

What Should Be Done with Puerto Rico?

By: Joshua R. Fotheringham

Puerto Rico has been classified as one of the world's most beautiful islands. Its sandy, white beaches entertain thousands of tourists each year. It is commonly known as the "Hawaii of the East Coast." Statehood arguably should be a simple issue, but it is not. Because the political future of millions of Puerto Ricans is at stake, this decision cannot be taken lightly. This essay attempts to answer some of the political and economic questions that surround the future status of the island. Is there a way that the island can preserve its Latin-American culture and still be part of the United States? Could Puerto Rico survive as an independent country? Are the islanders content as a stagnant commonwealth? The answers to these difficult questions reveal possible solutions to the century-old question of "what should be done with Puerto Rico?"

INTRODUCTION

Take Spain and move it to a tropical island. Hire a cast of thousands to play friendly, welcoming people (most of whom speak English in addition to their native Spanish). Set design in strictly Cecil B. DeMille: graceful Old World buildings, Gothic cathedrals, and flower-filled plazas. When you're looking for exotic locations, miles upon miles of white sand beaches, plus an unbelievable rain forest and mountains, you come to Puerto Rico (Puerto Rican Travel Council 1996, 2-3).

Puerto Rico, what a beautiful island! Many tourists have directed their sails 1,000 miles off the coast of Florida towards this enchanted land. It is approximately 3,500 square miles (1½ times the size of Delaware) with nearly 3.8 million citizens. Known for its extraordinary beaches, the majority of the island is covered with mountainous terrain (60%) (Hawley 1998, 1). In addition to these beautiful mountains, it is the home of the only rain forest found within the United States (El Yunque).

Upon landing on the island in 1493, Christopher Columbus was greeted by the Taino Indians. A big mistake was made when they showed him gold nuggets in the river and told him to take all he wanted. This to a man who once wrote: "Gold constitutes treasure and he who possesses it has all he needs in this world. He has the means of restoring souls to the enjoyment of paradise" (Puerto Rican Travel Council 1996, 6). The newcomers originally called the island "San Juan," and the town Puerto Rico (the English equivalent being "rich port"). It was not until later that the two names were switched.

As the gold supply began to decline, the Spaniards struggled to gain a yield of any profits from their territory. In the late 1890's, the Spanish granted Puerto Rico semi-autonomy. Islanders celebrated when they elected their first free government, but a few months later the American Army invaded. In the treaty ending the Spanish-American War of 1898, Puerto Rico was ceded to the United States. Congress in 1900 passed the Foraker Act, to replace military rule with a civil government for the territory. Puerto Rico's residents became U.S. citizens in 1917, and in 1952 the island was assigned the status of a semi-autonomous "commonwealth voluntarily" associated with the U.S. On the island, the debate continues whether Puerto Rico should seek independence, become the 51st state, or continue with the commonwealth status.

For many years, the political status of Puerto Rico has been disputed and debated. On March 19, 1997, Senator Larry Craig (R) of Idaho presented bill S. 472 to the U.S. Senate. This bill was proposed "to provide for referenda in which the residents of Puerto Rico may express democratically their preferences regarding the political status of the territory" (U.S. Congress 1997). Although the bill was read twice on the floor and died, its purpose is still an important part of legislation. As an intern for U.S. Senator Orrin G. Hatch (R-UT), the author was excited to research such a bill due to his course of study at the University of Utah: Economics and Spanish.

Many controversial studies have been conducted in an attempt to answer the century-old question: What should be done with Puerto Rico? This essay presents evidence supporting and evidence combating the proposal that Puerto Rico become the 51st state of our union. Analysis of this question here begins with an examination of the economic history of the island including its industrial benefits to the United States. Next, the political party affiliations within

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Puerto Rico and their views are considered. Personal interviews are drawn upon for their insights as well as some of the difficulties presented by the installation of statehood. In conclusion, I note why Americans should prepare for Puerto Rico's entrance into the union.

THE ECONOMIC HISTORY OF THE ISLAND AND ITS ECONOMIC ADVANTAGES TO THE UNITED STATES

As noted above, Puerto Rico became an unincorporated territory of the United States in 1898 at the end of the Spanish-American War. In 1952, the island became one of three "commonwealth" territories in recent U.S. history. Commonwealth status has involved self-government in internal affairs for Puerto Rico, although the U.S. Congress retains full authority to determine the status of the territory and apply federal law, as it deems appropriate.

In 1993, bipartisan concern over corporate welfare and the budget deficit renewed interest in the political status of Puerto Rico. Would the economic advantages of Puerto Rican statehood outweigh the costs of supporting such an extremity? A century after accession of Puerto Rico to the U.S., this same question is still pending. Historically, the federal government has done its part to try to boost the Puerto Rican economy, but success has always been short lived. From Section 936 of the federal Internal Revenue Code to "Operation Bootstrap," and up to the present, nothing has developed sustainable economic growth there.

In 1921, in order to "spur the development of labor-intensive industries in Puerto Rico and improve the island's high unemployment rates" (Laney 1998b, 6), the tax subsidy found in Section 936 was enacted. This section declares Puerto Ricans exempt from federal income tax, and corporations based in Puerto Rico exempt from federal corporate tax. Many Fortune 500 companies realized that Section 936 made Puerto Rico a tax haven for *capital*-intensive manufacturing, contrary to its original purpose. Section 936 indeed proved to be a perverse economic tool. It created a development strategy founded on the hypothesis that if it were to be eliminated, which would occur under statehood, the Puerto Rican economy would collapse. This dependency was detrimental not only to the island, but also to the U.S. Treasury. In 1989, the Treasury Department was found to be paying \$1,835 more per employee in tax losses than the employee received in salary from his or her employment (Laney 1998b, 11).

The push for a balanced budget in the 1990's made the \$3.8 billion tax credit under section 936 a logical target in the U.S. Congress (U.S. CBO 1990, 2). The Congressional Budget Office (CBO) decided to research the island's Section 936 dependency to determine whether statehood would destroy the economy. The results of the CBO study indicated that, under statehood, "real gross product would decrease by 10-15%, and that investments claiming 936 benefits would drop by 62-73%" (U.S. CBO 1990, 3). Additionally, the

CBO estimated an increase in the unemployment rate of four to seven percent. Puerto Rico would never survive the deletion of Section 936. Seemingly, this small Caribbean island presents no value to the United States.

In 1950, Puerto Rico had just come through a decade of agricultural primacy in its economy, and "Operation Bootstrap" was in full effect. "Operation Bootstrap" was a new economic development strategy for Puerto Rico that focused on "the promotion of direct private capital investment and the establishment of private manufacturing enterprises for export to the U.S." (Jenkins 1998, 32). This external investment (it was hoped) would stimulate Puerto Rico's economy, increase employment and boost personal income. The U.S. government actively recruited industry to locate in Puerto Rico. Incentives of inexpensive labor, industrial parks, and tax benefits from the U.S. attracted many firms.

Puerto Rico's economy experienced healthy growth during this transition period. Between 1950 and 1974, Puerto Rico experienced a 4.6-6.5% average annual growth rate in real GDP (Jenkins 1998, 32). But this external investment success was relatively short lived. Domestic capital never replaced external investment. Low labor costs eventually were no longer incentive enough for companies to invest in Puerto Rico due to its loss of comparative advantage (the ability of a company to produce a good or service at a lower cost than a competitor). Public sector corporations throughout the world proved mediocre performers at best. Also, the reliance on federal tax incentives generated by these industries has only multiplied the Section 936 dependency.

Commonwealth status in 1952 was designed with the intent of creating a stronger, yet unified market with the mainland. "Economic convergence with the U.S. has not occurred under commonwealth status as predicted by modern growth analysis. Puerto Rico will only flourish as an independent nation," asserts Ruben Berrios Martinez, President of the Puerto Rican Independence Party (PIP) (Laney 1998b, 9). Since the commonwealth status was imposed upon Puerto Rico, it has been anything but a model of economic growth. In fact, the economy has been beset with slow growth, high unemployment, and few advances in productivity. The island's 1995 per capita income of \$7,296 was *less than 1/3* of that in the United States (Jenkins 1998, 46). The unemployment rate currently stands at more than double the U.S. rate.

Would the economic advantages of Puerto Rican statehood outweigh the costs of supporting such an extremity? Historically, the given data would in no way support statehood. However, "Puerto Rico's economic potential cannot be fully realized without a definitive resolution of the political status issue" (U.S. CBO 1990, 2). Glenn Jenkins is the Director of the International Tax Program at Harvard Law School. Through the use of New Economic History, Jenkins openly criticized the CBO report on Section 936, and government intervention with programs such as "Operation Bootstrap," along with many of today's inaccurate statehood

predictions. Jenkins, when applying cliometrics (the application of quantitative methods in economic history), confirmed that once statehood is introduced, Puerto Rico would produce a net benefit to the United States. His first criticism is found concerning the CBO's macro-economic model projecting the island's future without Section 936:

The CBO's concept of Puerto Rico's economy under statehood was based primarily on the removal of Section 936 tax benefits and changes in federal transfers to the island. However, the assumptions underlying the CBO's projections are unrealistic in several key respects. The model makes no allowance for the prospect that the Puerto Rican government could alter its economic strategy to compensate for the termination of 936. It also failed to take account of investors' changed perceptions of Puerto Rico as a state both fully integrated politically and economically with the United States (Jenkins 1998, 12).

When the identical economic scenario is simulated using a computable general equilibrium (CGE) model, the projected economic impact is much less dramatic. Real gross product drops by 5.6%, instead of the CBO's 10-15%. Employment fall is less than ½ of the CBO report (U.S. Congress 1990, 34). The CGE model also suggests that sensible policy measures by the Puerto Rican Government could readily compensate for the loss of section 936.

Congress agrees with Jenkins' new economic findings, and has taken three steps to completely eliminate Section 936: (1) limiting the amount of tax credit that U.S. corporations could claim under Section 936; (2) the 1996 Small Business Job Protection Act, fully eliminating Section 936 benefits for new claimants; and (3) phased-out benefits for existing recipients over the next 10 years.

Historically, U.S. government interaction with the island has been beneficial, but only for a brief period; both Section 936 and "Operation Bootstrap" provide supportive evidence. Jenkins, as do most new economists (Roberts 1996, 57-70), sees 24 years of positive gains and substantial growth as evidence of real potential in Puerto Rico, not as a failure. He claims that through statehood, this economic development will not only occur, but also be sustained. "Operation Bootstrap" was a success due to investor confidence. Puerto Rico, when covered financially with the United States' stability bubble, produced a level of investor confidence that was sufficient to promote industry. Statehood would stimulate the Puerto Rican economy to grow 2.2-3.5% faster through full integration with the U.S. economy and political system (Laney 1998b, 6). In turn, per-capita income would increase as the unemployment rate decreases.

Local government has begun to avoid the stagnant downfalls of "Operation Bootstrap" in order to demonstrate to U.S. officials that there is a future on the island. Currently, sophisticated financial institutions, world-class hotels, and a mature services sector have begun to spark the once lifeless economy. The Governor has introduced bills to improve the tax structure, to reform the public sector, and to encourage

investment in tourism. He has also pushed the development of privatization in management and ownership of some public corporations.

There is no way to hide the delinquent numbers and percentages of Puerto Rico. As stated above, the per capita income is very low and unemployment rates are high. Upon researching these low-ball figures, Jenkins (and J. Tomas Hexner of Hex, Inc.) found that several factors had been missing from the initial estimates. First, the U.S. government provides funds to Puerto Rico at a rate of less than one-half that of its allocations to individual states. Upon the reception of these additional federal funds, per-capita-income rates would skyrocket. Second, an immediate convergence with the U.S. market would not only produce the above-mentioned increase in investor confidence, but also create jobs, therefore lowering the unemployment rate. Finally, Jenkins and Hexner concluded that under commonwealth status, the Puerto Rican economy cannot expand (as compared to statehood). For example, if Puerto Rico had become a state in 1952 (instead of a commonwealth), islanders would now be making over \$6,000 more than their current figures indicate (Jenkins 1998, 4). When Jenkins and Hexner's additional factors are combined with the historical data available, Puerto Rico actually becomes a net benefit to the United States if statehood were to occur.

In the author's view, it is difficult to dispute the fact that the Hawaiian economy doubled within 15 years of statehood. Also, historical convergence among individual states is motivational. In 1940, Mississippi (the poorest state in America) had only 22% of the per-capita income of Delaware (the wealthiest state in America). By 1990, Mississippi (though still the poorest state) already had income equal to 50% of the income of the wealthiest state (Jenkins 1998, 46). Puerto Rico under statehood will grow and converge with each state's economy.

Under commonwealth status, the federal government has done its part to try to boost the Puerto Rican economy, but success has always been short lived. Despite these failures, there is much evidence—according to the new economic history—that statehood could exceed all expectations and become an instant net benefit to the United States. The situation is simply begging for the right kind of economic and political leadership.

PUERTO RICO'S POLITICAL PARTIES AND THEIR VIEWS

What do most Puerto Ricans think? According to a 1998 Gallup Poll, only 6% of Puerto Ricans would like to see the Caribbean island become an independent nation. On the other hand, 46% prefer it be admitted as the 51st state and 48% would opt to maintain Puerto Rico as a U.S. commonwealth (Gallup Organization 1998). There is a different Puerto Rican political party backing each political choice. First, founded in 1938, the Popular Democratic Party (PDP)

supports an enhanced commonwealth status; its President is Anibal Acevedo Vila. Organized in the 1940s, the Puerto Rican Independence Party (PIP) advocates independence for the island; its president is Ruben Berrios Martinez. The New Progressive Party (NPP), founded in 1967, supports statehood; its president is Pedro Rossello, the current Governor of Puerto Rico. These three major political parties define their status formulas differently.

THE ENHANCED COMMONWEALTH VIEW

The Popular Democratic Party (PDP) program regarding improved commonwealth status is:

- “To guarantee our progress and security within a status of equal political dignity based on a permanent union between Puerto Rico and the United States, encompassing a bilateral pact that cannot be altered except by mutual agreement.
- To guarantee irrevocable U.S. citizenship; common market, common currency, and common defense with the United States; fiscal autonomy; Puerto Rican Olympic Committee and our own international sports representation; and full development of our cultural identity.
- To develop commonwealth through specific proposals to be brought before Congress but immediately...propose that Section 936 [of the federal Internal Revenue Code] be reformulated to create more and better jobs, extension of the Supplemental Security Income [Program] to Puerto Rico, Nutritional Assistance Program allocations equal to those of states, and protection of our agricultural products (including coffee).
- Additional changes will be submitted to the Puerto Rican people beforehand for our approval” (Laney 1998a, 4).

Before the view of the PDP can be fully understood, commonwealth status must be defined. *Webster’s* states that it is “a self-governing territory associated with the U.S.” On September 17, 1951, a constitutional convention was convened in Puerto Rico to draft a constitution. On February 2, 1952, it passed Resolution 22, which states that:

“the word commonwealth...defines the status of the body politic created under the terms of the compact existing between the people of Puerto Rico and the United States, i.e., that of a state which is free of superior authority in the management of its own local affairs but which is linked to the United States of America and hence is a part of its political system in a manner compatible with its federal structure” (Laney 1998b, 3).

Currently Puerto Ricans are U.S. citizens, and can get quite limited federal benefits. They cannot vote in federal elections, and have only a non-voting congressional delegate (Carlos A. Romero-Barcelo). Also, however, they do not pay federal taxes.

The PDP favors *enhanced or new commonwealth status*. Proponents of enhanced commonwealth perceive it as the safest course with the least uncertainty and risk. Notable ben-

efits include lack of federal taxes and strong ties with the United States (both of which are addressed below). Enhanced commonwealth would also offer the Puerto Rican Governor a means of ensuring that the laws reflect local interests. But, opponents argue that under the commonwealth arrangement, Puerto Rico has colonial status without sufficient political power to make decisions affecting it, for the U.S. Congress still has plenary control over the island and can amend tax supports and other programs at will. Additionally, critics maintain that the current political status could always be changed, even against Puerto Rican desires.

On March 4, 1998, the U.S. House of Representatives barely passed H.R. 856 by a vote of 209-208. This bill was designed to “provide a process leading to full self-government for Puerto Rico” (U.S. Congress 1998). Anibal Acevedo Vila, the PDP president, is very much against this bill because it not only favors statehood, but also diminishes U.S. rights that have already been given to Puerto Ricans. Anna Escobedo Cabral, Judiciary Committee Secretary and member of the Hispanic rights group, received a letter (March 1998) from party Pres. Acevedo Vila asking for her help in the Senate. This letter clearly expresses his party’s concerns with both H.R. 856 and S. 472 (a U.S. Senate bill that eventually died):

I write as President of Puerto Rico’s Popular Democratic Party, which supports the Commonwealth status for Puerto Rico, in existence since 1952 and duly validated by the United Nations and Federal Courts.

On March 4th the U.S. House of Representatives voted 209-208 for H. R. 856, a stealth statehood bill, disguised as self-determination for Puerto Rico. We cannot and will not support the so-called “Young Bill”. Its language is inflammatory and contains findings of fact, which are historic and legally wrong. S. 472 the Senate counterpart is plagued by the same problems.

The definition of Commonwealth enacted by the House denies ballot access to Commonwealth supporters. It misrepresents this option by altering its basic features, like the binding nature of the Compact established in 1952 between Puerto Rico and the United States. It also undermines the value and dignity of this relationship approved by the People of Puerto Rico and U.S. Congress in 1952, and accepted by the United Nations in 1953. The nature of U.S. citizenship enjoyed by Puerto Ricans since 1917 is also altered in that definition. The bill denies the possibility of any development or enhancement of the present Commonwealth relationship for the future. The findings, mechanism for implementation, and the final report of H.R. 856 are biased against Commonwealth.

Under these conditions the Popular Democratic Party strongly opposes the bill. My party represents the majority of the people of Puerto Rico on status. Commonwealth has won every plebiscite that has been held in the island, the latest once in 1993. We also received approximately 46% of the vote in the last general election, winning five of the biggest cities on the island, representing more than 50% of the population. In the latest poll, Commonwealth obtained 45%, statehood only 36% (*El Nuevo Dia*, August 12, 1997).

You must also consider the underlying efforts the approval of S. 472 or H.R. 856 will create. Some are under the mistaken assumption that this will attract the Hispanic voters. I can assure you that the opposite will eventually occur. You cannot eliminate the Hispanic vote by disconnecting half of the population of Puerto Rico from the ballot. In addition, the bill now pending in the Senate denies the vote of those Puerto Ricans that live in the United States. If an example of justice and responsibility is to be given, then this bill cannot have your support (Vila 1998).

Many of Puerto Rico's citizens agree with PDP president Acevedo Vila. During a weeklong stay on the island, I had the opportunity and privilege of interviewing a small sample of Puerto Ricans. Annabelle Rodriguez-Rodriguez is one such citizen who sides with President Vila. She is a senior partner with the law firm Martinez, Odell & Calabria (located in San Juan), and has recently been nominated to be a District Court Judge for the Commonwealth of Puerto Rico. Even though the interview was quite short, it was interesting to learn the view of a prominent local Puerto Rican. The following is a complete recap of our interview:

1. To what political party do you belong?
 - Answer: the Popular Democratic Party (Estado Libre Asociado or Commonwealth party).
2. Why do you support the Commonwealth status?
 - Answer: I believe that it represents the best option for the people of Puerto Rico.
3. Comparatively speaking, why wouldn't statehood or independence be a better option for the people of Puerto Rico?
 - Answer: Basically, for two reasons (well, actually one reason for each option): Someone asked the former Governor why he was neither pro-statehood nor pro-independence. He gave an answer that I find fascinating. He said that he was not pro-independent because he cherished his American citizenship—and that's not something that we are willing to give up. He was not pro-statehood because he cherished our Hispanic heritage. In many ways, I think that I like that answer because our American citizenship and our relations with the United States are something that is non-negotiable. By the same token, our Hispanic culture, our language, and our idiosyncrasies are something that we are not willing to give up. So, in many ways, by favoring commonwealth, we have the best of two worlds.
4. What do you think will be the final outcome of the political status of Puerto Rico?
 - Answer: Commonwealth. That is basically how it's going to be. I have no doubts about that.
5. How would your life be different if the commonwealth option was instated?
 - Answer: My understanding of what "enhanced commonwealth" would offer is that we will have more say on matters related to economics. So, I don't think that it would change in any way. That's another reason why I support commonwealth—my life is just how I want it and I'm not looking for a change (Rodriguez-Rodriguez 1998).

Annabelle represents the most educated citizens of the island. But not all of the high-class, well-educated citizens support commonwealth. The most recent Gallup Poll has this to say:

Education a Factor in Opinion: Support for admitting Puerto Rico as a state is related to respondents' level of education. Those with higher levels of education are most likely to favor making it the 51st state, although even among the most highly educated group, opinion is basically mixed (Gallup Organization 1998).

Although the results are often mixed, commonwealth seems to always be the leading choice. H.R. 856 called for a national plebiscite in Puerto Rico by the end of 1998. The *Deseret News* Editorial section described this vote (and expressed its own preference) as follows:

Every time Puerto Ricans are asked to vote on whether to become the 51st state, fewer than 50 percent of the people say yes; a few more favor keeping things as they are, with the island remaining a U.S. commonwealth; and a tiny faction favors independence.

Earlier this week [Dec. 1998], the folks down there held another vote, and the results were the same, only with a twist. The pro-commonwealth people urged their followers to select "none of the above" to protest the wording of the ballot. As a result, that category received 50 percent of the vote. Statehood received 47 percent.

Many Puerto Ricans have fought and died for the American flag. The island deserves commonwealth status. But until the people overwhelmingly desire it, statehood should not be shoved down their throats (*Deseret News* 1998).

THE INDEPENDENCE VIEW

The Puerto Rican Independence Party's (PIP) views on independence are as follows:

- "Independence is the right of our people to govern themselves on our own land, enjoying all the powers and attributes of sovereignty.
- In exercising this inalienable right, which cannot be renounced, Puerto Rico will be governed by a constitution that establishes a democratic government, protects human rights, and affirms our nationality and language.
- Puerto Rico will have the powers to achieve development and prosperity, including stimulating our industry, agriculture, and commerce, controlling immigration, and negotiating international agreements to expand markets and promote investments from other countries.
- A treaty of friendship and cooperation with the U.S. and a process of transition to independence in agreement with legislation already approved by Congress will provide for continued Social Security, veterans' and other benefits; Puerto Rican and, for those who want to conserve it, U.S. citizenship; the right to use our own money or the dollar; free access to the U.S. market; tax incentives for North American investment; U.S. federal aid at current levels for a minimum of 10 years; and the eventual demilitarization of the country" (Laney 1998a, 3).

The PIP supports *independence*. Supporters of independence argue that with Puerto Rico as an independent republic, unwanted vestiges of colonialism would be eliminated. They claim that corporate profits would be fully available to fuel internal improvement and the economy would be managed locally, based solely on Puerto Rican interests. A strong economy, when combined with political independence, would attract returnees from the mainland, bringing back skills and resources beneficial to the economy. International trade opportunities would bolster the economy. But opponents of independence reject the above economic scenario and argue that independence would be economically impractical for both the United States and Puerto Rico. Independence would place Puerto Rico under the immigration quota system, thus limiting the current flow of individuals and products from the island into the United States. Also, Puerto Rican exports would be subject to the American tariff system, thereby reducing the profits of American companies in Puerto Rico. In addition, opponents are concerned that Puerto Ricans on the mainland might elect to return to an independent Puerto Rico and compete with island residents for limited jobs, causing even higher unemployment rates.

Ruben Berrios Martinez, President of the PIP, also discouraged the passing of H.R. 856. He believes that “the bill should reflect a sense of Congress regarding the issues of cost, language, and the size of the vote if the electorate should prefer the statehood option” (Laney 1998a, 11). He asked Congress to consider whether it is willing to face the possibility of a “Caribbean Quebec,” if under statehood the next generation prefers separate sovereignty. He maintains that the bill should mandate that Puerto Ricans choose between the independence and Commonwealth options.

Supporters of independence are few and far between. Hilia Matos is one of the few and faithful. Upon my interviewing Hilia, many characteristics of independence supporters surfaced. Because she does not speak English, I conducted our interview in Spanish and this is the translation of what she had to say:

1. To what political party do you belong?
 - Answer: I am part of the Puerto Rican Independence Party (PIP).
2. Why do you support independence?
 - Answer: Because Puerto Rico needs to become an independent nation.
3. Why would independence be better than statehood or commonwealth?
 - Answer: If you haven't noticed, Puerto Rico practically acts as though it were a state. All of our customs, our food, our language, our individuality, and our heritage are dissolving. Most importantly, our language would be destroyed under statehood rule. Also, it is important to us to show the world that we can survive on our own. Many people say that we are nothing without the economic help of the United States. I know that we can make it on our own; in fact, we will be better off.

4. What do you think will eventually happen?
 - Answer: I know that the best option for us would be independence. But, I don't think that we will achieve such a feat...yet. The best that I can hope for is to remain under the commonwealth rule. If we become a state, that is very permanent. I can only hope for the best and, maybe in the future, Puerto Ricans will see that we must become independent. Right now, the United States Congress is in command and they don't know what is best for us. Most of them have never been to the island and only a few of them understand the Latin culture. I don't want them to make the decision (Matos 1998).

PIP members are usually very intense in their political feelings and insist that they are correct. They are most concerned with the cultural loss of their language. Often, nationalism comes into play. This was very obvious with Hilia because she made such a big point of Puerto Rico being able to support itself without the help of the United States. Even though the chances of her party obtaining victory are slim, she still has a bright hope for the future.

THE STATEHOOD VIEW

The New Progressive Party's (NPP) definition of statehood for Puerto Rico includes:

- “A non-colonial status with full political dignity.
- The same rights, benefits, and responsibilities of the 50 states.
- A guarantee of union and the opportunity for economic and political progress.
- A permanent guarantee of all rights under the United States Constitution, including the preservation of Puerto Rican culture.
- A permanent guarantee of American citizenship, our two languages, hymns, and flags.
- Full participation in federal programs.
- The right to vote for the President of the U.S. and to elect at least six Puerto Rican representatives and two senators to Congress; and
- As American citizens, we will negotiate the terms of admission, which will be submitted to the people of Puerto Rico for their ratification” (Laney 1998a, 3).

Finally, the NPP supports the option of *statehood*. Advocates argue that as a state, Puerto Rico would continue to receive approximately the same amount of revenue it does now. It would become fully eligible for a wide range of federal grants and other benefits, especially equal treatment under major social programs (for which it is not now automatically eligible). Statehood would give Puerto Rico a greater degree of political stability, a condition that would encourage investment by mainland corporations. Also, statehood would extend to the island all parts of the United States Constitution, including, *inter alia*, full voting representation in both chambers of Congress, and the right of its people to vote for President and Vice President as well. One common complaint among Puerto Ricans is that they have been deemed “second-class citizens.” From this view, political

parity with the mainland is an essential instrument for the economic development of Puerto Rico. Opponents have but two claims: Income taxes will be imposed, and damage to the island's unique cultural heritage will occur (U.S. CBO 1990, 5).

Pedro Rossello, President of the NPP, agreed with H.R. 856 and had but few additional desired changes. He suggested that combining the transition and implementation stages (the time in which the permanent decision under and implementation of the bill would be actuated) can consolidate the bill's three stages. He preferred a maximum time limit of four to five years rather than ten, as provided by the bill.

One common concern directed toward NPP advocates is whether the United States should fully incorporate a territory so ambivalent about statehood, that getting half the people to support the idea is a mammoth undertaking. Fernando Garcia thinks so. He is a Cuban-born resident and citizen of Puerto Rico who works for a natural herbal company located in Utah (Nutraceutical). In my interview of him, here is what he had to say about the situation:

1. To what political party do you belong?
 - Answer: None of them. I don't vote, but I am pro-statehood.
2. Why do you support statehood?
 - Answer: First of all, Puerto Rico is in a transitory state. The commonwealth is the best of both worlds; it is not independent, and it is not a state. This gives us a lot of leeway. I know that the way we are is not going to be forever. So, we have to decide between becoming a state or being independent. Statehood is the way to go...by a large margin. If we become an independent nation, I am out of here. I can surf in Miami or Hawaii.
3. What do you think the final outcome will be?
 - Answer: I hope it will become a state, and I believe it will...but not in the near future. The people of Puerto Rico are very laid back. Even though the majority of Puerto Ricans are pro-statehood, many of us don't vote because we know that it won't happen for a long time. Therefore, we don't care. Those people that belong to the independent party are hard core. Even though they are at most 3% of the population, they all vote. I know that we will lose our Olympic representation if we become a state, but I figure that if you are good enough to play in the Olympics, then you might as well play for the United States.
4. How do you think your life would change if Puerto Rico became a state?
 - Answer: There won't be much of a difference. Even if we become a state, I believe that the primary language (here in Puerto Rico) would still be Spanish. The vast majority of us speak Spanish. Maybe the schools will begin to turn more towards the English language, and so forth. No matter what happens, it is going to be a big change. It can't just happen one day; it will have to occur over a long period of time. I don't think that there will be a huge change if we become a state tomorrow (Garcia 1998).

Fernando, through his answers, illustrates the view of most statehood supporters. They are usually of the younger generation and figure that their vote does not count for much. They also believe that Puerto Rico would be nothing without the United States. The view that Puerto Rico is in a transitory situation has merit. If commonwealth (which in the writer's opinion is clearly the best option) will not always be available, statehood is the next best option. But, until commonwealth status is gone, pro-statehood citizens will sit back and relax—a major characteristic of the culture.

CONCLUSIONS

Puerto Rico is one of the world's most beautiful islands; it has become the Hawaii of the East Coast. Christopher Columbus loved it simply because of its metallic worth. Now, if the political status of Puerto Rico were based solely on beauty and economic benefits, statehood should be granted. I believe that there is much more that must be considered before statehood is assumed. First, will Puerto Rico be able to preserve the island's Hispanic heritage? What modifications must be made to the island so that it is an acceptable state? And finally, will the current citizens of the United States accept Hispanics as mainstream Americans?

Foremost among any discussion of cultural heritage is the language question. Currently, after numerous changes, both Spanish and English are the official languages of the island. If Congress considers the admission of Puerto Rico as a state, it may well address the issue of language. Congress has the power to prescribe (as a condition for admission into the Union) that Puerto Rico adopt only English as the official language. Once Puerto Rico becomes a state, however, "it is not bound by any such congressional provision, unless Congress under its legislative powers could have independently imposed the requirement on the state already within the Union" (Laney 1998b, 7).

This poses a major problem. While traveling through the tourist district of San Juan, I noticed that most of the locals speak both languages with few problems. Upon leaving this section of the city, and throughout the entire rest of the island, English was a rarity. English is a required course of study within the school system, but close to 25% of Puerto Rican children do not attend school. Will the loss of language also destroy the Puerto Rican culture?

The older generation of Puerto Ricans is greatly concerned with heritage conservation, while the majority of youthful Puerto Ricans have already become Americanized. Their clothing resembles what they have seen on TV or is gifts brought back from the United States by relatives. American rock-and-roll is present everywhere. Even the cultural tie to the sport of futbol (soccer) has diminished due to a newly found love for baseball, basketball, and football. The simple truth is that before statehood should occur, a solution must be found that will conserve both the Hispanic language and the broader culture.

Poverty is very common among Puerto Ricans, especially after the major hurricane damage that occurred in the summer of 1998. The island's 1995 per capita income of \$7,296 was less than a third of that in the United States (Jenkins 1998, 46). Not only do the citizens of Puerto Rico suffer from low income, but also many outer areas do not even have sewage systems, let alone running water! Asphalt roads are needed throughout the entire island. In fact, environmental pollution is soaring partly because of a lack of information. The costs of bringing the island up to par with the rest of the United States must be considered.

While on the island, we were entertained by many of the dance clubs that are available. Much as in Mexico, we found that it is very common for the youth of Puerto Rico to drink and smoke much before the age of 21. Although prostitution is not legal, many streetwalkers can be found within the major city limits. Gambling is one of San Juan's biggest attractions. By accepting Puerto Rico's statehood proposal, are we acquiring another Las Vegas? The issues of social structure as well as moral dilemmas should be addressed before statehood is established.

Finally, will the citizens of the United States accept Latinos as mainstream Americans? Many Americans look down upon the Hispanic people because they are simply different. After spending a summer working in Southern California, I have realized that not all Americans are accepting of an alternate culture and people. In fact, many Americans have no idea that Puerto Rico even belongs to the United States. When all is said and done, will we have another racial hatred outbreak, or could there even be the kinds of problems as devastating as those that might have led to a civil war? These questions should be addressed before a final decision is made.

I personally believe that Puerto Rico should not become a state, at least for the time being. The commonwealth status is the best option for all. As an economist, it is easy to see the financial benefits that both the United States and Puerto Rico would receive from statehood. But, by simply evaluating the numerical data, we are completely eliminating the most important aspect of life: people. Annabelle Rodriguez-Rodriguez mentioned two specific reasons why the commonwealth status is the best option for the people of Puerto Rico: It preserves the language and the culture of the island while granting a much-earned American citizenship (U.S. CBO 1990, 26). Once the roots of a specific culture are eliminated, the people become culturally extinct. By "shoving statehood down their throats [as the *Deseret News* so eloquently put it], we are robbing their heritage in exchange for political power and money" (U.S. CBO, 28).

In addition, although Puerto Rico's admission as a state is compatible with America's "melting pot" tradition, I do not believe that mainland Americans are ready to accept the Hispanic culture as their own. In South America, there is a widely known joke:

Q: What do you call someone that speaks three languages?

A: Trilingual

Q: What do you call someone that speaks two languages?

A: Bilingual

Q: What do you call someone that only speaks one language?

A: AMERICAN

I believe that one of the major reasons that mainland Americans are not accepting of the Hispanic culture is the language barrier. A common misconception seems to be that, if someone does not speak our language, then he or she is not one of us. Until we can change this provincial mentality, the benefits of Puerto Rican statehood cannot be realized.

Finally, Senator Orrin G. Hatch and the rest of Congress have resolved to allow the "residents of Puerto Rico [to] express democratically their preferences regarding the political status of the territory" (U.S. Congress 1997, 1). The people of Puerto Rico now have the chance to decide for themselves if statehood should be granted. Upon one's evaluation of the last five plebiscite votes, it is clear that statehood is not what the majority of Puerto Ricans desire. Should we fully incorporate a territory so ambivalent about statehood that getting half the people to support the idea is a mammoth undertaking? I think not.

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