any transition to statehood. (Fuster, Fernós) One response was that the decision on status should be made first, and the question of transition measures dealt with later. (GAO Report, quoted by Dávila) Furthermore, regardless of the status option chosen, some transition measures will be needed.

Although Finn argued that one of the advantages of statehood is the reduction of risk, other participants did not agree. One thought that all of the options involve some risk, while another said that statehood is particularly risky and is also irreversible. José Joaquín Villamil asserted that the greatest risk of change today is for Puerto Rico to become a state and that no one, on the other hand, thinks independence to be around the corner.

Opponents of statehood disagreed with Finn's analysis and argued that the crucial questions do not involve the quantity of federal funds available or the inflow of capital, but what kind of society Puerto Ricans want to have. Secondly, the post-statehood economy described would be fragile and based on federal grants and special assistance. Thirdly, the recurrent emphasis on surplus labor is actually a reference to low wages. Is it ethical to base a development strategy on low wages? (Villamil)

Luis Dávila's and Nélida Jiménez's paper focused on long-range issues, examining the history of the statehood admission process and its implications for Puerto Rico. The power to admit a state is vested in Congress, which has ample discretionary power. Congress has followed three basic guidelines in its decision on the admission

of states: a minimum population (60,000), sufficient resources to support a government, and a common democratic experience and principle of majority rule. But Congress has waived these requirements in some cases and Dávila emphasized Congress' flexibility in considering each case for admission.

Dávila and Jiménez made it clear that there is no such thing as "instant statehood":

A. The admission of Puerto Rico into the Union is going to be a problem decided not by constitutional or legal niceties but rather by political convenience. It is an issue that is going to be argued for and against on the basis of economics, social and political realities.

B. The American statehood process constitutes a decolonization alternative based upon the principles of equality, democratic experience, majority rule, and an abiding sense of mission on the part of the framers of the Constitution.

C. The statehood admission process has been characterized by congressional flexibility, adaptability and a relative non-uniformity. Each state was admitted in a tailor-made fashion adapted to its unique socio-economic, geographic, cultural, and political characteristics.

D. A popular mandate for admission backed by a "solid majority" of, say, 60% of the voters would be more than sufficient to admit Puerto Rico into the Union.

Dávila and Jiménez focused their attention on the "Tennessee Plan." Under this plan, which was first used by Tennessee in the 1790s, territories have pressured Congress to admit them, after they have held plebiscites in which the population favored statehood, by electing a local government and Congressmen and presenting Congress with a fait accompli. A number of states have used this strategy effectively, and Dávila and Jiménez advocated its use if prior attempts to gain admission fail.

Dávila emphasized that statehood, like the other status alternatives, does not offer a magic solution to Puerto Rico's problems. It will provide a constitutional/legal framework upon which an economic and social structure can be built. Like independence, it would lead to the more egalitarian society which is desired. Another participant added that statehood gives Puerto Rico more time to deal with its long-term problems. "Federal transfers are a valuable resource which at least keep the people fed." (Márquez)

Dávila and Jiménez also cited figures obtained from the Puerto Rico Economic Development Administration which showed that in 1976

48.3% of the electorate voted for parties which favored statehood, 45.3% for those which favored commonwealth, and 6.4% for those which favored independence. The validity of these figures was questioned, however. They are based on the parties' status positions, and it was asserted that voters actually choose their party on the basis of socio-economic considerations. One poll cited indicated that 15-20% of the supporters of the Partido Nuevo Progresista (the pro-statehood party) favor commonwealth. The only valid measure of support for the various positions, it was argued, is either a plebiscite or a public opinion poll. Public opinion polls conducted from 1969 to 1979 have consistently shown that statehood has minority support. (Hernández-Denton) In these as in other matters, however, polls have been shown to be remarkably unreliable in Puerto Rico.

Other participants disagreed with this analysis and argued that since 1948 there has been a consistent shift toward statehood or stronger association with the United States. (Corrada, Garriga) It was generally agreed that the major parties have a substantial proportion of hard-core voters who do support their parties' status position. But it is the unaffiliated voters who have the deciding power; and their voting decision is based primarily on bread-and-butter issues. (Ramírez, Hernández-Denton) Therefore, the outcome of any plebiscite is open to question. (Ramírez)

Alfred Stepan said that one should also consider what will happen if Puerto Rico requests statehood and the United States refuses to grant it. Anti-colonial feelings might come together and forge a new independence movement. Yet, at the present time, the United States is not prepared to consider independence. An independent Puerto Rico is envisioned by many U.S. officials as a country with the economics of Haiti and the politics of Cuba. But the United States does need to consider this possibility. As García-Passalacqua pointed out, Romero Barceló has said that he would support independence if statehood is denied. What would happen if statehood were granted but there was no agreement on Puerto Rico's special demands (i.e., the establishment of an Hispanic state) and/or on the various transition measures (continued partial tax exemption, etc.)? Some people think that regardless of various statements to the contrary, the PNP is too committed to statehood to back out if that were to occur. (Heine) Others pointed out that one of the liabilities of the Tennessee plan is that you only negotiate for statehood and other considerations are put aside. (Gutiérrez)

Finally, Dávila noted that the consequences of this process of determining Puerto Rico's status go beyond both Puerto Rico and the United States. The United States' response to Puerto Rico in the next 20-30 years will also influence U.S. effectiveness in dealing with minorities on the mainland and U.S. relations with the Caribbean as a whole.

II. "Cultura puertorriqueña," Assimilation or Amalgamation?

The question of culture is at the heart of the debate over Puerto Rico's future. It encompasses such issues as the preservation of Puerto Rican culture on the island and among migrants to the mainland, the possibility and desirability of assimilation into mainland American culture, and North American reactions to Hispanic values and language.

Most Puerto Ricans are concerned about the erosion of their culture, given the pervasiveness of American influence. What is surprising, according to one North American, however, is not the collapse of Puerto Rican culture under the pressure of mainland values, but its resilience. (Mye) Even after 82 years of colonialism, Puerto Rico has maintained its own distinctive language and culture. (Quintero)

Nevertheless, Puerto Ricans are concerned about preserving their national identity. In order to maintain this distinctive culture, it was argued, Puerto Ricans must be able to control cultural production, which would not be possible under statehood. (Villamil) In his paper, Rafael Ramírez supported this view, arguing furthermore that the common perception of Puerto Rican culture is too simplistic. The Hispanic values which are often cited as typical of Puerto Rican culture--paternalism, deference, and machismo, for instance--are actually representative of the dominant class and not of the whole society. Puerto Rico will only be able to develop a truly national culture which also incorporates working-class values if it is politically independent.

Maurice Ferré, for one, did not share Ramírez's views of statehood as a threat to Puerto Rican culture. He decided to support statehood when he realized that assimilation (as opposed to amalgamation) into mainland American culture is a genuine possibility for Puerto Ricans. The thrust of mainland American society historically has been toward amalgamation. But U.S. society was not successful in amalgamating blacks and finally began to open up after the Brown versus Board of Education decision. It is now beginning to open to other groups as well. Ferré noted the Chicanos' increasing political power in the last ten years as well as the emergence of a more unified Hispanic community. Although Americans probably would not have voted for the Supreme Court decision, their attitudes have changed as a result of various constitutional and legal decisions. The question which remains to be answered is how far American public opinion will change as part of this present egalitarian trend. For the most part, the civil rights of individuals of different races, ages, and sexes have been accepted, in legal principle if not always in practice; the acknowledgement of the legitimacy of different cultures constitutes the last frontier to be conquered in this field.

Even though Statehooders argue that statehood and the safeguarding of Puerto Rico's cultural identity are not incompatible, others think that this issue will be their largest political liability. (Hernández-Denton) Dávila replied that the key lies in one's conception of the United States. One should not think of it as a melting pot; what unites all Americans is the democratic experience. Others responded that the U.S. Congress itself is undecided about what the essential elements of the American character are. But all of the political groups, including the statehooders, have agreed that "culture is non-negotiable." (Fuster, Dávila)

III. Neoyoricans and the Diaspora

David Vidal, a New York Times reporter, discussed his investigation on Hispanics in New York City which later was published in a series of four articles (The New York Times, May 11-14, 1980). He asserted that the reasons why Puerto Rican culture has been so resistant to outside influence can be found in New York City. To a certain extent, the mainland colony is a control group of assimilation.

Interviews with 566 Hispanic New Yorkers (more than 1 million of the estimated 1.8 million Hispanic residents of New York City are 1st or 2nd generation Puerto Ricans) showed a "tremendous sense of Hispanic identity." Even though many migrants are not easily accepted back in Puerto Rico, they have a definite idea of what it means to be Puerto Rican. It is emphasis on family unity, warmth, and informality; it means believing in the extended family and in non-material values. Seventy-five percent of the Puerto Ricans, some of whom had been born in New York, said that they did not consider themselves Americans. They also rejected the bipolar definition of race which prevails in mainland society; many refused to categorize themselves as either black or white. Vidal concluded that Puerto Ricans are not assimilating into mainland society. Ferré added that the amalgamation process which operated for other immigrant groups is coming to an end because of the rediscovery of ethnic identity throughout American society as a whole. However, even though Puerto Ricans in the United States are an extension of Puerto Rico, a new element has been introduced.

Vidal also emphasized that the mainland Puerto Rican community will have an important influence on the determination of Puerto Rico's future status. It is these Puerto Ricans who shape Americans' views of Puerto Rico and who work in the local and federal government, advising U.S. officials on the Puerto Rican situation. In fact, "the Puerto Rican community in the mainland is the status of Puerto Rico," Vidal said. Although his interviews did not deal with the status question, Vidal said that few young Puerto Ricans in New York City support statehood or commonwealth; the common pattern is to seek self-discovery through independence. Other participants agreed that the Neoyorican community will be important in the determination of Puerto Rico's future status, but that most Puerto Ricans on the island do not recognize this. (Ferré)

Most of the Puerto Ricans from the island present at the conference were glad that Puerto Ricans on the mainland have maintained a strong sense of cultural identity. But the tension between Puerto Ricans on the island and on the mainland became evident in the discussion of the differences between them. On the island there is a strong resistance to assimilation, it was argued; but Puerto Ricans on the mainland are concerned with affecting the conditions of assimilation. (Fuster) Some also thought that maintaining a sense of cultural identity is insufficient. The real problem--which would reach its ultimate consequences with statehood--is that a majority is being turned into a minority. Is this desirable? In addition, Puerto Ricans are probably the most exploited group in the United States, although this will not change even if Puerto Rico does become a state. (Villamil)

Several North Americans pointed out that Puerto Ricans are not the first group to have to establish their own identity in the United States; this has been true of all immigrant groups. Are Puerto Ricans experiencing something different, or is the strong sense of cultural identity merely because many of them immigrated quite recently? It is also possible that a solid consensus on the desired future of Puerto Rico will emerge in the next 15-20 years. (Stephansky) Vidal discounted this mainstream argument, adding that Puerto Ricans are unique because the time factor converged with another which other immigrant groups never had, i.e., the option to vote on the future of their homeland.

IV. Puerto Rico: From Agraria to Industria to Urban Ghetto?

The Historical Background. After acquiring Puerto Rico in 1898, the United States favored laissez faire economic policies which facilitated the penetration of the Puerto Rican economy by American capital. According to Jaime Santiago, the result of these policies, along with other factors, was the perpetuation of poverty and an ever-increasing dependence on sugar. Most of the sugar was grown on latifundia and there were large numbers of landless peasants. During the late 1930s and early 1940s, when Puerto Rico began to benefit from some of the New Deal programs, a new political leader emerged along with the party he created: Luis Muñoz Marín and the Partido Popular Democrático (PPD). Unlike earlier politicians, Muñoz Marín emphasized economic reforms rather than political-status questions. When the populares came to power in 1940, an ambitious agrarian reform program was undertaken, and the government itself became directly involved in productive activities aimed at stimulating and developing the economy. But these enterprises were neither profitable nor efficient. (Finn) With the coming of the Cold War, pressures for Puerto Rico to abandon its "socialist" orientation emerged (Villamil) and the Puerto Rican government adopted the development strategy which came to be known as Operation Bootstrap. Its objective was to industrialize the island and to provide jobs by attracting foreign capital. The keystone of the program was a tax exemption system for foreign

(including U.S.) firms. By 1948, the government was serving as an intermediary for private, foreign capital, encouraging the development of labor-intensive industries, primarily in the manufacturing sector. The proportion of foreign ownership increased rapidly and the government lost most of its control over economic policies.

In many ways, Operation Bootstrap was a remarkable success. From 1948 to 1973, Puerto Rico experienced continuous high rates of growth, was relatively insulated from the cycles of the international economy, and developed a relatively large manufacturing sector; the island's strategy was frequently singled out as a model for other developing countries. It was particularly attractive to many people because it was based on the postulates of free-enterprise capitalism, including free trade (especially with the United States), relatively unrestricted foreign investment, etc. (Villamil) Yet, too much has been made of Operation Bootstrap. In the final analysis, 100,000 new jobs were created, but many more were lost in agriculture and the home needlework industry. (Ferré)

These changes also provided the impetus for the large migration to the United States which provided a safety valve for the society. As Finn pointed out, without this migration, Operation Bootstrap might have been called something quite different from a "miracle."

Over time, however, relatively high wages (due in part to the partial application of U.S. minimum wage laws) and other factors made investment in manufacturing less attractive to foreign companies. The government therefore decided to promote investment in some capital-intensive sectors, especially pharmaceuticals and petrochemicals. It expected that the forward linkages associated with the development of these sectors would stimulate growth in the rest of the economy. This expectation was not realized, however, because it ignored the effects of the openness of the Puerto Rican economy.

The Demise of the Jíbaro. While industry was expanding and the gross national product was growing under Operation Bootstrap, the agricultural sector stagnated and declined. Over several decades, 140,000 agricultural jobs disappeared and large areas of land which had been cultivated were converted to other uses or allowed to go fallow. The decline of the agricultural labor force both in relative and absolute terms is not surprising in a modernizing country. But, unlike many other countries, the decline in labor was not balanced by an increase in productivity. Instead, there has been a decline both in agricultural labor and in total production, which should be a major cause of concern to policy makers.

Part of the loss of agricultural land was due to urban expansion. Much of the land surrounding San Juan and some of the other major cities where many of the new industrial plants were located was good agricultural land. Other land was converted from cultivation to pasture. Angel Cruz thought that using this land for pasture represents an intermediate step between agricultural and urban usages;

some tax laws also favor letting land lie fallow, which has further reduced the amount of land under cultivation. Large government projects, some of which have never been completed, have been planned in outlying areas and have received much publicity. All of these factors have contributed to a significant inflation in land prices.

Cruz's paper described the evolution of the agricultural sector since the 1940s. He distinguished three subsectors: traditional cash crops, subsistence farming, and the subsector producing foodstuffs for the local market. The first subsector is composed primarily of sugar, tobacco, and coffee. From 1951 to 1976, sugar production declined from 1,286,000 tons to 308,000. Although there are a variety of reasons for this decline, one of the major problems has been the growth of the industrial sector, which has increased the demand for labor, with a concomitant increase in wages. Not much is known about the subsistence sector. The commercial farming sector, which produces foodstuffs for the local market, is the only part of the agricultural sector which has expanded continuously over the past three decades. Nevertheless, Cruz argued that this sector has been hurt by competition from imports.

In order to explain the decline of Puerto Rican agriculture, Cruz set forth two hypotheses: one, the more open the economy, the harder it is to develop the agricultural sector; two, concentration of ownership of agricultural land is an obstacle to agricultural development. According to Cruz, the data show that for those foods grown locally, increased demand has been satisfied by imports, not local production. One problem is that the large supermarket chains prefer dealing with one importer for their whole supply of a given product rather than with a large number of small, local farmers.

The pattern of land ownership in Puerto Rico is similar to many other developing countries: at one end of the spectrum are a large number of minifundia and at the other a relatively small number of latifundia. Furthermore, the concentration of land ownership has increased over time. The solution to the sector's problems, Cruz argued, lies in redistribution of agricultural resources and protection from imports. Cruz was not advocating a "land to the tiller" type of program, but the creation of a new type of agricultural sector which is efficient, intensively cultivated, and scientifically managed. Others added that Puerto Rico should learn from the experiences which other Latin American countries have had. Land reform can either provide a basis for the expansion of the state into the agricultural sector, or it can take a more populist form by stimulating the development of small-scale family farms. These options are not mutually exclusive. (Scott)

But several Puerto Ricans opposed an increase in direct government involvement in this sector. The government has a poor record as an entrepreneur both in industry and in agriculture, where it was involved in sugar production in the 1940s. (Cruz) Finally, it was pointed out that agrarian reform in itself is not enough to solve the problems of this sector; agricultural development must be viewed

from a broader perspective, taking into account the interaction between agricultural and urban demand for land, for example.

Other participants argued that focusing on land tenure as a primary cause of the agricultural sector's problems oversimplifies the situation. Another factor contributing to the decline is that technological innovation has been very slow. (Márquez, Mye, Aguirre) Cruz thought that the problems of breaking into the market are more important. On a more general level, it was argued that it is normal for the agricultural sector to be ignored during the initial years of the "industrial revolution." (Mye)

Although agriculture may provide a cushion which the Puerto Rican economy needs (Santiago), it should not be viewed as a panacea. Puerto Rico needs to seek balanced growth and clearly establish its policy priorities (Mye, Cruz), deciding on some kind of food policy and establishing a clear sense of macroeconomic priorities, i.e., the relative importance of equity versus growth, etc. According to one participant, the government should adapt its policies to the particular requirements of each part of the agricultural sector; some may need protection from imports while others do not. (Scott) The success of some truck farming projects demonstrates that it is possible to develop at least some part of the agricultural sector without protectionist policies.

While Cruz thought that the development of the agricultural sector would create a significant number of jobs, Mye disagreed, and suggested that a solid agriculture should be based on more efficient food production, rather than on job creation per se. In any case, it was argued that the development of the agricultural sector cannot stem the net outflow of labor from rural areas.

Modernity and Tradition. While economists and policy makers of the 1950s and 1960s were praising the success of the economic policies, other social scientists were discussing modernization and social change in the society as a whole. One of the most important works of this type was Henry Wells' The Modernization of Puerto Rico (1969). One of Wells' basic arguments was that between 1940 and the late 1960s, the PPD leadership consciously sought to modernize all aspects of Puerto Rican society. The dominant elite wanted to change the peoples' values from traditional Hispanic to more "modern" ones, and they were successful in doing so. In addition, Puerto Rico was the object of numerous other studies of social change and the impact of industrialization on a traditional society.

In his paper on social change in Puerto Rico, Rafael Ramírez criticized these earlier studies for their lack of good explanatory power. Examining the theoretical and ideological framework underlying the studies, Ramírez argued that while the concept of social change itself was only vaguely defined, it was automatically considered positive and desirable. The earlier studies were ethnocentric, comparing "modern" values to caricatures of traditional ones. Wells and

others thus ignored the role of social classes, the importance of the development of capitalism as the dominant mode of production, and of the change in the type of capitalism--from agrarian to dependent industrial.

Another criticism of these studies of social change focused on their lack of historical perspective. Elaborating on Ramírez's analysis, Marcia Quintero argued that the studies looked at changes in the minds of individuals while ignoring alterations in the structure of society. One example is the collapse of sugar monoculture which led to a severe crisis in the 1930s, with general economic deterioration, the emergence of structural unemployment, the beginning of federal reconstruction programs, and the emergence of a populist party. One of the results of these changes was an increase in the power of U.S. corporations on the island and increased dependence on federal transfers. One participant asserted that Puerto Rico's experience in the 1930s is analogous to the present situation. The real issue is not changing the political status but reorienting the economic structure. (Benítez)

Finally, it was argued that what these studies called modernization was, in fact, Americanization. The characteristics of modernity vary from one country to another, and there is no single model, as many North Americans believed. Each country develops its own particular characteristics which combine traditional, historical elements with "modern" ones. (Quintero)

A generation of young Puerto Rican scholars, whose work Ramírez found much more persuasive, is now asking new questions about the processes of change in Puerto Rico. They look at the alterations in the modes of production and class structure which have occurred alongside the phenomenon of massive migration to the mainland. Examination of how dominant ideologies and ideas are transmitted through the mass media, the arts, and social institutions is also underway. The history of Puerto Rican society in the past 35 years--with the failure to resolve the status question, migration, high unemployment, and dependency on federal transfers--demonstrates the failure of the ideology of modernization which was developed by the PPD in the 1940s. (Ramírez)

Asked how the rise in drug abuse, criminality, and nervous diseases, which is frequently discussed in Puerto Rico, fits into the analysis of modernization, Henry Wells responded that this phenomenon is characteristic of urban conglomerations throughout the "modern" world. But some thought that this was a superficial explanation and that the true reasons lie in the high levels of unemployment and other economic problems. (Heine, Quintero) Ramírez noted that these phenomena are not new and pointed to an article published in 1941 in Puerto Rico which lamented the problems of drug abuse.

Throughout this discussion, there were efforts to focus more on the theoretical frameworks of analysis: Has Puerto Rican society become more similar to the mainland or to the rest of the Caribbean? Is it more or less integrated? But many participants responded that they are unable or unwilling to bridge the gap between the different frameworks and that one's conclusion depended vitally on which framework was chosen. (Lowenthal, Fuster, Ramírez, Maldonado-Denis)

Welfare and Work. The economic weakness of the model began to be evident in the late 1960s. For example, a primary purpose of the model was to deal with Puerto Rico's serious unemployment problem. But it was not very successful in this respect and the turn toward more capital-intensive industries aggravated the problem. The government sector ended up becoming a major source of jobs; today government employment represents 23% of total employment.

Although more income was earned on the island, a greater amount was also being sent overseas as an increasing proportion of the productive sectors of the economy came to be owned by foreigners. An important criticism of the economic model was that it was not based on economic considerations but on regulations which could change and completely wipe out the profitability of a sector. The model also faltered because private investors distrusted the expansion of the public sector (through the purchase of the telephone company and the establishment of a publicly owned shipping company, among other activities).

When world-wide recession hit in 1974 and oil prices skyrocketed, the economy nearly collapsed. Puerto Rico was particularly vulnerable to these changes because it imports all of its energy, and a major sector of the economy--petrochemicals--relied on the availability of inexpensive oil. The construction industry, which had excessive inventory, was especially hard hit and it still has not recovered completely. (Finn) Forty thousand jobs were lost because of the problems in this one labor-intensive sector. The entire economy entered a deep and long recession from which it only began to recover in 1976. Some alternative economic strategies were tested by Governor Hernández Colón (1972-1976) but, according to Santiago, the problems were much more fundamental than the solution offered. Puerto Rico had exhausted the three main cushions upon which its economy had relied: capital inputs from the United States, debt, and federal transfer payments. The question is whether a fourth cushion can be found.

The Puerto Rican economy was rescued from the worst effects of the recession by a massive increase in federal transfer payments in 1974 and 1975 when Puerto Rico was incorporated into the food stamps program. But this massive inflow of funds (there was a fifteen-fold increase in the net inflow of transfer payments between 1970 and 1977--Kreps Report, vol.I, p. 160) has basically been used for consumption, and has not helped to alleviate the underlying problems of the Puerto Rican economy, such as high rates of unemployment (which

rose from 10.3 in 1970 to 20.1 in 1977), declining levels of investment, and declining rates of labor force participation. Some participants suggested that perhaps there is nothing seriously wrong, but Bertram Finn argued that the inflow of federal funds has given Puerto Ricans a false sense of prosperity which the local economy cannot support.

The impact of federal transfers on the economy and the society was discussed at length. First, it was agreed that they have distorted the island's economy in a number of ways, particularly by effecting the work/not work decision. Secondly, they have severed the link between production and consumption and shifted the orientation of the economy from the former to the latter. They have thereby undermined the position of the PPD, whose legitimacy was based in large part on its ability to increase production. The PPD had close links with the productive sectors, both with the owners of enterprises and with labor. (Villamil) Federal transfers have also affected the savings/consumption decision. The economy now needs to save more in order to invest in directly productive activities (Santiago), and Villamil thought that the massive inflow of federal funds has reduced Puerto Rico's capacity to find innovative solutions to its problems.

Two U.S. government officials, however, pointed out that many Puerto Ricans infer that the federal government deliberately used transfer funds to increase the island's dependency. In fact, the Great Society programs, the source of most of the funds for Puerto Rico, were designed to alleviate the United States' own economic and social problems. Puerto Rico only gradually became eligible under these programs because of requests made by all of the political groups in Puerto Rico. (Mye, Montolieu)

Some participants criticized Santiago and others for not providing a viable, alternative model to Operation Bootstrap. (Garriga, Ferré) In his paper, Villamil examined the programs of two opposition parties (the PPD and the Partido Independentista Puertorriqueño--PIP) and concluded that while both have adequately analyzed the negative effects of the development model, their prescriptions are weak and somewhat contradictory to the political agenda.

One participant compared Puerto Rico's efforts to deal with its economic problems with those of Costa Rica. Costa Rica is a small country, with a smaller population, more land, and about half the per capita income of Puerto Rico. Costa Ricans are shocked by a public debt of $1.2 billion while Puerto Rico's is $6.4 billion. Costa Rica is concentrating all of the resources available on developing new energy sources; within a few years, it will be a net exporter of food. In contrast, Puerto Rico is not facing its problems realistically; trying to go back to old models in order to salvage the situation will not work. In addition, the United States cannot afford to continue supporting a dependent, consumption-oriented society. Puerto Rico will face a crisis as U.S. government subsidies

decline, and a new flow of migration will result. (Ferré) Villamil thought that the level of unemployment probably would not decrease substantially, but he did not think that migration would be a likely solution to the problem. He agreed that transfer payments would probably be maintained and that Puerto Rico would continue to be stable politically. While he thought statehood was unlikely in the short term, he thought that in the long term Puerto Rico would become independent. Other participants did not think that the United States will cut off or greatly reduce the flow of funds to Puerto Rico.

Victor Canto, who worked with Arthur Laffer on a recent economic study of Puerto Rico,* disagreed with much of the above analysis of Puerto Rico's problems. He argued that one needs to take into account the economic motivations, such as profit maximization, behind the investment and savings decisions. One problem in Puerto Rico is that the rate of return on savings after taxes is very low, which discourages savings.

One also needs to consider the equilibrating effect of trade on payments to the factors of production, as discussed by classical economic theorists such as Ricardo and Hume and, more currently, by Samuelson. This process is particularly important in Puerto Rico, with its open economy. The inflow of capital into the island and the outflow of labor are part of the tendency toward price equalization between Puerto Rico and the United States.

This analysis was criticized by Villamil, who argued that the theory of factor price equalization is based on underlying assumptions (such as the absence of monopolies) which are not met in Puerto Rico. The classical and neoclassical models are attractive because they are so coherent and consistent, but they are too simple. Canto responded that he was dealing with positive, not normative, economics and that one should not judge an economic model by its assumptions but by its predictive power.

Dependency Theory and Puerto Rico: A Critical Case? Villamil argued that Puerto Rico has evolved from a model of economic success to the foremost example of dependent growth. Drawing on the work of Osvaldo Sunkel, Celso Furtado, Aníbal Pinto, and Fernando Henrique Cardoso, among others, he asserted that Puerto Rico suffers from many of the symptoms of dependent development: high rates of growth with very unequal distribution of the benefits; a state which acts as an intermediary for private, foreign investment; an active but dependent local bourgeoisie; an increase in the share of foreign ownership of the economy; marginalization of a large part of the population; and a growing external debt.

---

* Report to the Governor (Boston: H.C. Wainwright and Co., April, 1979).

In addition, the incorporation of the Puerto Rican economy into the U.S. economic system has led to distortions in the economic and social structure. The government and service sectors have hypertrophied, for example. There is also a situation of imposed complexity--because of its relationship with the United States, the Puerto Rican economy is much more complex than would be commensurate with its level of development. This has led to discontinuities in the way the sectors have developed.

But unlike other countries in Latin America, the social tensions arising from this pattern of growth have been partially alleviated through federal transfer payments and migration. It has thus not been necessary to resort to repression or to military rule.

Various participants disagreed with Villamil's analysis. One argued that dependency too often is used as a catch-all for Puerto Rico's problems. Does Puerto Rico have any alternative other than dependence or autarky? (Montolieu) Villamil responded that there are no easy solutions. But Puerto Rico needs to have more political power in order to make the necessary structural changes.

Another participant questioned Villamil's identification of Puerto Rico as an extreme form of a common type of economic dependence. If Puerto Rico is dependent economically, he argued, it is a very specific type of dependence. For example, Puerto Rico is unique in that it shares a common currency with the United States. Although it has a large debt, high inflation rates in the United States are advantageous to Puerto Rico because of the common currency. In order to discuss dependency, one needs to outline specific criteria and look more carefully at the differences between Puerto Rico and other Latin American countries. (Scott)

According to Villamil, however, this mode of development is incompatible with independence and with policies which aim to bring about significant transformations in the society. Maintenance of this model, he argued, is becoming increasingly costly. Labor is more expensive, new competitors such as South Korea and Taiwan have emerged around the world, and, with the increasing mobility of capital, multinational corporations move quickly to seek out the most advantageous situations. Therefore the Puerto Rican government had been forced to offer more and more concessions in order to attract foreign capital, including a relaxation of environmental standards (although recent modifications in the Puerto Rican Industrial Incentives Act run against this trend).

Elías Gutiérrez's paper focused on what he calls the ghettoization of the Puerto Rican economy, i.e., Puerto Rico's impoverishment because of the increasing outflow of economic resources from the island. This outflow has two sources: debt servicing and repayment, and various types of returns on foreign investments in Puerto Rico. Because of the increasing foreign ownership of the economy, domestic production has exceeded national product since 1963. The marginal cost of the financial dependence, which is defined as the incremental

ratio of net factor payments to foreign residents per dollar of additional external debt, has been rising. Gutiérrez thought that less attention should be paid to traditional measures of dependence such as trade flows and more attention should be paid to financial dependence.

The Puerto Rican government tried to define away much of the problem by arguing that, by definition, Puerto Rico cannot have an external debt because it is a regional subdivision of the United States' economy. A related point discussed at various times during the conference, and upon which there was no agreement, was whether Puerto Rico even has a balance of payments. That, according to Gutiérrez, is a moot point. One need only keep in mind what happened to New York City and Cleveland to realize that it isn't a problem of not being part of the U.S. The "balance of payments" does matter, and Puerto Rico has a serious, chronic deficit in its current account. More concretely, the government has tried to reduce the public debt and thereby decrease the risk faced by outside investors lending to Puerto Rico. The danger of this conservative strategy, according to Gutiérrez, is that government officials have become complaisant about Puerto Rico's high sensitivity to the swings of U.S. economic cycles and its dependence on federal funds. The result will be a permanent transfer economy. Puerto Rico could thus become an urban ghetto, with a permanently depressed, stagnant economy and high unemployment. People unable to succeed elsewhere and government funds flow into the area. Wealth generated in the area and upwardly mobile people continually flow out of the ghetto. A vicious cycle, in which reliance on welfare payments leads to the perpetuation of poverty and dependency, is thus generated.

In order to support his thesis, Gutiérrez pointed out that, contrary to the commonly held view, it is a fallacy that Puerto Ricans do not save enough out of their personal incomes. Puerto Rico has inadequate funds for investment from local sources because banks invest overseas many of the funds which are saved.

Using a macroeconomic model, Gutiérrez estimated the magnitude of the problems which the Puerto Rican economy will face in the future. Looking at employment as one example, he found that current economic policies would lead to a total of 882,000 jobs ten years from now while a minimum of 1.3 million jobs are needed merely to maintain unemployment at 10%. Gutiérrez therefore proposed a series of recommendations, which included increasing Puerto Rico's control of its own assets by allocating federal funds through block grants, limiting wage increases to 6% per year and the increase in the debt to 10% per year, using more labor-intensive technology, creating a real development bank which is willing to risk losing money, eliminating consumption incentives, and developing industrial incentives which favor local industry.

Ben Stephansky commented that many of the same recommendations were discussed by William Demas, President of the Caribbean Development Bank, with respect to other Caribbean countries which face problems similar to Puerto Rico's. He also noted the crucial role which capital plays in Gutiérrez's analysis. However, the continued reliance on capital flows upon which this analysis is based establishes a monumental potential for dependency in the future. Gutiérrez seemed to be arguing, in fact, that Puerto Rico would merit a larger amount of capital inflows in the future if it channels the present inflow to productive uses. Gutiérrez agreed that this contradiction exists, but added that Puerto Rico needs time, resources, and capital in a different form if it is to escape from perpetual dependence. From another perspective, the argument was made that in fact Puerto Rico is already a ghetto--not becoming one--and that the real choice was between an urban, U.S. ghetto and a Third World ghetto. (Ferré)

The discussion of the Puerto Rican economy included an evaluation of the "Kreps Report," i.e. the Economic Study of Puerto Rico by the Department of Commerce (December 1979). The Report, aspects of which were presented at the conference by Randolph Mye of the Commerce Department, evaluates the impact of federal programs on the island and contains an important part of the basic economic and social information available on Puerto Rico.

Jaime Benítez praised the Report for compiling useful information and providing a relatively objective view of the situation. Some thought that it would increase the knowledge which relatively high-ranking federal officials have of Puerto Rico; others countered that the Report would be ignored until some kind of crisis forces officials to think about Puerto Rico. (Finn, Ferré)

There were also other critiques. Some argued that the Report did not recognize that the roots of Puerto Rico's present problems can be found in U.S. actions at the beginning of the century. It also overlooks the importance of the class structure and the process of capital accumulation in Puerto Rico, and how they relate to U.S. political and economic interests. (López) Others accepted the general framework of the Report but noted several omissions, including the following: it does not discuss how Puerto Rico can take advantage of federal programs already in existence; it does not cover the agricultural or construction sectors in sufficient detail; and it only begins to discuss the constraints on Puerto Rico's employment creation capabilities.

Finally, the Report does not make any specific recommendations; some participants favored this while others did not. Several pointed out that even if the United States is unwilling to make recommendations, Puerto Ricans need to know how the United States will react to Puerto Rico's efforts to deal with its problems. (Benítez, Navas)

One of the presentations which the Puerto Rican participants found the most interesting was by Commerce Department official Frederick T. Knickerbocker, who discussed how changes in the United States itself will affect U.S. policy toward Puerto Rico. Looking at the next decade, he argued that over-all U.S. economic strategy will change, regardless of who is in the White House. There will be less emphasis on demand-management and fine-tuning of the economy and less buttressing of groups who are adversely affected by structural changes. Instead, economic policy will focus on investment, productivity, and innovation, i.e., on long-term strategies on the supply side of the economy. There will be more concern with efficiency than with equity, the focus will be on productive capability, and policies will be much starker. The effect of these changes on the mainland-island relationship is hard to foresee, but they will at least mean that U.S. perceptions of management capability will become more important.

V. From "One-Party Dominant" to a Genuine Two-Party System

From 1940 to 1964, the Puerto Rican political system was dominated by Luis Muñoz Marín and the PPD. After 1964, and particularly since 1968 when the opposition PNP won the governorship, the configuration of party politics in Puerto Rico changed. The electoral strength of the PNP has grown as the party has gained support in the most populated and rapidly growing urban areas. At the same time, changes in the Puerto Rican economy have led to a decline in the importance of the rural proletariat and the urban industrial workers, traditional bastions of PPD support. In addition, the PNP has been successful in mobilizing discontented individuals among the new, unorganized urban masses, much as the PPD was able to do in the rural areas in the 1930s and 1940s.

Robert Anderson emphasized four broad themes in his discussion of the party system. The first is the basic continuity of Puerto Rican political history throughout this century, despite the changes which took place in the 1940s. The extent of those changes has been exaggerated, Anderson argued, and the roots of Muñoz Marín's populism are actually found in the reformist ideology of the early part of the century. The electoral process, in fact, is the "keystone of legitimization" for the Puerto Rican political system. Over time, it has become more and more inclusive, leading to the anomaly of a colonial system based on public consent.

A second theme is the shifting nature of party allegiances since 1968. A third is Puerto Rico's consistently high levels of electoral participation. However, Anderson could not find any negative correlation between feelings of political alienation and electoral participation, i.e., high levels of voting do not signify confidence in the political system.

One participant agreed with Anderson that there is a ritualistic element in the voting process which partially accounts for the high participation rates. But she added that one of Muñoz Marín's major accomplishments was to convince the Puerto Rican people, whether radicals or moderates, that elections are the way to resolve differences and establish a democratic system. (Picó de Hernández) However, even though electoral participation has not dropped in the past 12 years, party loyalties have weakened. Some added that the main reasons for decreasing party loyalty are Puerto Rico's economic problems. As they become progressively more severe and the government shows a continuing inability to solve them, people lose faith in the political system. (Navas) Others thought that one should look at the cleavages in the social bases of consensus. It is no coincidence, it was argued, that the collapse of the economic development model, the increase in federal funds, and the change in the party system occurred in the same period after 1968. (Quintero, García-Passalacqua) There was general consensus among the participants on the fragility of the political system, but there was no agreement on the reasons for this situation.

Finally, Anderson noted that, for the first time in many years, the Commonwealth forces are on the defensive. The underlying theme of a conference such as this one seems to be: Puerto Rican statehood: why not? While the statehood forces seem to be gaining strength, there is still a great deal of uncertainty about what percentage of a party's supporters agrees with the party's position on the status question.

Isabel Picó de Hernández, who commented on Anderson's paper, did not think it went far enough in explaining the profound changes which have occurred in Puerto Rican parties during the 1970s. It did not, for example, examine the formation of majority coalitions which have been so important in recent elections. The hallmark of the new party politics, she argued, is both the voters' and the candidates' independence from party organization. Candidates now use new methods to mobilize a more fluid electorate, while party organizations have less control over the major elements of the electoral process (the selection of candidates, position on the issues, allocation of resources, etc.). The party's major functions are now limited to canvassing and some fund-raising.

Anderson responded that this is not a new phenomenon in Puerto Rico, and Ferré added that the impact of new and sophisticated political techniques is being felt not only in Puerto Rico but also in the United States, Venezuela, and elsewhere.

While the historical lines of party alignment still prevail despite some changes, they have become much less useful in predicting the outcome of elections or in analyzing past elections because of the importance of floating voters, including undecideds, party-switchers, and ticket-splitters. While Anderson mentioned the increased importance of this new sector, Picó de Hernández thought that it warranted more emphasis, since it makes up about 12% of the electorate; according to her argument, this group provided the "swing" factor in the last election.

One participant, however, thought that it is a misnomer to refer to many of these voters as undecideds. On the contrary, they are very opinionated but they do not support any given party; they believe in the electoral system but not in the party system. Another question is whether this trend is a temporary phenomenon precipitated by the economic difficulties of the mid-1970s or a more permanent one. (Fernós) José Garriga thought that over the long run there has been a general shift to the right. In addition, the formation of majority coalitions has been crucially important in recent elections.

Picó de Hernández's third point was that the existence of alleged fraud in the March presidential primaries raises questions about the role of elections as a legitimating force. She thought that the dominant party was undermining Puerto Rico's democratic traditions. Picó de Hernández and others also pointed to potential problems with absentee ballots, which are being extended to include students and migrants in the United States, and the recent change to an open polling system. (Picó de Hernández, Quintero) Others responded that the United States has used this system for years (Sommer) but it was asserted that the real problem in Puerto Rico is the electorate's own perception of the possibility of fraud. These changes in the electoral rules have been made after 40 years during which the basic elements of the electoral system were not changed unless there was unanimity among the various parties. (Benítez)

The relationship between Puerto Rican and mainland political parties was explored in a paper by Juan Manuel García-Passalacqua. Following an historical overview of the relations between these two groups of parties since 1898, García-Passalacqua concluded that among the basic elements in this relationship from 1898 to 1968 were the following:

--In speaking of Puerto Rico, national political parties deferred to the wishes of their allies in Puerto Rico. They remained silent about U.S.-Puerto Rican relations whenever internal Puerto Rican affairs made the issues cloudy or when international crises created the need for bipartisan consensus.

--In the final three decades of the 1898-1968 period, statehooders supported the Republican party while the commonwealth forces favored the Democrats. The alliance between the national and local Democrats which existed for almost 40 years was a crucial political factor; its destruction was very important and was essential for the destruction of colonialism in Puerto Rico.

--U.S.-Puerto Rican relations deteriorated whenever one party was in power in the United States and its ally was out of power in Puerto Rico. Local parties' success in dealing with socio-economic issues depended in part on their relations with the party in power in the United States.

In 1968, these elements of the U.S.-Puerto Rico relationship were shaken by the advent of a pro-statehood governor. But the PNP, which won the elections, was not historically linked to the Republicans. This victory changed the whole nature of relations betwen the local and national parties. Over the next decade, the monopoly which the PPD had held on relations with the Democratic Party was broken. The power struggles between the various local parties and the national Democratic Party finally resulted in a statement favoring self-determination for Puerto Rico, which implicitly meant abandonment of the traditional support of the status quo and adoption of the "alternative futures" policy. This step represented a radical departure from previous patterns and was the direct result of links which were established between local Democrats and Jimmy Carter before he became President.

The Democratic Party's adoption of an "alternative futures" policy was also significant, García Passalacqua argued, because for the first time, U.S.-Puerto Rican relations were being shaped by Presidential candidates and not just by the "low-echelon officials of a colonial bureaucracy." In the past, important political leaders had only considered U.S.-Puerto Rican relations in the most general terms. According to his argument, this new attention will facilitate a prompt and final solution to the question of Puerto Rico's future status in the 1980s. As a result of this, the debate over the platform at the Democratic convention will be interesting. It will be the President, however, who will decide what position will be taken, not the statehood or commonwealth delegates. Abraham Lowenthal was skeptical that a commitment in a party platform would necessarily lead to a prompt resolution of the problem. What steps lie between a decision at the convention and a prompt solution?

VI. Selective Inattention: U.S. Policy and the "Puerto Rican Question"

U.S. government officials and outside observers agreed that the U.S. executive branch is almost totally unprepared to deal with the question of Puerto Rico's future. In the first place, the most elemental stumbling block is that there is no single office which is responsible for coordinating United States relations with Puerto Rico. A number of government agencies are involved in Puerto Rico in the administration of various federal programs and regulations. But U.S. relations with Puerto Rico on a more general level fall into a gray area which is not part of the domestic or the international policy-making apparatus. While the State Department's Office on International Organizations has filled part of this gap, there is no single office which has an integrated, day-to-day concern with Puerto Rico. Three different reasons are used to explain this phenomenon: Puerto Rico is difficult to locate bureaucratically because of its awkward colonial status; some say it is ultimately a domestic affair of the United States; alternatively, it is argued that it is not an issue of burning importance in the hemisphere. (Stepan) A former State Department official, who admitted that there is a tremendous lack of knowledge about Puerto Rico in the Department, personally thought

that it would be better if a senior official in the White House were clearly in charge of Puerto Rican affairs. But this recommendation flies in the face of the President's reorganization effort. Alfred Stepan thought that Puerto Rico is so complex that someone either in the White House or in the Vice-President's office should be responsible for it.

Knickerbocker thought that Stepan's recommendation for a special White House office on Puerto Rico was a bit parochial. What is needed is a mechanism which will allow a more broad-based dialogue between the mainland and the Puerto Rican people. Creating a new office will not create the mainland introspection which is necessary and which already exists in Puerto Rico.

The former State Department official said that his department is attempting to make U.S. policy toward Puerto Rico more consonant with overall U.S. foreign policy without contradicting the special relationship between the United States and Puerto Rico. Under the Carter Administration, the United States has favored self-determination as part of the more open stance which the United States has adopted toward all of its territories. But this was challenged by a Puerto Rican who said Puerto Rico's desire, as expressed in the 1967 plebiscite in which commonwealth forces received 60% of the vote, had been ignored or rejected by the U.S. executive branch, especially by President Ford. The official responded that he could only speak about the present administration's position and intentions.

The former State Department official went on to say that Congress, despite its statement last year supporting self-determination, has not taken a very active role on this issue in the last few years. He did not think that any initiative would come from the U.S. government, whether under this administration or a future one. The initiative must come from the Puerto Ricans and the request they make must be clear and decisive.

Carmen Gautier thought that there have been important changes in the U.S. position as a result of broader economic and political factors. She pointed out four reasons why the United States had to consider a change in the position which it had held for 25 years. The first was that the breakdown of the economic model, which became so obvious when the economy went into a deep recession (some say depression) in 1974, also affected the political system and led to widespread questioning of the legitimacy of the current "arrangement" between the United States and Puerto Rico. Although the extension of the food stamp program to Puerto Rico was approved in 1971, it was not implemented until 1974. Repression of opposition groups in Puerto Rico also increased the same year. A second reason was the strategic importance of Puerto Rico, which became more important with the "loss" of the Panama Canal, the increasing possibility of losing Guantanamo, and the threat of changes in Nicaragua and Grenada. At one point, at least, statehood was considered the best way of securing the U.S. naval facility at Roosevelt Roads. The third reason was the

1973 discovery of a strong possibility that there are hydrocarbon deposits offshore and the discovery of ferromanganese nodules. The United States' jurisdiction over this territory can only be validated internationally if Puerto Rico participates in the U.S. Congress. Finally, one must consider the impact of international opinion. It will be difficult to gain international recognition for statehood, which many consider the culmination of a process of assimilation and colonialism.

Throughout the conference, various Puerto Ricans objected to the attitude expressed by several U.S. government officials in different contexts that the U.S. government can abstract itself from the political reality of Puerto Rico; according to Gutiérrez, the U.S. government is not an innocent bystander but an active participant in the process. In fact, the U.S. had intervened directly through operations such as COINTELPRO in order to repress the pro-independence forces in Puerto Rico. (Gautier)

VII. Puerto Rico, Self-determination, and the International Community

Is Puerto Rico actually free to choose its own future under present conditions? Gautier outlined six obstacles to Puerto Rican self-determination: the personal dependence of 60% of the population on federal funds; the lack of any real, self-generating economic development; the Puerto Rican government's steady loss of power since 1952 because of the increase in federal transfer payments; the continued U.S. involvement in the 1967 plebiscite and other elections; the appreciable number of non-Puerto Ricans now living on the island; and the militarization of Puerto Rican society. Some individuals and countries are firmly opposed to any plebiscite which is not part of or subsequent to a decolonization process. The Puerto Rican Bar Association, for example, has requested that all powers be transferred to the Puerto Rican people prior to a plebiscite and that the latter be conducted under U.N. supervision.

The United Nations has played an important role in recent developments of U.S.-Puerto Rican relations and in other countries' perceptions of this issue. Not only is the desirability of U.N. supervision of any future plebiscite frequently discussed, but the U.N. has already had an impact through the deliberations of the Committee of 24. The U.S. has refused to recognize the jurisdiction of the Committee, arguing that U.S.-Puerto Rican relations are an internal matter which should be decided without outside interference. In 1978, however, Puerto Ricans representing all political positions appeared before the Committee and presented their complaints against the United States. Some Puerto Ricans argued that they did this in reaction to American officials' paternalistic attitudes. U.S. officials criticized the Puerto Rican action and argued that no one benefitted from these meetings. The Puerto Ricans were exploiting the U.N., they asserted, but this strategy will probably back-fire in the long run. They did admit, though, that the United States did

not understand either the great sense of frustration in Puerto Rico at the time or the feeling that this was the only way to get the United States' attention. (Maynes)

According to one participant, the primary force behind the U.N.'s interest in this issue has been Cuba. Castro is obsessed with the Puerto Rican issue for four reasons. The first is historical. The second is cultural and is shared by other Latin American countries such as Venezuela. The third is national and anti-American. And the fourth is psychological, based on the insecurity of a terribly dependent nation, insecurity which is shared by several other nations in the Caribbean.

One of the questions which should be considered is how far Cuba will go in its support of the independentista forces. In a 1976 interview with Carlos Rafael Rodríguez, current vice-president of Cuba, Lowenthal raised this question. Rodríguez responded that Cuba would do whatever is necessary to support independence, through all available legal means, and that it would oppose any unilateral U.S. action in violation of international law. It would also support Puerto Rico in international fora. But it would not violate international law by, for example, sending troops to Puerto Rico, nor would it consider aiding terrorists. One participant said that the present Cuban position is to support whatever the Puerto Rican people choose, as long as a transfer of power to the Puerto Ricans is a precondition for any plebiscite or election. But Maynes and Stepan thought Cuba would never support statehood.

Cuba is not the only country interested in Puerto Rico. In the past it may have been true that Latin America did not care what happened in Puerto Rico, as many North Americans have asserted. But Puerto Rico is now very much on the inter-American agenda for many Latin Americans, it was argued. A new generation of more assertive Latin American leaders has replaced those such as Haya de la Torre, Betancourt, and Figueres, who were friends of Muñoz Marín's. For them, statehood is the culmination of 80 years of U.S. economic and political power, i.e., of imperialism. This viewpoint has dominated international meetings such as the nonaligned conference in Havana and the meeting of the Socialist International in Santo Domingo. (Maynes) But it has also emerged at meetings of more moderate groups, such as the convention of social democratic parties held in Oaxaca last year, which included some of the most important centrist parties in Latin America, such as APRA, PRI, Acción Democrática, and Costa Rica's Partido de Liberación Nacional.

Various participants attributed the predominance of the independentista position in these meetings to the fact that other factions in Puerto Rico have not made a very strong effort to gain international support for their views. These participants strongly urged the statehood and commonwealth groups to actively seek international support. While it is true that the idea of independence is very appealing to other Third World countries, they argued, the norm of

self-determination is also highly valued. The commonwealth and statehood forces can appeal to the latter. Several North Americans therefore argued that the above-mentioned conferences do not accurately reflect Latin American feelings and that their positions have been influenced and distorted by Castro's obsession with the issue. (Pastor, Stepan) It was also pointed out that there is an inconsistency in the U.S. position. On the one hand, U.S. officials argue that Commonwealthers and Statehooders should be more active in promoting their cause in the international fora. Yet, when representatives of the PPD and the PNP went to the U.N. in 1978, the State Department was critical. The reason for this, U.S. government officials argued, was that the Puerto Rican groups accused the U.S. of colonialism, despite the U.S.'s clear support of self-determination.

Francesc Vendrell added that anti-colonial sentiment in the U.N. reached its peak around 1970 and has been declining gradually ever since. The entry of Venezuela into the Committee of 24 this year will be interesting to watch, especially since Mexico and Venezuela are the two countries which are in the best position to mobilize Latin American sentiment. Venezuelan Ambassador to the United States Marcial Pérez-Chiriboga, however, warned that while Venezuela would honor its commitment to solidarity with the Puerto Rican people in any international meetings, it is not up to Venezuela to take new initiatives in this matter. His government will follow developments in Puerto Rico "with fraternal interest but with scrupulous respect" for the proposition that only the Puerto Rican people have the right to take the initiative.

According to one U.S. official, international opinion on the resolution of Puerto Rico's status will ultimately depend on five factors: the absence or involvement of international observers in any plebiscite or election; the size and nature of the vote; the extent to which the cultural issue is solved; the way non-independentistas make their views known to the international community prior to the vote; and the extent to which U.S. attitudes toward Hispanic immigrants change. (Pastor) A U.N. official added several other factors: the strength of the opposition to statehood; the state of U.S.-Cuban relations and the relative strength of each country internationally; and the state of U.S. relations with Latin America. (Vendrell)

At various times during the conference, participants urged that Puerto Rico be considered within a broader regional and global context. (Lowenthal) One participant, for example, argued that Cuba is not the only country which will influence the determination of Puerto Rico's future status. One should look at Central America as well. The United States will become more interested in the Caribbean and the rest of Latin America as a result of the significant changes in the United States' global position. Therefore, the resolution of Puerto Rico's status will depend on the United States' perception of its national interests in this region at any given moment. Consequently, it would be useful for Puerto Ricans to have a clear statement of

what these national interests are. At the present, statehood provides a convenient option for the United States, which can grant statehood whenever it is desirable for national security reasons. (Villamil) When asked what the United States' interests are in Puerto Rico, one U.S. official responded that while he could point to economic or strategic factors, the real reason for U.S. involvement is historical. Two of the U.S. officials present disagreed on the urgency of the Puerto Rican issue. One said that he expected it to have a very high profile in the next administration. He added that Puerto Rico would continue to be a real irritant in U.S. relations with Cuba, whatever the final outcome on its status. The other official did not think that Puerto Rico will be a burning issue, but conceded that it will be important. One participant noted that it is not only the independentistas who have the power to make it a burning issue, but the Statehooders as well. (Gutiérrez)

If Governor Romero Barceló is reelected in November, he has promised to hold a plebiscite in 1981 on the status question. A number of difficulties are likely to emerge in this regard. In the first place, as Stepan pointed out, plebiscites are inherently tricky and historically have had a bad record of providing an accurate reading of peoples' desires. The result generally depends on the way the question is framed. Secondly, Puerto Ricans at the conference argued that Romero Barceló was trying to impose his own set of rules and was not keeping his word that the rules would be set by a unanimous decision among all parties in Puerto Rico. Governor Romero's supporters responded that he was making every effort to gain all parties' support but that if a decision could not be reached, he would have to go ahead anyway. (Márquez)

Whether or not there should be international involvement in a plebiscite has been discussed extensively in Puerto Rico. The U.S. has conditionally agreed to some international presence. But Stepan argued that the United States should encourage the active participation of international organizations, rather than cling to the notion that the "Puerto Rican question" is an exclusively internal matter. One possibility is to ask Venezuela, which has recently joined the Committee of 24, to take an active role. Another is to invite representatives from the offices of the Executive Secretaries of the OAS and the U.N. to observe the process. There is a precedent for this action in the plebiscites held in the Pacific Trust Territories. It is important to the United States that the plebiscite be seen internationally and by all parties in Puerto Rico as fair and legitimate. (Stepan)

Vendrell specifically discussed the question of U.N. participation in the plebiscite. He pointed out that Puerto Rico would be the first case since the 1960s where a territory will vote on integration with a metropolitan power and where there is no consensus on the outcome in the territory. The U.N. is not opposed to a constitutional form short of independence. But it tends to regard

this choice with suspicion, especially when the territory has a relatively large population and is considering integration with the former colonial power. In order to overcome these reservations, the United States should press for a significant U.N. role so that member states are able to regard the outcome of the plebiscite as a genuine choice.

The second question which must be addressed is whether the U.N. would be willing to participate if invited to do so. Three factors would be crucial in this regard: which organs of the U.N. were requested to participate; whether the U.N. is asked to supervise or merely to observe the plebiscite; and whether U.N. participation was supported by all political groups in Puerto Rico.

Finally, Vendrell argued that up to now, the Puerto Rican issue has largely been kept alive at the U.N. through the single-minded efforts of Cuba. As resolutions of the nonaligned conferences are adopted by consensus, they do not necessarily reflect the view of all of its members. If there is not solid opposition to any given position, the view of one interested party can easily prevail in the final resolution. What the U.N. will decide to do will ultimately depend on politics and self-interest. (Vendrell) Manuel Maldonado-Denis added that the independentistas will not participate in any plebiscite not meeting international requirements.

VIII. Issues and Areas for Further Research

Much progress has been made over the last decade in the study of U.S.-Puerto Rican relations. A number of historical monographs have provided solid documented accounts of the Estado Libre Asociado's often uneasy relationship with Washington.* A persistent flow of government reports** and private studies*** have offered different interpretations of the roots of Puerto Rico's economic woes, and how the island's relationship with the United States impinges upon them. Yet, ironically, there is almost no specialized literature on two areas that are likely to be of critical importance in the 1980s.

---

*Especially Surendra Bhana, The United States and the Development of the Puerto Rican Status Question, 1936-1968 (Lawrence: University of Kansas, 1975).

**The Committee to Study Puerto Rico's Finances, Report to the Governor (San Juan, December 11, 1975).

***Jorge F. Freyre, El modelo económico de Puerto Rico (San Juan: Interamerican University Press, 1979); Elías Gutiérrez, et al., Inverción externa y riqueza national: ¿un dilema? (Buenos Aires: Sociedad Interamericana de Planificación, 1979).

Our understanding of the dynamics of the political process of U.S.-Puerto Rican relations remains incomplete and partial. Dávila's and Jiménez's paper (indirectly) and the García-Passalacqua paper were a first step in the right direction, but their work deals more with the historical and constitutional setting in which this process takes place rather than with the process itself. The whole phenomenon of the New Democrats in Puerto Rico, for example, which has already had such a profound impact on the way outstanding issues are handled between Washington and San Juan, remains to be analyzed. The same can be said about the political role of Puerto Ricans and other Hispanics in the U.S. and the impact their growing political presence might have on the Puerto Rican status question.

A second area of critical importance is the political economy of U.S.-Puerto Rican relations. Villamil's efforts to use dependency theory to analyze the evolution of the Puerto Rican economy are illuminating. Yet, as Scott observed, some of the more interesting questions may arise from trying to establish the specificities of the Puerto Rican case (as distinct from, say, Jamaica or Peru) in a theoretically meaningful way.

Finally, it was pointed out that the "Puerto Rican question" needs to be analyzed contextually, within the broader set of issues posed by recent developments in the Caribbean. How will the 1980 electoral process in the United States influence U.S. policies toward the Caribbean, including Puerto Rico? How does the emergence of "mini-states" in the eastern Caribbean affect the long-standing question of Puerto Rico's viability as an independent nation? How does the presence of various socialist regimes in the area affect U.S. policy toward Puerto Rico?

APPENDIX

List of Papers

Anderson, Robert. "Puerto Rico's Party System: Change or Stagnation?"

Cruz Báez, Angel. "Puerto Rican Agriculture 1948-78: Trends and Perspectives."

Dávila, Luis and Nélida Jiménez. "The American Statehood Process and Its Relevance to Puerto Rico's Colonial Reality: A Historical and Constitutional Perspective."

Finn, Bertram. "The Economic Consequences of Statehood."

García-Passalacqua, Juan Manuel. "Organizational Links Between Puerto Rico and U.S. Political Parties--Their Effect on U.S.-Puerto Rican Relations."

Gutiérrez, Elías. "The Transfer Economy of Puerto Rico: Toward an Urban Ghetto?"

Ramírez, Rafael. "Social Change in Contemporary Puerto Rico."

Santiago, Jaime. "An Evaluation of Operation Bootstrap and the Puerto Rican Industrialization Model."

Villamil, José Joaquín. "Puerto Rico 1948-1979: The Limits of Dependent Growth."

List of Participants

Jorge Aguirre, Exxon Educational Foundation
Robert W. Anderson, University of Puerto Rico
Mari Aponte, Department of Housing and Urban Development
Carol Barker, Associate Director, The Twentieth Century Fund
Jaime Benítez, Former Resident Commissioner, Puerto Rico
James H. Billington, Director, The Wilson Center
Victor Canto, University of Southern California
Baltassar Corrada del Río, Resident Commissioner, Puerto Rico
Angel Cruz Baez, Interamerican University, Puerto Rico
Luis Dávila, Grupo de Investigadores Puertorriqueños
Gene Dodaro, General Accounting Office
Antonio Fernós López-Cepero, Puerto Rico Bar Association
Maurice Ferré, Mayor of Miami
Bertram Finn, Financial Council, Government of Puerto Rico
James Finn, Editor, Worldview
Jaime Fuster, Department of Justice
Juan Manual García-Passalacqua, Ana G. Méndez Educational Foundation
José Garriga Picó, University of Puerto Rico, Humacao
Carmen Gautier, University of Puerto Rico
Elías Gutiérrez, University of Puerto Rico
Jorge Heine, Stanford University
Federico Hernández-Denton, Interamerican University
Nélida Jiménez, Grupo de Investigadores Puertorriqueños
Frederick T. Knickerbocker, Deputy Assistant Secretary,
Department of Commerce
Leroy López, CEREP
Abraham F. Lowenthal, The Wilson Center
Manuel Maldonado-Denis, University of Puerto Rico
Jack Márquez, Puerto Rico Federal Affairs Administration
Jane Matos, Office of Congressman Roberto Garcia
Barbara Mauger, The Wilson Center
C. William Maynes, former Assistant Secretary, International Organization
Affairs, Department of State
David Mazie, Field Newspapers Syndicate
Thomas K. McCaughey, Salomon Brothers
Carlos Montolieu, Department of Commerce
Randolph Mye, Department of Commerce
Gerardo Navas Dávila, University of Puerto Rico
Matthew Nimetz, Under Secretary for Security Systems, Science and Technology,
Department of State
Siobhan Oppenheimer-Nicolau, The Ford Foundation
Robert Pastor, National Security Council
Isabel Picó de Hernández, University of Puerto Rico
Teresa Picó de Silva, Puerto Rico
Joanne Omang, The Washington Post
Marcia Quintero, CEREP

Rafael Ramírez, University of Puerto Rico
Michael Reisman, Yale University
Stephen Rosenfeld, The Washington Post
Jaime Santiago, University of Puerto Rico
Christopher Scott, The Wilson Center
Judah Sommer, Stroock & Stroock & Lavan
Alfred Stepan, Yale University
Ben Stephansky, Carnegie Endowment for International Peace
Eric Svendsen, Department of State
Jim Van Blancom, General Accounting Office
Mario Vargas Llosa, The Wilson Center
Francesc Vendrell, United Nations
David Vidal, The New York Times
José Joaquín Villamil, CEREP
Henry Wells, University of Pennsylvania
Alexander Wilde, The Wilson Center

Observers:

Tom Bryan, El Nuevo Día
Cameron Duncan, Latin American Newsletters Ltd.
Carlos Rivera, Claridad
Manuel Rocha, Inter-American Foundation