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THE DEVELOPMENT OF THE STATEHOOD MOVEMENT IN PUERTO RICO

by

EDGARDO MELENDEZ

Volume I

A dissertation submitted to the Graduate Faculty in Political Science in partial fulfilment of the requirements for the Degree of Doctor of Philosophy, The City University of New York.

1985

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1985

This manuscript has been read and accepted for the Graduate Faculty in Political Science in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.

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PREFACE

When time came to start on my dissertation, I decided to study a much neglected area of Puerto Rican politics, the statehood movement. It was certainly a challenging task, since hardly any attention was paid to the phenomenon until very recently. This, of course, was a worthy point to bring out in my proposal defense; but, as expected, it was to make my life somewhat more complicated. The very few studies that dealt with the subject treated the statehood movement as secondary to other topics or within limited historical periods or issues. I had to immerse myself in the very little researched historical aspect of the movement, even going back to the nineteenth century in an attempt to provide a coherent and comprehensive analysis of annexationism in Puerto Rico. This may explain the somewhat lengthy nature of the study. Although the statehood movement is receiving a lot more attention these days from students of Puerto Rican society, much needs to be done, particularly in the historical area. I have attempted to provide a coherent analysis of the statehood movement from the perspective of what forces (economic, social, and political) have shaped the movement, its ideology and programs in its evolution since the past century.

Social science, as all sciences, is said to be a lonely business. It is true, for the most part. But social scientific works, including Ph.D. dissertations, require the

collaboration of numerous persons. My greatest debt goes to Irving L. Markovitz and Frank Bonilla, who read the somewhat long and hard-to-read text (the first draft was presented in a terrible dot-matrix print) with extreme patience and understanding; their comments were always a positive contribution to this study. Several other people collaborated with this venture. Félix Ojeda Reyes read Chapters II and II and provided invaluable comments. Juan José Baldrich, Victor Castillo, Emilio González, Gervasio García, Edwin Meléndez Vélez, Aaron Ramos, William Ríos, among others, were kind enough to discuss their works with me or to make comments and suggestions on my ideas. The people of the Colección Puertorriqueña of the University of Puerto Rico General Library, where most of the research was done, were extremely cooperative with my work, particularly Ms Myriam Felicié. This dissertation would not have been possible without the moral and material support given to me by Ligia Vélez and Edwin Meléndez, Sr., my parents. This is theirs, too. Finally, I would like to dedicate this work to Patricia Cristina, a very special person, soon to be six years old, and who is my dearest daughter.

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CHAPTER I

INTRODUCTION

> "Creemos que la sutil ruta surcada en los mares de nuestra politica insular por la idea anexionista no ha sido estudiada con suficiente rigor historico. Unos cuantos fetiches bien intencionados, otros cuantos mitos profundamente sentidos, y algunas vanidades simpaticamente aplaudidas han hecho perder de vista algunos aspectos importantes de la historia de esa idea, que solo ha sido considerada como ruta preconcebida del imperialista astuto."
> Antonio Rivera
> ´El Laborantismo´ (1943)

PART I: PROBLEM TO BE EXAMINED

The political forces in Puerto Rico which demand entry of the island into the the United States as the fifty-first state have increased in power since the creation of the Commonwealth in the 1950´s, particularly in the last twelve years. They have gained control of the government in 1968, 1976, and 1980. This study will evaluate the statehood movement in Puerto Rico, which has emerged as an important political force since the 1960´s and is most clearly represented by the New Progressive Party. The contemporary statehood movement is characterized by its mass-popular, multiclass constituency; its programmatic and ideological appeal to the masses; and a more dynamic and voluntaristic statehood program.

Since the latter part of the nineteenth century, when

the island was under Spanish domination, some sectors in Puerto Rico have sought the annexation of the Island to the United States. Although annexationist tendencies in Puerto Rico have existed in several political movements and parties (e.g., the autonomist movement since the nineteenth century and the Socialist Party), this study will focus on that political movement organized ideologically and programatically for the attainment of the complete political integration of the Island to the United States, i.e., the statehood movement. (Unless otherwise specified, "statehood movement" will be used interchangeably with the concept of annexationist movement.) During the nineteenth century, the principal advocates of annexing Puerto Rico to the United States were those groups seeking independence and autonomy from Spain. These groups had economic, political, and ideological interests in establishing a relationship with the United States, including the integration of Puerto Rico to the U.S. Under the presence of the United States, they organized the Republican Party, the most important expression of Puerto Rican annexationism in the first six decades of this century. Because it was the only party to participate in the elections of 1900 and 1902, the Republican Party controlled the lower chamber of the Parliament (the only governmental apparatus open to the Puerto Rican population in those years). From 1904 to 1924 the Republican Party was overshadowed by the Union Party, a coalition of different social groups opposed to the U.S.

economic and political presence in Puerto Rico. In 1924 the most conservative sectors within the Republican and the Union Parties formed an electoral alliance known as the Alianza (Alliance), winning the elections that year and again in 1928 . In 1932 the Republican factions were united once again in the Republican Union Party, and they joined the Socialist Party in forming the Coalicion (Coalition), which won the elections in 1932 and 1936, though the opposition Liberal Party (the former Union Party) received a majority of the votes in both elections. In the 1940's the Republicans lost electoral support as the emergent Popular Democratic Party (PDP) achieved dominance. In the 1950's the now Partido Estadista Republicano (Republican Statehood Party) became the main opposition party, with increasing support. In 1968 the Partido Nuevo Progresista (New Progressive Party) won the elections, becoming the first statehood party to win a majority of votes. Though the NPP was defeated in the 1972 elections, it won again in 1976 and in 1980. Since the victory of the NPP in 1968, and increasingly since 1976, the statehood movement has become a major political force in the island, and statehood has become a crucial issue in the relations between Puerto Rico and the United States.

There are several important distinctions between the contemporary statehood movement and that movement prior to the creation of the NPP. First, the contemporary statehood movement, as represented by the NPP, has become a mass

movement with a broad, multi-class basis of support. This is not to say that previous statehood parties did not have widespread support. The Coalition, the electoral alliance between the Union Party and the Socialist Party, had control over the Legislature for most of the 1930´s, and one element fomenting their union was the statehood issue. The Republican Party, in the first decades of this century, was controlled and received support from the commercial, financial, and sugar-producing sectors of the local bourgeoisie. The middle classes also supported it; and up to 1916, when the Socialist Party was formed, it received the support of the sector of the working class that favored annexation. But the creation of the Socialist Party divided the support for annexation along class-political lines, and even under the Coalition, statehood could not become a viable political alternative. The NPP has drawn its the support from different social groups and classes, including sectors of the bourgeoisie, the middle classes, the working class and the poor.

Second, the statehood movement has evolved from an ideologically conservative, socially pro-status quo position to a more "reformist", even neo-"populist" one. During the first decade or so of the 1900´s, the statehood issue was given an idealistic aurea by its middle class leadership (exemplified by Jose Celso Barbosa, the so-called "father" of the statehood movement in P.R.), who tried to adapt Puerto Rican institutions and values to the more "advanced"

American ones. But the crisis of the sugar industry and the rise of the PDP in the 1940´s augmented the influence and control of the sugar bourgeoisie over the movement and its ideology, giving it a conservative, if not reactionary, character. The success of NPP signifies the rise to dominance in the movement of an industrial bourgeoisie in alliance with new middle classes. In order to broaden the basis of support for statehood, they have presented a program and ideology more tuned to the interests of other classes and groups and stripping the statehood issue of the conservative guise it acquired during the 1940´s and 1950´s. This is represented in Ferre´s "statehood as social justice" program and Romero´s "statehood is for the poor."

Finally, the contemporary statehood movement is led by a more radical and dynamic leadership whose program calls for achieving statehood in the short run; in previous decades, statehood was seen as a goal to be achieved only in the long run. The political program of the NPP under Romero is that of <u>estadidad ahora</u> (statehood now). The emergence of this "immediatist" or radical statehood program has to be understood within the framework of the recent changes in the economic and political structures in Puerto Rico, mainly the process of further economic and political integration of the Island to the United States after the 1950´s. Furthermore, sectors of American public opinion, political parties, and government have turned to statehood as an "alternative" to the "Puerto Rican problem." These sectors within the United

States envision statehood as the solution to the current economic, social, and political crisis in Puerto Rico.

Explaining the Statehood Movement

Out of the studies that have dealt with this subject we can extract several explanatory approaches.[1] One of the most accepted explanations is that proposed by Henry Wells. Wells sees the contemporary statehood movement as the result of the modernization of Puerto Rico and the growth of the middle class.[2] This sector, "strongly committed to the attainment of possessions, comfort and convenience, economic and physical security, quality education, and other modern welfare values," has emerged as a consequence of the modernization program implemented under the Commonwealth by the Popular Democratic Party. But the middle class has turned against the PDP and its Commonwealth status because there ''seemed to be a feeling on their part that they were more likely to accumulate welfare values under statehood than under Commonwealth status.''[3]

Like the above explanation, but more explicit in its argument, is the approach of Manuel Maldonado-Denis and Pedro J. Rua.[4] According to them, the statehood movement is not only a middle class movement but a movement of a middle class assimilated to American culture and without any sense of national identity. They see the absence of a national identity as a result of cultural imperialism and the lack of

a national bourgeoisie. The contemporary statehood movement becomes predominantly a cultural phenomenon, largely determined by the assimilation of its population, particularly its economic elites. As Maldonado-Denis has stated: ''...annexation to the colonial power will not be the cause of Puerto Rican assimilation but one of its effects.''[5]

Another explanation for the development of Puerto Rican annexationism, and a very important one, is that presented by authors like A. G. Quintero-Rivera, Aaron Ramos, Wilfredo Mattos, and Mariano Negron Portillo, who explain the statehood movement within the framework class conflict. For example, according to Quintero-Rivera, the Republican Party represented the ''intermediary petty bourgeoisie and an emergent anti-national bourgeoisie.''[6] The "anti-national" bourgeoisie comprises intermediaries for American capital (managers, partners), sugar plantation owners and commercial sectors linked to American interests. The petty bourgeoisie, mostly its professional ranks, wanted the modernization of Puerto Rico to follow the American model. With regard to the contemporary statehood movement, Quintero-Rivera characterizes it as the political movement of the "new middlemen" of American capital in Puerto Rico; Ramos has argued that its main strength comes from the mobilization of the "urban marginal masses." According to this argument, from the kind of industrialization that Puerto Rico experienced and from the penetration and dominant position

of American capital in the economy there has emerged a sector linked to American capital (the new middlemen) which sees statehood as being in its best interest.[7] At the same time, as the program of industrialization became capital intensive in the 1960´s, a sector of urban marginals (unemployed, partially employed, urban poor) emerged; this population has been attracted to statehood either because of the lack of attention given to them by the PDP or because of the welfare benefits (food stamps, housing, Social Security,etc) given to them by the U.S. government and considered to be secure only in statehood. According to this argument, support from this sector comes in the form either of a "protest vote" against the PDP or from the opportunistic political behavior of the urban marginals.[8]

Another approach in explaining the statehood movement is the class/economy integration argument. As argued by Frank Bonilla and Ricardo Campos, the industrialization of Puerto Rico after the 1950´s has propelled the integration of the island´s economy to the U.S., turning it into an ´´enclave or regional economy of the American economy.´´[9] In a series of early articles the authors argued that the regional character of the Puerto Rican economy was based on the determination of the prices of capital, labor and commodities by the market mechanisms and political structure of the U.S.[10] Along with the process of economic integration there has been a process of absorption of the ´´local class formations... within the larger U.S. system of class

relations.''[11] This includes the absorption of the Puerto Rican bourgeoisie into the U.S. bourgeoisie, with the concomitant consequences in terms of economic organization and class interests; the Puerto Rican bourgeoisie's

> differences with fractions of the U.S. bourgeoisie take the form of intra-class conflict not of a defense of the "Puerto Rican economy." Their organization and movement is not that of a social class with its own interests; their interests respond to the reproduction of the mode of production as a whole. For this reason, the Puerto Rican capitalists merely tag along as an overseas appendage of the U.S. bourgeoisie. This phenomenon has accelerated over the last few years with the extension of the multinational firms into the island and the progressive domination of monopoly capital.(12)

As a result of this economic integration and social absorption, the Puerto Rican bourgeoisie supports statehood.[13] In more recent articles, the authors have used the theory of circuit flows of capital, labour and commodities between the U.S. and Puerto Rico to explain the integration of P.R. to the U.S. economy. This leads to a reassesment of the Puerto Rican bourgeoisie and its relation to annexationism:

> The Puerto Rican business class, unequally allied in a network of interests with the U.S. counterparts, steadfastedly opposes independence. Faced with the sharpening economic and social crisis of recent decades, this sector increasingly views annexation as the path to economic salvation. This business class provides the backbone and direction for a growing pro-statehood electoral movement that paradoxically draws its numerical strength from the masses of the jobless and poor.(14)

As a point of departure for this study, some comments are required regarding these explanatory approaches. First

of all, this study disagrees with Wells´ proposition that the contemporary statehood movement is merely an urban, middle class movement, in terms either of its social basis or its ideology. As stated earlier, one of the main characteristics of the contemporary statehood movement is its multi-class basis of support. Although sectors within the middle class have traditionally given support to statehood, their ranks are not so numerous as to give the NPP such great percentages of electoral votes. Studies of the 1968 elections have shown that support for the NPP is neither all middle class nor all urban. According to one statistical study of the Metropolitan area of San Juan, the lowest level of support for the NPP came from the "middle socio-economic sectors," while most of the support for the party in this area came from the "upper" and ´´lower and middle lower socio-economic groups.´´[15] In another study of that election it was found that even when the electoral support for the NPP was mainly urban, the rural areas followed the pattern of increased support for the party. This pattern of support for statehood remained the same throughout the 1970´s and in 1980.[16]

Furthermore, Wells´ particular notion of the contemporary statehood movement as a middle class phenomenon does not take into account the socio-economic and political context within which statehood becomes a political alternative for this class (and for others). To account for the middle class support of statehood on the basis of its

commitment to "modern welfare values" is to lose sight of the fact that this class has emerged in an economy increasingly integrated to the U.S. economy. Because of the political relationship with the U.S., the "modern values" it sought were American values; in the words of Gordon Lewis, it is to confuse ´´modernization with Americanization.´´[17] Also, this notion of the statehood movement as a middle class phenomenon does not take into account the ideological changes that have taken place within the movement; i.e., the NPP has moved from the conservative positions of its predecessor, the PER, as discussed earlier.

Wells´ approach also fails to explain the historical evolution of the movement. Statehood in Puerto Rico has always been supported by the middle classes; but it has also been supported by the bourgeoisie. And during the 1940´s and 1950´s, when the politics and ideology of statehood were dominated by the sugar bourgeoisie, the movement´s program and ideology were far from representing the "modern welfare values" that Wells argues for; these were in fact closer to a reactionary position in the true sense of the word (defending past values and realities). The change in the program and ideology from the PER of the 1950´s and early 1960´s to the NPP after 1967 was due not only to the rise of a "new" middle class but also to the preponderant position achieved in the movement by the local industrial bourgeoisie, as exemplified by Luis Ferré. In fact, it was Ferre and his group who headed the transition from the

reactionary PER to the NPP, and this change was in no way related to the search for "modern welfare values" by the middle class but rather to social and political conflicts in Puerto Rico at the time. Furthermore, Wells makes no account of the support given by the working class to statehood throughout the century (in varying degrees at different historical periods); it has been the working class (and recently the marginals) more than Wells´ middle classes who have seen in statehood the basis for the attainment of "modern welfare values" through the presence of the American state in Puerto Rico.

Statehood and National Identity

Even when we agree that the lack of a clearly defined national identity (or the existence of one which has never been precisely defined) is a factor to be considered in explaining the statehood movement, it is necessary to include in such analysis the economic and political structures that have influenced this situation (e.g., the economic integration of Puerto Rico to the United States and its effects on the local social structure; and the political relationship of the Commonwealth to the American state). To view the statehood movement as a derivation of a cultural phenomenon (assimilation) in isolation of these other factors detracts from our ability to understand it. Furthermore, this notion of the contemporary statehood

movement as responding to the assimilation of the population is misleading; this is supported by the fact that the leaders of the movement have backed down from making assimilation a prerequisite for statehood: hence the development of the concept of estadidad jíbara (creole statehood).

Furthermore, the conception of what was to be known as estadidad jíbara precedes the organization of the NPP by several decades. The notion that Puerto Ricans could maintain and secure their identity and culture under statehood was developed by people like Luis Sánchez Morales and Reece Bothwell during the 1930's and 1940's. Since then no major political or ideological figure within the movement has posited assimilation as a prerequisite for the attainment of statehood. Assimilation was an issue for the Republicans, and for the political arena in general, during the first decades of U.S. domination in P.R.; but even then the assimilation debate was used to divert attention from more pressing political and economic issues. The defense of Puerto Rican culture and the Spanish language by the Union Party and its leaders, like José de Diego, was the reaction of the hacendados to their subordination to the colonial regime and to the presence of U.S. capital. In the same way, the defense of cultural assimilation, as proposed early in the century by Barbosa, was seen as a mechanism to further the economic, social, and political integration of Puerto Rico to the U.S. But even then the Republican Party under

Barbosa could espouse the concept of la patria regional (the regional fatherland), based on the notion of "independence within the federation," which was to provide the local dominant classes power over local cultural affairs as well as local political and economic structures.

The prior discussion leads us to the issue of the relation between national identity and statehood, or its "opposite", independence. This is important because several contemporary theorists of nationalism or ethnonationalism give great importance to the issue of national identity in explaining the rise and propagation of these movements. A nationalist movement that espouses the creation of a nation-state for a particular community or nation needs to define the cultural boundaries of the group. But the national identity of a group can be defined by a myriad of elements, either by the group itself or by others: culture, language, a common experience (from a common colonial subordination to economic exploitation), etc. But a common identity does not necessarily have to translate into a political movement for independence. If the existence or absence of national identity has to be explained, i.e., it cannot be taken as a given, then the issue of national identity as a propeller of nationalist movements has to be explained also.

The issue of national identity and its relation to politics in Puerto Rico is somewhat complex. As Arcadio Díaz Quinoñes has argued with regard to the issue of national

identity in Puerto Rico, ´´it is indispensable to admit the plurality of Puerto Rican society as a first step to understand the very difficult national cohesion, whose forms are inseparable from the configuration of social classes and their conflicts, as well as from the framework of colonial dependency. The historical and social image itself--´national identity´--is not, nor can it be, static: it has been modified through the changes caused by the weaving of internal and external conflicts.´´[18] National identity is defined in terms of its economic, social, and political contents and consequences. In Puerto Rico, politics has always been "status" politics, and this means that different social classes and groups put forward different economic, social and political programs around this issue; this in turn provides for different interpretations of what is "national" identity. To try to understand statehood as the politics of assimilation (or independence as the politics of national identity) is to misunderstand the issue completely. Assimilation has not been the policy of statehooders, for the most part, and it would be wrong to explain the support for statehood in Puerto Rico on the basis of the assimilation of the population. It would be incorrect to argue that the Puerto Rican population has been assimilated during the past two decades, when there exists a very strong annexationist movement. After all, the concept of "creole statehood" derives in part from the fact that there has been no

assimilation of the population and that the population´s "national identity" would be protected under statehood. Moreover, if we relate annexationism to assimilation, how do we explain the crisis of annexationism during the 1940´s (the "de-assimilation" of the population?) and its rise during the 1960´s (the "re-assimilation" of the population?). How do we explain the transformation of Barbosa´s nineteenth century Orthodox Autonomists (which were not annexationists) into the core of the Republican Party after the U.S. invasion? How do we explain the origins of Puerto Rican annexationism at all? Moreover, how do we explain the coexistence during the 1920´s and 1930´s of independence side by side with statehood as the major political alternative in the Republican Party´s platform? How can we explain the use of concepts like "regional fatherland" or "creole statehood" within statehood programs? Certainly the use of cultural factors to explain the statehood movement in Puerto Rico will not do. The politics and programs of statehood can only be understood by examining how social classes and groups organize themselves to advance their interests; with whom they have conflict and in what fashion; and how these classes and groups are shaped and limited by social, economic, and political structures and institutions. For example, the emergence of the Republican Party cannot be understood if we fail to analyze the social configuration of the late nineteenth century and the political struggles that came out of it. Statehood at

the turn of the century represented the program of the emergent Puerto Rican bourgeoisie and petty bourgeoisie seeking the total transformation of Puerto Rican society, in opposition to the politics of the hacendados. Similarly, the program and politics of the statehood parties during the 1940's and 1950's is incomprehensible if it is not related to the politics of the decadent sugar bourgeoisie; while the NPP program can only be understood within the framework of the politics of the industrial bourgeoisie. Such is the framework of this study.

Statehood and Socio-Political Conflict

The last assertion introduces us to the third approach to Puerto Rican annexationism, which posits the statehood movement as the result of social and political conflict between social classes and groups. Without any doubt the authors of this school have provided the best analyses for the understanding of the statehood movement in Puerto Rico and its historical development: the works of M. Negron Portillo, A. G. Quintero-Rivera, A. Ramos, and W. Mattos are definitely among the major contributions to the understanding of annexationism in Puerto Rico.[19] My study falls within this approach; my debt to their studies as well as my critiques of and differences with their analyses will appear throughout the study. Nevertheless I would like to discuss two propositions related to this approach. The first

one has to do with the characterization of the Puerto Rican bourgeoisie. For example, M. Maldonado-Denis has argued in several of his works that during the first decades of this century there was no "national bourgeoisie" in Puerto Rico; Quintero-Rivera has characterized the bourgeoisie of the same period as an "anti-national" bourgeoisie. They characterize the contemporary local bourgeoisie as "dependent-intermediary" and "new middlemen" of U.S. capital, respectively.[20]. The problem for the authors is the absence of a national state in Puerto Rico; the answer they give is that there is no "national bourgeoisie," that the Puerto Rican bourgeoisie has always favored annexation. This may be correct, but the characterization of the Puerto Rican bourgeoisie and its relation to annexationism needs to be reassed. Some sectors of the Puerto Rican bourgeoisie which are linked directly to American capital favor annexation; but other sectors which are not linked directly to American capital also favor annexation. The Puerto Rican bourgeoisie´s support for statehood is not necessarily based on a direct link to U.S. capital; rather, they support statehood because they believe that only the presence of U.S. capital and state in Puerto Rico can assure the existence of capitalism on the island. That is why the Puerto Rican bourgeoisie has always supported some kind on relationship with the U.S., including statehood. Historically, the Puerto Rican bourgeoisie as a whole has been in favor of annexation. But the bourgeoisie´s support

for statehood is not absolute. As noted before, during the 1920´s and 1930´s the Republican Party, with the sugar bourgeoisie in a preponderant position in the party, espoused independence as an alternative if statehood was not granted. Furthermore, it is incorrect to define or characterize a social class by its political position: to say that the Puerto Rican bourgeoisie is "anti-national" or that there was "no national bourgeoisie" is not to say that there was no Puerto Rican or local bourgeoisie.

There is a similar problem with characterizing the contemporary Puerto Rican bourgeoisie as "intermediary" or "new middlemen." Once again the attempt is to explain the bourgeoisie´s annexationism. Once again this approach is inadequate. To begin with, the transition from an "anti-national" bourgeoisie to the "new middlemen," using Quintero´s characterizations, is never explained. Moreover, the use of these characterizations to explain their annexationism is inadequate. Most sectors of American capital in Puerto Rico are there because of the benefits they receive from the Commonwealth, benefits which will no longer exist in statehood. Their local representatives (the "new middlemen") probably know that. Furthermore, using the rise or development of the "intermediary" or "new middlemen" bourgeoisie to explain the contemporary statehood movement fails to provide a complete understanding of this relationship in two ways. First, since the U.S. invasion and the parallel penetration of American capital into Puerto

Rico, there have been "intermediaries" or "middlemen" for U.S. capital on island. While the nature of U.S. capital has changed over time, the intermediary's function has remained the same. So there's really nothing "new" about middlemen in Puerto Rico. Second, while these intermediaries have traditionally supported statehood in varying degrees, it would be historically inaccurate to cast them as the main social force behind the rise of contemporary annexationism. As will be shown in the chapters dealing with the PER and the NPP, the main social force behind the NPP, in terms of leadership and program, came not from the "intermediaries" but from the local industrial bourgeoisie (as represented by Ferré). Though the role of the "intermediaries" has increased under Romero's leadership of the NPP, the strength of this local bourgeoisie is still crucial in understanding contemporary statehood politics. The formation of the Partido de Renovación Puertorriqueña (Puerto Rican Renovation Party) under the leadership of Hernan Padilla is related to the conflicts between these two sectors.

This local bourgeoisie, located mainly in industry, banking, construction, and trade, has its own basis of reproduction. They are not "intermediaries" of American capital, but they coexist with the latter. This Puerto Rican bourgeoisie can best be characterized as what James O'Connor calls the "competitive sector" of private capital:

> In the competitive sector the physical capital-to-labor ratio and output per worker, or productivity, are low, and growth of production depends less on physical

> capital investment and technical progress than on growth of employment. Production is typically small scale, and markets are normally local or regional in scope.(21)

Labor in this sector is typically low-wage and un organized; working conditions are poor and unemployment and underemployment are high. Because of this, labor in this sector is increasingly compelled to ''look to the state for means of subsistence. Thus they are condemned to be full or partial dependents of the state.''[22] The relation between this competitive sector and the other sector of private capital, the monopoly sector, is not a totally contradictory one. On the contrary, though there may be some contradictions between the two sectors, the expansion of monopoly capital benefits the competitive sector:

> The growth of the monopoly sector is based on the expansion of capital and technology. It is the prime accumulating sector of the economy. The competitive sector grows on the basis of the expansion of labor power which has been "freed" by accumulation and growth in the monopoly sector... the competitive sector does not necessarily decline with acccumulation but expands because of the growth process in the monopoly sector.(23)

These characteristics are most evident in the local industrial bourgeoisie. Developed mainly during the war period, fostered by U.S. government war funds, this bourgeoisie produces for the local market (with very few exceptions), depends on low wages (one of their constant complaints against the Commonwealth goverment) and has benefited from the expansion of American capital in Puerto Rico (increased consumer market) and the increase in federal funds to the island. They support statehood as the only way

to guarantee the presence of the American state in Puerto Rico, both to secure capitalism in Puerto Rico and to expand the welfare structure of the island. The latter is needed not only to subsidize the increasing army of unemployed and marginals but also to subsidize labor in the competitive sector. They support the expansion of American capital in Puerto Rico as long as it does not compete with them in the local market. That is why the Ferré program attacked the PPD-promoted industrialization of the 1950´s and 1960´s: the PPD was promoting and subsidizing the entrance of competitive American capital in the form of light industry into Puerto Rico, diminishing the local market for the local bourgeoisie. That is why the Ferré industrialization program was based on the promotion of heavy industry (monopoly capital) into P.R., for monopoly capital enhances the productive base of the local economy, thereby increasing the consumption market for local products; and it produces mainly for the foreign market, so it does not directly compete with the local bourgeoisie.

The local bourgeoisie at the beginning of the century could be characterized as competitive capital. As a whole, the Puerto Rican bourgeoisie as a class was born under the aegis of American capital in Puerto Rico. It was the economic and political structures promoted under U.S. economic and political hegemony that allowed them to reproduce as a class. Its sugar, banking and commercial sectors benefited from the expansion of U.S. capital in

Puerto Rico: American sugar corporations opened the U.S. market so critical for the Puerto Rican sugar bourgeoisie; it was trade with the U.S. that made it possible for the commercial sector to develop; and it was the expansion of the sugar economy under American capital that fostered the growth of the local banking bourgeoisie. This is not to imply that there were no contradictions between the local bourgeoisie and U.S. capital and state. But these contradictions must be subordinated to the fact that the U.S. presence of in Puerto Rico secured the expansion and reproduction of capitalism in Puerto Rico.

Another issue of importance for our study is that raised by Quintero-Rivera and Ramos regarding the urban (and rural) marginals´ support for statehood. This social group´s support for statehood has been outstanding for the past two decades, but it is inadequate to try to understand this support as merely a "protest vote" against the PDP (Quintero-Rivera) or as transient opportunistic behavior on their part (Ramos). Rather, their support stems from the economic constraints imposed on them by the economic instability of the Commonwealth and by their increased dependence on governmental subsidies. Most of these funds come from the federal government, because of the inability of the Commonwealth government to finance itself and the increased integration of Puerto Rico to the American state; so it has been the statehood movement that has attracted the support of these sectors. This transfer of federal funds to

Puerto Rico has, on the one hand, created a dependence on them (directly or indirectly) by broad sectors of the population and, on the other hand, has been used as a campaign tool by the statehood leadership. The individuals who received these funds tend to identify with the American state.

Statehood and Integration

This author acknowledges the contributions made by those studies focusing on the economic integration of Puerto Rico to the United States. Though most of these works do not primarily deal with politics or annexationism, the study of the latter would be incomplete without the thorough understanding of how social, economic, and political structures in Puerto Rico and their continous process of integration to those structures in the United States have shaped, limited, provided opportunities and have determined the political process in Puerto Rico, particularly the development and evolution of annexationism. The main concern of this approach is the nature of capitalism in Puerto Rico, rather that Puerto Rican politics *per se*. For example, in the case of Bonilla and Campos their main concern is the understanding of the structures of capitalism in Puerto Rico and its relation (integration) to the U.S. economy. This imposes a high level of abstraction on the analysis which requires certain forms of mediation to the concrete study of

politics, e.g., statehood's programs and ideologies. As McLennan has argued, ''the different levels and modalities of being are accommodated in science at different levels of abstraction... long term outcomes must square with more particular mechanisms. These lower-level phenomena (class struggle, politics, historical 'accidents,' individual careers) have conditions of existence that mediate the broader process expressed at a higher level of abstraction.''[24] This is related to the issue raised earlier of how to characterize the Puerto Rican bourgeoisie. Broad generalizations about this class as a whole ("anti-national," "intermediaries," "appendages") are inadequate to explain the socio-economic and political particularities in the development of this class, how they became historically linked to American capital, and through what forms. This is evident when studying the relationship of the Puerto Rican bourgeoisie to the statehood movement. The relationship of socio-economic and political structures to concrete politics can only be understood by investigating how those structures influence and determine the behavior of social classes and groups at a concrete historical level.

With regard to the issue of integration there are several clarifications to be made. This study is not positing that integration in Puerto Rico explains the whole of annexationism, e.g., how it originated. Annexationism in Puerto Rico precedes structural integration to the U.S. Chapter 2 deals extensively with the origins of

annexationism during the nineteenth century; annexationism grew out of the contradictions of sectors of various social classes and groups with the economic and political structures in Puerto Rico under Spanish colonialism. Under U.S. hegemony the socio-economic and political structures undergoing integration to the United States have determined the evolution and development of annexationism. In the same way, integration is not the result merely of abstract structures but of the behavior of social classes and groups organized politically. State and economic integration in Puerto Rico was possible because of the support given to that process by local classes and groups; this is the context in which to understand the Republican Party of the first decades of this century. This study will emphasize the economic and political integration of Puerto Rico to the United States since the beginning of the century. Economic integration has varied in form in different periods but it has always been related to the expansion of capitalism in Puerto Rico under the hegemony of U.S. capital. This process has been accompanied by the integration of the colonial government to the American state, increasingly after the formation of the Commonwealth. This has been the structural context in which the statehood movement has developed.

PART II: SIGNIFICANCE OF THE PROJECT

Nation and State

The contemporary world has been characterized as ´´A World of Nations.´´[25] In the majority of interpretations this refers to states, or, more precisely, to nation-states. Such units have proliferated throughout the world. After World War II there were over fifty such states; today there are more than one-hundred fifty of them. Organized movements to create more states exist in various parts of the world, even in the old nation-states of Europe. Changes within contemporary societies as well as in the world system have created favorable conditions for the propagation of such movements. Our subject of study, the statehood movement in Puerto Rico, represents an exception to these developments. In the last two decades in particular, Puerto Rican society has experienced the growth of a political movement whose goal is the complete integration of the population to the United States.

In trying to understand the nature of the statehood movement in Puerto Rico it is necessary to pose the following question: Is the case of Puerto Rico an exception to a more general process or is it just a particular form that this general process has taken? Are the categories used to understand this process adequate? In this regard it interesting to observe that Wells´ study of Puerto Rico and

his conclusions are based on his use of the modernization approach.[26] This is stated because one of the most discussed issues in this literature is the formation of nation-states and their role within the process of modernization.[27] If the nation-state is an essential element in the process of modernization within societies, then we have to ask why the opposite course has been followed in Puerto Rico, and how a political movement which seeks the political integration to another state has developed.

The formation and role of the nation-state in the modern world has attracted the attention of social scientists since the decolonization process began after the war. The predominant way of explaining the formation and multiplication of nation-states has been through the so-called "evolutionary" or "diffusionist" approach, including that of modernization.[28] Within the modernization approach the process of nation-state formation is seen as part of the transition of a society from tradition to modernity; the nation-state establishes the socio-political boundaries within which development and modernization occurs. The process of modernization is a phenomenon that originates in Western societies; as these expand throughout the world so does modernization and nationalism (that political movement which seeks in the name of a nation to have a state of its own).[29] One example of this approach is that of Rupert Emerson, who has applied it to Africa and Asia in order to analyze the emergence of nationalism in

those areas. According to Emerson, nationalism and nationalist movements emerge in those societies in which the traditional order has been disrupted by the impact of Western forces and where the local Westernized elite takes the nationalist ideology of the West and mobilizes the masses to the nationalist cause. Nationalism in these areas, as in the West, is an urban middle class phenomenon.[30] The main cause of the growth of nationalist movements is the search for equality and freedom in colonial peoples as modernization advances in their societies:

> Translated into concrete terms, the breaking point is the universally demonstrated unwillingness of peoples, as they come to an awareness of themselves in the modern world, to tolerate being run by aliens or to continue subordinate to a foreign state.
> ..The simple truth is that, once a certain stage of development is passed, colonial peoples will not accept good government as a subordinate for self-government.(31)

It is interesting to note that Emerson makes an exception to his approach in explaining the development of nationalism: Puerto Rico. Concerning P.R. he states the following:

> One colonial territory which stands out in almost full uniqueness is Puerto Rico, whose more than two million people have been prepared to forego--or to sublimate--their nationalism and to accept an unprecendented status within the political system of the United States. Whether because of honest persuasion that they form part of the American community or because of a calculation of advantages, the Puerto Ricans as a whole have abstained from the vehemence of nationalist agitation.(32)

This, of course, is an observation, not an explanation. The problem Puerto Rico poses for Emerson is that it fulfills

the criteria he considers as necessary for nationalism to develop, i.e., the breakdown of tradition and the rise of a middle class. Puerto Rico has achieved one of the most remarkable levels of modernization, by whatever indices it is measured (GNP, urbanization, literacy, health, class structure, etc.). Nevertheless, the "process of modernization" in Puerto Rico did not create the conditions for a strong nationalist movement to develop. As a matter of fact, the nationalist movement in the first decades was linked to those sectors coming from the "traditional" society, the same way that the statehood movement has always gathered support from the "modernizing" sectors of the society. Contrary to Emerson´s view, the implicit conclusion of Wells´ work is that in the case of Puerto Rico the proccess of modernization did not necessitate the framework of the nation-state.[33]

In trying to understand this situation in Puerto Rico it is important to consider the more general conceptions of state and nation formation, and to differentiate between these processes and between the concepts of nation and state. This issue is controversial, inasmuch as these processes are closely related. For example, to differentiate "old nations" from "new nations" on the basis of their relationship to the state (in the former, the nation precedes the state; in the latter, the state precedes the nation) is debatable.[34] According to this argument, the old (European) nations are characterized by their cultural

homogeneity, language, integrated political structure, national identity, and a sense of historical continuity. In this case, the nation, already duly constituted, paves the way to a state which represents it. In the new nations, the elements mentioned before are absent; it is the state which tries to create a nation from these dissimilar elements.[35]

Part of the problem in understanding the relation between state and nation, and the formation of both, is that the concepts are often confused. For example, the concept of international relations is used primarily to characterize the relations between states; the global organization of states is called the United Nations. Similarly, the citizenship granted by a particular state is called nationality. This, of course, reflects the fact that in the contemporary world the concepts of nation and state have been used interchangeably; they have been related in meaning (hence the concept of nation-state). It is simpler to give a working definition of the concept of state; it is more difficult to define nation. A state can be identified, and its elements (government, means of coercion, territory, population,etc.) and functions (reproduction, legitimation, and protection of itself and of the social formation over which it rules) can be analyzed with a degree of certainty.[36] But any student of the subject will agree on the diversity of approaches and definitions of what is a nation. Four main definitions can be extracted from the literature. The first one is the "objectivist" definition

used by Stalin; i.e., a nation is a group of people with a common language, territory, historical experience, economy and psychology.[37] A second definition would be the "subjectivist," e.g., ´´a nation exists when a significant number of people in a community consider themselves to form a nation or behave as if they form one.´´[38] A third definition would be the "ethnicist," as used by Walker Connor when he defines the nation as a ´´self-differentiating ethnic group.´´[39] A fourth definition is the "statist," linking the nation to the state, as used by Weber: ´´a nation is a community which normally tends to produce a state of its own.´´[40] Without denying that the central elements of all these definitions may play a role in specifying a nation and its formation, nevertheless we have to agree with Eric Hobsbawn that it is most fruitful to approach the problem from a historical perspective:

> If nations and nationalism are seen as phenomena which develop within a specific historic situation and are determined by it, a good many of our difficulties disappear. We can abandon the search for permanent, let alone eternal, characteristics of either or both, and we shall not be surprised to find that phenomena which converge from different starting points and in different circumstances towards a single objective (let us say,... the nation-state), show substantial variations.(41)

Like the formation of nations, nationalist movements are a modern phenomenon and they follow the formation of the modern state. To emphasize the ideological content of the movement or to ask if it represents any particular nation misses the point; it is the result of a people´s effort to form a state.[42] There is then no contradiction in the

existence of a nationalist movement that legitimizes itself in a nation not yet established, or that there are nations that do not develop nationalist movements. It is inadequate also to see every separatist movement as nationalist. For example, the independence movements in Latin America in the nineteenth century were not nationalist in the strict meaning of the word, even when they sought the formation of independent states; they had a sense of identity, but this identity was not yet national, different from that of Spain.[43] In the case of Latin America, where independence was not linked to a nationalist ideology, the social, economic and political factors involved are clearly seen in the independence movements: the criollo elite, loyal to Spain until the last moment, was pressed to support independence in order to preserve their social position due to the collapse of Spanish power after Napoleon´s invasion and the pressure exerted from below by the masses. That they lacked a "nationalist project" is reflected in the continuous intra- and inter-regional struggles for the economic and political consolidation of the elites. Only after the state structures were organized and stabilized did their ideologies acquire a nationalist content.[44] The dualism between independence and nationalism can be seen in nineteenth century Puerto Rico. Here the separatist movement had two factions: one was "independentista" and nationalist; the other was annexationist, i.e., it sought independence from Spain but wanted annexation to the United States. The

main pro-independence organization during the last decade of the nineteenth century, the Puerto Rico Section of the Cuban Revolutionary Party, was greatly influenced by the annexationists.

It is necessary to distinguish between state-building and nation-building, even though in the majority of cases they are closely related. The nation-building model developed from the experience of Western Europe is a very particular one, especially in the variable of historical time, and one which should not be used to analyze other situations.[45] If in Western Europe state-building and nation-building were complementary processes, this is not the case in other parts of the world.[46] In a sense, it can even be said that the "great" European nations, the basis for the conception of the nation-state, were "residues" of the state. This does not mean that the process was a complete success, as shown by the existence of nationalist movements within them.

There is no doubt that the development of the nation-state was influenced by endogenous factors.[47] Today the influence of exogenous factors in the formation of nation-states, including the worldwide expansion of the capitalist economy and the influence of the inter-state system, is more clearly understood. The world system approach presented by Immanuel Wallerstein has presented one of the most elaborate arguments about the formation of states and nations within the capitalist world system.

According to Wallerstein, states are "created institutions reflecting the needs of class forces operating in the world-economy." States in the capitalist world-economy exist within the framework of an interstate system, which is "the ´differentia specifica´ of the modern state, distinguishing it from other bureaucratic polities." The classes at the level of the capitalist world-system have used the state to structure their relations, and in doing so they have defined themselves politically and ideologically at the state level, i.e., at the national level. ´´The most efficacious status group in the modern world is the nation, since the nation lays claim to the moral right to control a particular state structure. To the extent that a nation is not a state, we find the potential for a nationalist movement to arise and flourish.´´[48] There is no doubt that changes in the economic world system and in the inter-state structure made possible the increase in the formation of national states during this century.[49] Also, the viability or non-viability of a territory to become a nation-state lies not only in internal factors (size, economy, unity, etc.) but in external factors as well, mainly political.[50]

The emphasis on the historicity of the national issue introduces us to the relation between nation and state. This relationship does not necessarily reflect a lineal historical process (first the nation, then the state; or first the state, then the nation), but has to be related to the social configuration on which it is based: the national

state or the relationship between nation and state as a social process linked by the conflict between social classes and groups. Following the guidelines set by Edelberto Torres Rivas, the "national-statal" phenomena has to be understood from a three-tier perspective: class-nation, class-state, and nation-state. According to Torres Rivas, when analyzing the relation between class and nation ´´what is important is not to look for how one determines the other, but for the relations that are established among the classes for the national determination. The distinct modalities of national development are the result of the diverse class forms and class conflicts which arise in the framework of capitalist development.´´[51] On the other hand, the forms that the state acquires and its particular development cannot be understood outside the context of the specific class configurations and their conflicts, including their articulation with the structure of political power, the state. If the state cannot be reduced to its class content, then the relation between the state and the classes, the conflicts between the latter in a specific configuration, and their relation to the state, are necessary elements to understand the organization of political power. That is, an important link between the state and the nation is their articulation with the configuration of social conflict in a specific social formation. Furthermore, the relation between state and nation must include the codetermination of both in the contemporary world. That is, the contemporary state is

raised on a national basis, it presents itself as a national state, legitimizing its existence and authority in its representation of all segments of society that make up the nation. The nation, on the other hand, needs the state for its political configuration; all the elements on which the nation is raised (common identity, a historical community, language, etc.) "only through the unifying force of power, of politics, and of the state, do they acquire their full significance. Such elements need a space that is not defined in itself but in terms of power." The "coincidence" between state and nation (territory, population, culture, etc,) ''means that the social--not only the economic--reproduction of society; the force relations between classes; the cultural and political integration, etc., are produced in the interior of a determined and cohesive national space, space that is defined coextensively with the power of the state.''[52]

In the case of Puerto Rico, the task is to investigate why factors that have influenced the formation of national states throughout the world have not led to the formation of a national state in Puerto Rico; instead, Puerto Rico has moved in an opposite direction. A nationalist movement has existed in Puerto Rico throughout the century, a movement which, however, cannot be called ''strong.''[53] There has also been an autonomist movement, with some neo-nationalist tendencies, which had a dominant position for a couple of decades but which has recently experienced a decline in

support. Instead, the statehood movement, more complex than the others regarding the relationship among its different social forces, has emerged as the main political force in the last two decades.

Regionalism

The phenomena of nationalism and of state and nation formation have received attention once again as a consequence of the upsurge in nationalist movements in some of the more advanced countries of the world. It is pertinent to relate the case of Puerto Rico to the studies that are trying to explain the emergence of these movements, the so-called ''ethnonationalist'' movements, ''minority nationalist'' movements, or ''unsatisfied nationalisms.''[54] Several factors make it feasible to relate these movements to Puerto Rico. First, these movements are contemporary; they are influenced by the same factors in their development. Second, they occur in industrialized capitalist countries (though they are not particular to them) and are recognized traditionally as nation-states, i.e., the territories in question have been integrated with the particular state for a long period of time. Though Puerto Rico is not integrated "de jure," it does have a substantial economic and political integration to the United States.

Ethnic or national identity is a crucial variable in the study of contemporary nationalists movements. One of the

most prominent students of this subject is Walker Connor, who has related the emergence of these "ethnonationalist" movements to the growth of group identity among certain populations. To him the nation is a "self-differentiating ethnic group"; its emergence is mainly a subjective and cultural phenomenon. Connor, furthermore, makes a distinction between "ethnic nationalism," i.e., loyalty to the nation ("nationalism" in the proper sense), and ´´state nationalism,´´ i.e., loyalty to the state.[55] He has criticized the notion that the process of modernization and expansion in the means of communications have lessened ethnic identity; as a matter of fact, he proposes the opposite is true.[56] According to Connor, the elements that lead to a rise in ethnic consciousness are: the advances in communications and transportation which create an awareness of other groups as well as one´s own (the "we-them" syndrome); the diffusion of the "message" of self-determination; and changes in the international environment ´´which makes it much more unlikely that a military weak polity will be annexed by a larger power.´´[57]

There is no doubt that Connor and others who have emphasized the ethnic factor have dealt with an element previously ignored. Even though Connor does not take the ethnic factor as a "given," he defines ethnonationalist movements as the result of ethnic conflict between groups, excluding from his analysis other factors important to the understanding of these movements. For example, several

authors dealing with ethnic conflict have stressed the importance of social classes and groups with contrasting socio-economic and political interests to explain secessionist conflict:

> Considerations of economic factors, including an examination of the international economic context, implies to some extent the inadequacy of the "ethnic model" of secessionist conflict and other forms of political violence. Far from being primordial "givens" in the explanation of various forms of conflict, ethnic factors need to be viewed as subject to a wide range of economic conditions, including economic competition for the benefits of employment and business activity, the accentuation of communal identification by ruling elites in order to transfer political hostilities away from class discrepancies, and the rise of communalism in response to a lack of participation in the benefits of nationalism or modernization.(58)

Other authors have stressed how internal class and economic structures coupled with external factors (foreign intervention and a changing international configuration) have influenced ethnic conflict in several parts of the world.[59]

One of the variables that has been emphasized recently in the study of these movements is the relation of the ethnic populations and territories to the central state. They are seen either as an anti-state, anti-centralized bureaucracy phenomenon,[60] or as the result of a center-periphery conflict between an ethnically differentiated and subordinated region and the dominant central area and state. One of the most discussed studies using a center-periphery model is that of Michael Hechter.[61] He argues that these nationalist movements (those of the

Celtic Fringe in his study) are the result of an "internal colonialism"; this situation is created by a "cultural division of labor" (economic specialization) and the conscious discrimination against the region by the central state. ´´The internal colonial model predicts that separatism will arise only in a subset of all dependent regions that are both economically dependent and culturally distinct from the dominant (core) regions of their respective state.´´[62]

Anthony Birch has argued that contrary to what Hechter claims, the economic situation in Scotland and Wales does not derive from the "cultural division of labor" but from other economic factors; and it is not based on discrimination by the state towards these regions.[63] Birch also criticizes the notion underlying Hechter´s analysis that economic deprivation is sufficient to promote these movements. At the same time he proposes that the rise of these "minority nationalist movements" depends on the negative "balance of advantages" during this historical period against keeping these regions integrated with larger states: ´´Since the Second World War, the balance of advantages between the sizeable multipurpose state and the small community has changed to the disadvantage of the sizeable state.´´[64] A ´´sizeable state´´ is no longer a necessary condition to be able to function economically and be politically secure in the international context.[65]

Giving emphasis to internal factors, though not

dismissing external ones, Peter Gourevitch uses a center-periphery model and three variables to explain the emergence of these "peripheral nationalisms" on the basis of the relative strength of each variable within each area.[66] The three variables (and their historical dimensions) are: political leadership (state-building), economic growth and development (industrialization), and ethnic potential. According to Gourevitch, if the economic and political variables coincide in the central region, peripheral nationalisms will be weak, no matter what the ethnic potential of the peripheral region may be. But if these activities do not coincide in the center--if the state is weak or the periphery is economically strong--and the peripheral region has ethnic potential, the model predicts the development of nationalist movements. Finally, if there is no ethnic potential, even if there is no congruence of political and economic activities between the regions, there will be no peripheral nationalisms.

Another approach, more theoretical than that of Gourevitch, is that of Phillip Rawkins. He sees the minority nationalist movements of Scotland and Wales as a response to changes in the world economic system. The expansion of supranational economies, Rawkins argues, has weakened the mechanisms of the state to modify economic imbalances within its territory. When regional inequalities, produced by uneven development within a state, coincide with ethnic differentiation, the basis exists for the development of a

nationalist movement. ''Ethnic difference is a necessary factor in the emergence of minority nationalism, but it is uneven development which is crucial to the production of a sense of peripheral neglect.''[67]

This issue is the central theme in the compilation by Grant and Wellhofer, where several authors explore the consequences that the expansion of capitalism, in the form of the multinational corporation, has had on nation-states with regional ethnic diversity. Their argument is that the penetration of the multinational corporations into the national economies of these nation-states stimulate ethnic conflict. As the editors argue: ''Multinational economic organizations disrupt traditional economic markets dominated by ethnic or regional groups. In addition, they strengthen the state and those who control it vis-a-vis ethnic minorities.''[68] This argument is more clearly presented by Cynthia Enloe and Phillip Rawkins. Enloe argues that multinational corporations "affect the distribution of power within a political system relative to the various ethnic groups," enhancing the power of the dominant group and fomenting the centralization of the state, elements which in turn ''exacerbate inter-ethnic tensions and mobilize individuals around ethnic loyalties.''[69] Rawkins concludes that "the logic of ethno-nationalism places it firmly in opposition to the global corporation," with its logic of rationalization and productive and technical centralization; ethno-nationalism is the demand of ethnic communities for

more economic and political power over the structures that determine their lives.[70] These arguments are called into question by Paul Shankman, who argues that in Brazil, "ethnicity, regionalism, and class have failed to catalyze active opposition" to the state and its alliance to the multinational corporations.[71]

A recent approach, which also tries to explain the nature of contemporary nationalist movements in advanced countries as the result of the process of capital accumulation on a world scale, is that of "regionalism." Though there are widely divergent views on the approach, all depart from the concept of "region" to explain not only "regional nationalisms" but "regional problems" in general. As Doreen Massey has summarized:

> ´regionalism´ is taken to refer to the analysis of intra-national spatial differentiation. Its concern is to study the mechanisms by which the process of accumulation generates uneven spatial development, and the effects of such uneveness on the development of a national social formation and particular areas within it. The scale is intra-national in the sense that it is at this level at which the spatial uneveness which is the focus of attention occurs. This does not means, however, that such differentiation is produced solely by mechanisms defined at the national or intra-national level. Spatial uneveness in the process of accumulation, within a social formation, may just as well be dominantly the product of mechanisms operating at an international scale.(72)

How the concept of region is defined and to what elements it is related, determines, however, the different notions of the "regional" problem.

According to J. Carney and J. Lewis, regional nationalist movements arise from "regional problems," which

in turn ´´may be seen as arising as necessary preconditions for, or results of capital accumulation.´´[73] Capital accumulation during contemporary capitalism, characterized by centralization and concentration as represented in multinational corporations, presses capital to move to areas of "unlimited labor," where wages are low and benefits are given to these companies. The nature of regional problems depends on the kind of capital and level of economic development of the area where foreign capital moves. For example, industrial capital may dislocate "traditional" sectors of production without having the capacity to absorb all the labor that is liberated by the latter. In areas where capital promotes "rapid growth," it creates problems (infrastructure, housing, education, consumption, etc.) that neither capital nor the state can effectively deal with. State intervention is important not only in attracting capital to different areas but also in trying to solve the "regional problems" created by capital accumulation. Currently, state intervention cannot resolve these "regional problems." ´´The failures of accumulation and of state intervention in regional problems in advanced countries have, in complicated ways, provided opportunities for the establishment of ´regionalist´ and nationalist political alliances and movements.´´[74]

Ann Markusen has criticized the notion that regionalism is the result solely of uneven development or even of economic differentiation of a territory. Using the

case of the United States, she also argues that a region cannot be defined by its class or even by its cultural elements. It is the political element, particularly the growth of the state, that defines the region, and thus regionalism. She argues that:

> we are justified in identifying the political as the primary determinant of regional divisions, even though at any given moment we may have to seek the roots of political conflict over regional boundaries in the cultural and economic events internally. But no consistent relation between cultural and/or economic status can be found empirically to justify the primacy of either as the definer of the region."(75)

In specifying the importance of the political element, Markusen mentions the importance of the incorporation of both Puerto Rico and Hawaii to the United States' political structure in divorcing their experiences from that of their respective territorial areas.[76] Markusen argues that regionalism in the United States comes about with the organization of regional interests, shaped by class, economic, cultural, and local political elements, to express regional demands vis-a-vis the federal government.[77]

Markusen expands on her approach by differentiating between "region" and "regionalism". The former refers basically to the territorial entity (the spatial element); the latter refers to ''the objective social dynamics that cause territorial differences in social formations.''[78] She argues that neither the mode of production, nor cultural relations, nor the political element per se can define regionalism. ''Regionalism is the political claim of a

territorially identified group of people against one or several mechanisms of the State... Regionalism is linked fundamentally to the emergence of the State and to the particular territorial form that the State has assumed...''[79] Markusen characterizes regional conflicts according to the severity of their claims against the state: they may want a fundamental change in status (independence); a restructuring of power structures within the existing nation-state (autonomy); or they may want more benefits from the state. Thus, regionalism encompasses a variety of political movements, not solely nationalist ones. With regard to the object of the "region," though it can be defined "as a territorial unit with some form of political status," the concept cannot be taken as a given; ''it cannot be said a priori to have any particular social relations or any normative status'' in social science theory.[80] Markusen then reiterates the argument that a region cannot be defined as an economy (''economies do not have relations-classes and political institutions within nations and regions have relations'')[81]; nor is it synonymous with class or with a cultural group; nor can it be defined solely as a political unit.

Thus, the issue of national identity cannot be taken as a given in the analysis of contemporary ethnonationalist or regionalist movements. The expansion of the capitalist economy, the particular process of capital accumulation on a world scale, the position of the particular regions within

this process, and the relation of the regional groups (which may be defined ethno-culturally) to the state have to be considered in the analysis. In this regard Markusen's approach is very useful. The economic factor per se does not define a region, nor is it the sole cause of regionalist movements; social, cultural, and political factors need to be taken into account. Furthermore, regionalist movements need not be secessionist; other manifestations of this phenomenon exist. One element of crucial importance is the role of social classes in the development of these nationalist movements. The new nationalist movements share with the old nationalist movement a very important characteristic: they are above all multiclass movements. Keeping different classes "under the same umbrella" may be one of their problems but it is also generally one of their main strengths.[82]

PART III: STATE, CLASS, AND ECONOMY IN PUERTO RICO

The State and Social Classes in Puerto Rico

In relating these factors to the case of Puerto Rico we have to begin, not with the ethnic factor, but with the socio-economic and political factors that made possible the different status alternatives. Political conflict in Puerto Rico during the nineteenth century was shaped by the

conflict between the owners of the main means of production (land), the hacendados, and those who controlled the mechanism of trade, the merchants (mostly Spaniards). Since the beginning of the century, Spain had stimulated the expansion of the hacienda as a means to expand commercial agricultural production and thus to increase the agricultural surplus available for appropiation by the metropolitan state. The hacienda emerged as the main agricultural productive unit; its labor force was tied to it through pre-capitalist relations (labor regulations by the state, slavery, the "agregado" system, debt). Only within the sugar industry was there a conscious attempt by sugar growers to introduce capitalist relations. Puerto Rican landowners, hacendados or central owners, were limited by the Spanish merchants´ control of trade and by the restrictions imposed by the colonial state (trade, credit, technology). This gave the conflict its "national" character: Spaniards (Spanish merchants and the colonial state) against the creoles (landowners). Those sectors linked to the Spanish trade structure and to the colonial state supported the conservative Spanish Incondicionales (Inconditionalists) that kept the colonial regime. Those sectors (mostly creoles) linked to the land, local trade, and the middle sectors not linked to the state nurtured the ranks of liberal autonomism. Within the latter, those sectors less affected by the colonial regime, like the coffee growers, whose European market was secured by Spain,

promoted a reformist autonomism; those sectors most affected by the colonial regime, like the sugar growers, some strata within the urban middle class and the working class, supported a more radical autonomism. The latter would turn to the statehood movement after the United States invasion of Puerto Rico.

The transfer of Puerto Rico to the hegemony of the United States provided the basis for a total transformation of Puerto Rican society. The massive entrance of American capital to the sugar industry, supported by the structural changes carried out by the colonial state implanted by the United States on the island, consolidated the capitalist economy in Puerto Rico. The expansion of American capital in the areas of sugar production, finance, and trade was accompanied by the consolidation of a local bourgeiosie in those areas. This local bourgeoisie, together with a professional and commercial petty-bourgeoisie, both shaped by the economic and political presence of the United States in Puerto Rico, formed the axis of the statehood movement for the first four decades of the century under the Republican Party. The hacendados (particularly of coffee), that social sector most affected by the new economic and political regime, nurtured the opposition to the presence of the United States in Puerto Rico under the Union Party (later Liberal). The expansion of the capitalist economy centered around the sugar industry and the urban centers (tobacco, light manufacturing) stimulated the expansion of

the Puerto Rican working class. The trade-union (Free Federation of Workers) and political organization of the working class (Socialist Party) forced a realignment on the political conflict of the twenties and thirties; in 1924, the bourgeois sectors of the Union and Republican Parties joined forces in the Alliance against the party of the working class; in the thirties, the Republicans acknowledged the strength of the Socialists by joining an alliance with them. The crisis of the agro-exporting model in the thirties, revolving around the sugar industry, made possible the transition to a new economic and political scheme that took a concrete form after the fifties.

The post war period is characterized by the consolidation of industrial capitalism, based on the expansion of American industrial capital in Puerto Rico. This process was abetted by the political structure supported by the local leading political sectors grouped in the Popular Democratic Party: the Commonwealth. The PDP emerged in the early forties as a populist and reformist party, headed by sectors of the middle class searching for a way out of the crisis of the agro-exporting model; they gained the support of the popular masses (sugar proletariat, "agregados," urban workers), who were overwhelmed by the social and economic crisis and disenchanted with the traditional political parties. The industrialization model based on the assurance of low wages, subsidies, and incentives to American capital provided the ground for a

more rapid and swift growth of industrial capitalism in Puerto Rico. The Commonwealth representd the political shell for this process in so far as it provided the local leading sectors the autonomy and local powers necessary for such enterprise. The domination of industrial capital in the economy stimulated the growth of the industrial working class in Puerto Rico. The development of industrial capitalism was accompanied by the consolidation of a local industrial bourgeoisie, who became the leading force of the statehood movement in the mid-sixties along with sectors of the petty-bourgeoisie linked to the advanced capitalist economy.

One of the consequences of capitalist development in Puerto Rico during the last few decades is the growing alienation of sectors of the working class from the productive process as the result of the growth of capital-intensive industries. The growing number of unemployed has been subsidized by the massive transfer of federal funds to Puerto Rico, and the recipients of these funds have grown loyal to the American state. These sectors have given the contemporary statehood movement its popular basis. The development of industrial capitalism in Puerto Rico stimulated the expansion of those social sectors that became the basis of the statehood movement. Furthermore, the economic structure of the Commonwealth further increased the economic integration to the United States. This was accompanied by a process of increased political integration

at the level of state structures. In this sense, the contemporary statehood movement as such is only trying to adapt the political structure to the economic one, that is, to integrate Puerto Rico politically to the United States, for it is already economically integrated.

The issue of the state in Puerto Rico is thus crucial to the understanding of the statehood movement and its historical development. It has been during the past decade that study of the state has been undertaken by students of Puerto Rican society, particularly in its relation to social classes, economic structure, and political structures of domination. One of the earliest and most important treatment of the state in Puerto Rico is that put forward by Emilio González, A. G. Quintero-Rivera, and Wilfredo Mattos among others. Their conception and treatment of the state is related primarily to the problem of domination. Domination here is understood in terms of the Gramscian problematic of class hegemony, i.e., through what political and economic mechanisms is the dominant class in Puerto Rico, the U.S. bourgeoisie, able to establish its dominant position in the island.[83]

The main issue for these authors is to explain how the absence of a national bourgeoisie in Puerto Rico has led inevitably to the absence of a national state. Thus the problem of hegemony includes not only the elements involved in the decimation of the Puerto Rican bourgeoisie through the imposition of economic and political structures by the

U.S.,[84] but also the mechanisms involved in getting the support of allied sectors of the bourgeoisie and petty bourgeoisie in Puerto Rico as well as the support of the "subaltern classes," i.e., the working class. The development of "bourgeois democracy" in Puerto Rico is used to explain the support of the Puerto Rican working class for the American presence on the island and thus of annexationism.[85] The same problematic is posed for the treatment of the Commonwealth. It is seen either as the result of the weakness of the Puerto Rican bourgeoisie and its incapacity to become a national bourgeoisie (and thus to have its own state),[86] or it is viewed as the instrument of a "state class-in-the-making," i.e., as sectors of the petty-bourgeoisie who in the absence of a national bourgeoisie become a leading class through the control of the state apparatus.[87] The issue of hegemonic domination is once again prominent in the discussion of the Commonwealth: it is understood as an intermediary mechanism of consent between the subordinated Puerto Rican population and the hegemonic U.S. bourgeoisie. The emphasis here, as before, is on how hegemony is maintained, i.e., how the imposition of "democratic institutions" (elected governor, autonomy, etc.) promoted the consent for the continued domination of the United States in Puerto Rico.

Another example of the class approach to the state in Puerto Rico is the study by Juan J. Baldrich on the origins of the PDP and the Commonwealth using the concept of

´´relative autonomy.´´[88] According to the author, the crisis of the 1930´s broke the material basis of the alliance between the local dominant class (the sugar bourgeoisie) and other allied classes, including the subaltern classes (the working class and the peasants). This breakdown in the hegemonic position of the local dominant class was refleted in the crisis of representation (the breakdown of the party system and the inability of the dominant class to control the government), i.e., the collapse of the mechanisms of consent. This political disorganization of the dominant class increased the "relative autonomy" of the state apparatus with regard to the former, making it possible for a populist alliance headed by a "Bonapartist" leader, presenting himself and his party as above all classes, to gain control of the state apparatus. Populism in Puerto Rico is not the manifestation of economic and political crisis but the political manifestation of a specific class articulation. The relative autonomy of the state refers in this treatment to the relation between dominant class and state, i.e., the state apparatus in Puerto Rico is relatively autonomous from the local dominant class.[89]

These studies have paved the way for the study of the state in Puerto Rico. Their emphasis on the social basis of support of the state provides for a better understanding of politics in Puerto Rico, i.e., a rejection of seeing politics in the island as "status politics" alienated from social processes or politics as the result of "colonialism"

(e.g., assimilation). Nevertheless, this approach has certain limitations; although it is correct in emphasizing the relationships between the state and social classes, it tends to overemphasize the class content of the state which may lead to a "class reductionist" approach to the understanding of the state. Treating the state as an epiphenomenon of class interests obscures the influence of state structures on the politics of classes. The political organization and behavior of social classes is conditioned by state structures. The emphasis on class hegemony is a case in point. Focusing on the issue of how the state apparatus in Puerto Rico organizes hegemony for the U.S. bourgeoisie fails to take into consideration that this hegemony is promoted by the state itself in the first instance. There is a lack of attention to state structures as actors in themselves. This is more patently manifested in the treatment of the PDP and the Commonwealth. To treat these as the manifestation of a "state class-in-the-making" or as the result of a "relative autonomy" from the local dominant classes obscures not only the relation to state structures but also the issue of domination.
Quintero-Rivera´s own analysis presents how the "state class-in-the-making" was conditioned and limited by state structures (U.S. political domination) more than the other way around (e.g., rejection of independence, industrialization through U.S. private capital, internal autonomy, etc.); indeed, aside from the mechanisms of local

government, the structure of the colonial state apparatus did not change drastically with the creation of the Commonwealth.

The same argument could be made regarding the concept of "relative autonomy" as used by Baldrich; the leading sectors of the PDP had relative autonomy from the local dominant class (the sugar bourgeoisie), but not from the American state. As a matter of fact, the rise of the PDP and the creation of the Commonwealth has to be related to American policies toward Puerto Rico, as shown, for example, in the role of Governor Tugwell´s government during the 1940´s. Baldrich´s study restricts the issue of the "relative autonomy" of the state to the class structure, i.e., the state is relatively autonomous from the dominant class; this precludes raising the issue of a possible relative autonomy of the state vis-a-vis the economic structure. This would have raised the level of his analysis but would have presented other questions, particularly about the formation of the Commonwealth (what economic structural factors influenced it) and about the structural elements (political and economical) that restricted the political behavior of classes.

Another approach to the study of the state in Puerto Rico is that of Kelvin Santiago, Miriam Muñiz, and Juan M. Carrión, who focus on the structural elements of the state in Puerto Rico and its relation to the economic structure. Santiago and Muñiz emphasize the historical formation of the

colonial state apparatus under U.S. domination, and their conclusions are similar. For both authors the Puerto Rican economy was in a process of integration to the U.S. economy since the beginning of U.S. domination. The state apparatus constructed under American hegemony was the instrument for the expansion of the capitalist mode of production in Puerto Rico and, in the words of Santiago, ´´the vehicle that essentially made possible the economic integration´´ of Puerto Rico to the United States.[90] Throughout this process, both Santiago and Muñiz conclude, the colonial state apparatus was instrumental in the economic and political subordination of the local dominant class before the U.S. invasion, the hacendados, and also of the subaltern classes, particularly the working class.[91] However, the authors part company on other issues. Muñiz argues that the invasion of Puerto Rico was the result of the expansion of U.S. monopoly capital. She argues that the state apparatus in Puerto Rico not only represented the interests of the U.S. monopoly bourgeoisie but also mediated the latter´s domination of the Puerto Rican social formation. Muñiz concludes that the colonial state apparatus was controlled by, and served the interests of, the U.S. monopoly bourgeoisie.[92] Santiago, using Poulantzas´ concept of the state, argues that the state apparatus in Puerto Rico functioned as the factor of cohesion in the social formation; it both facilitated the economic domination of the U.S. bourgeoisie and its allied sectors in Puerto Rico, and also promoted the unity of the

local dominant classes, including the hacendados, who opposed U.S. economic hegemony in the island.[93]

Santiago and Carrión both elaborate on the institutional structure of the state apparatus in Puerto Rico. According to Santiago, it is incorrect to differentiate between the "insular state" and the "Metropolitan state"; there is only one state in Puerto Rico, the "Metropolitan" state, and any reference to "two states" refers to ''two levels of existence of a same state whole.''[94] Carrión, on the contrary, argues that there are two state structures, "distinct but interrelated," the Metropolitan state and the ''colonial state apparatus.''[95] According to Carrión, the structure of domination in Puerto Rico is moulded by the juridico-political framework provided by the Metropolitan state, within which classes interact; the American state intervenes in the Puerto Rican social formation not only through its relationship with the colonial state apparatus, but also through its direct intervention by its agencies operating in Puerto Rico. Colonial domination in Puerto Rico responds to the "particularity" of U.S. colonialism, basically because of the lack of a "colonial policy" in the United States (the lack of a "Colonial Office" in the tradition of British colonialism). This leads to a "lack of coordination" in the policies of the U.S. government towards Puerto Rico, or else Puerto Rico is treated as if it were another State in the Union. This policy, according to Carrión, comes out of the

"high degree of internal economic control" that the U.S. imposes over its territories. Carrion notes that the "colonial state apparatus has evolved towards a greater degree of autonomy together with a greater political integration to the United States," and abscribes this phenomenon to the particular ´´colonial policy´´ of the metropolis.[96]

The work of these authors has been very important in understanding the nature of the state in Puerto Rico. Santiago and Muñiz have emphasized both the historical formation of the colonial state apparatus in Puerto Rico and also its relationship to other social processes, mainly the expansion of the capitalist mode of production and the economic integration of Puerto Rico to the United States. But there are several problems with their interpretations. Muñiz tends to overemphasize the state as an instrument of the dominant classes (the colonial state apparatus is controlled and responds to the U.S. monopoly capital bourgeoisie) and also tends to reduce the state to its economic basis (the state formation responds to the expansion of monopoly capital on the island). The state apparatus is treated as an epiphenomenon of the expansion of monopoly capital; while the structures that link it to the politics of classes are evaded or subordinated to the expansion of capital. On the other hand, Santiago´s analysis, like Poulantzas´, ´´fails to specify the nature of the state as a factor of cohesion and/or to identify the

means through which the state realized this function. Hence the state is defined in functional terms...''[97]

The work of conceptualizing the nature of the state structure in Puerto Rico, whether as two levels of the same state, a ''colonial state apparatus'' or a ''colonial bureaucratic apparatus,''[98] is a recent and very important contribution to the study of Puerto Rican society. It is an attempt to understand the relation between state and society in Puerto Rico. It is also a reaction to the view that state structures in Puerto Rico result from the colonial domination of a metropolitan power over a pre-existing and autonomous body politic and from the attempt by local classes and groups to affirm their autonomy.[99] The emphasis on economic integration, structures of domination, and state formation is the attempt to surpass the shortcomings of the above-mentioned framework. I share Santiago's conceptualization of the state in Puerto Rico as being an extension of the American state, or what he calls the two levels of the same structure. Though Carrión's conceptualization is an attempt to surpass the "colonial" conceptualization, his characterization of the state structure as two structures "distinct but interrelated" is still problematic. A case in point is his characterization of the American state intervention in Puerto Rico as "indirect" through the colonial state apparatus and "direct" through its institutional presence on the island. This differentiation certainly does not apply to the "direct"

colonial period of 1898 to 1952. Furthermore, its application to the Commonwealth period is problematic; not only have the "direct intervention" of the American state increased and the areas of Commonwealth "autonomy" decreased, but the integration of the Commonwealth to the U.S. at the state-political level has become more pronounced as well. The growing dependence of the Commonwealth on the transfer of federal funds is a case in point. Carrión's observation that Puerto Rico has been treated like another State of the Union and that political integration has been accompanied by increased autonomy, is well-founded. This is not the result of a "particular" U.S. colonial policy (or lack of it) but of the process of integration of the colonial state apparatus in Puerto Rico to the American state.

The state apparatus in Puerto Rico is a colonial state; that is, the metropolitan state extends its institutions to the colonial territory. In the correct sense, the state in Puerto Rico is the American state. But the forms of the colonial state in Puerto Rico have changed over time. From 1898 to 1952, the island was subject to a "direct colonial administration," whereby the metropolitan state directly administered the colony; it also limited the political space available to the local classes. The Commonwealth, on the other hand, although it has not altered the colonial nature of the state structure in Puerto Rico, has provided the local dominant groups with a limited

autonomy for the administration of local affairs. Instead of moving away from the metropolitan state, the colonial state in Puerto Rico has moved further in. Beginning with the formation of the colonial government in 1900 under the Foraker Act; the granting of U.S. citizenship to the Puerto Ricans in 1917; the transfer of federal relief programs to the island during the 1930´s; and increasingly after the foundation of the Commonwealth, the institutions of the American state have been extended to the colony. Under the Commonwealth the demarcations between the colonial and the metropolitan state have been obliterated. At the same time that the Commonwealth provided a power structure within reach of local groups for the administration of the colony, the American state has increased its presence and intervention in the island. But as before, the locus of power remains in the metropolis; this is why local groups are so prone to be involved with the power structures of the metropolis, as colonial power brokers.

It is important to consider the institutional presence of the American state in Puerto Rico. The state is no abstract entity; it comprises apparatuses or institutions that carry out certain tasks required for the maintenance and reproduction of that society and of the state itself. In Puerto Rico, the state is represented by the institutions and apparatuses of both the American state and of the colonial state (the Commonwealth since 1952). I share the view of authors like K. Santiago and M. Muñiz that economic

integration of Puerto Rico has been accompanied by integration of the local state structures to the American state since the beginning of U.S. domination in Puerto Rico. This integration increased after the formation of the Commonwealth, and manifests itself in different forms, such as the increase in federal funds to Puerto Rico after the 1960´s. One consequence of this has been the increased ties between the American state and those Puerto Ricans who benefit from these transfers: those who depend on them for subsistence, and those whose jobs or profits depend on federal funds. The contemporary statehood movement is the direct beneficiary of this increased identification of the population with the American State.

Politics in Puerto Rico has always been "status politics" because of the colonial nature of the political structure in the island. In the twentieth century, "status politics" in Puerto Rico necessarily concerns the presence of the American state on the island. Thus, annexationism has become a great political force. During the nineteenth century Cuba had a far stronger annexationist tendency than Puerto Rico, in both places linked to the independence movements and represented by people like Estrada Palma, president of the Cuban Revolutionary Party, and Henna and Todd of the Puerto Rican Section of the CRP. But after the Spanish-American War, Cuba´s stronger nationalist movement was able to obtain independence for Cuba, while Puerto Rico was turned into a U.S. colony and annexationism became an

important political movement. In Puerto Rico, the annexationist program and ideology has been directly linked to the institutional presence of the American state in Puerto Rico. During the first two decades of U.S. domination in Puerto Rico the statehood program revolved around the issue of the application of the U.S. Constitution to Puerto Rico and the economic, political and ideological "Americanization" of the island. After the 1920´s the issue became statehood as an alternative to colonialism and the equality of U.S. citizenship for Puerto Ricans. After the 1960´s statehood was linked to the transfer of the U.S. welfare structure to Puerto Rico.

Economic Integration

The earliest manifestations of the economic and political deterioration of the Commonwealth after the mid-1960´s led to a critique of the "developmental model" (i.e., Operation Bootstrap) on which the Commonwealth economy was structured. Though the debate that ensued was at the level of "developmental" issues, it nevertheless raised the issue of the nature of the economy in Puerto Rico. The main reaction was to criticize the Commonwealth "developmental model" and its result in an increased "dependence" of the ´´Puerto Rican economy´´ to the U.S. economy.[100] The penetration of "foreign" (U.S.) capital had distorted the process of economic development in Puerto Rico

and has eroded the basis for autonomous economic growth. This situation dates back to the policies of the PDP and of the Commonwealth during the 1950´s.[101] Some even argue that the deterioration of the Puerto Rican economy has progressed to such an extent that ´´Puerto Rico functions already, for all practical purposes, like a state in the United States. Moreover, we are in the process of transforming into a city of the United States. The economy of the country functions increasingly like that of an eastern urban center of the United States... The scenario that we forecast for the immediate future is in many respects similar to that of the South Bronx. The viability of Puerto Rico as a country is being eroded; Puerto Rico is becoming a ´barrio´.´´[102] Dependence is seen as the influence of external factors over internal ones; not only in terms of economic development but also in terms of the internal social structure:

> In a dependent capitalist society such as Puerto Rico, imported technology has a negative impact on the socio-economic situation of the masses and it is not viewed by local elites as leading to autonomous development based on indigenous sources. On the contrary, it is a means whereby external forces institutionalize their control over the development process through the creation of dependent domestic elites.(103)

The application of the dependency approach to Puerto Rico has been criticized elsewhere.[104] It is inadequate to talk of a Puerto Rican "economy," self-defined and autonomous, "subordinated" and penetrated by elements of a "foreign" economy.[105] It cannot be taken as a given that there is a Puerto Rican "economy," organized on a "national" basis

(though supposedly under attack by "foreign elements"). Treating the problems of the economy and social structure in Puerto Rico as deriving from the influence of "external" factors misses the point of how were these factors "internalized" and how do they exert such a critical influence in the local economy and society.. The use of the nation-state as the unit of analysis, as used by dependency theorists elsewhere, is not adequate to Puerto Rico, for there is no national state strictly responsive to local classes and groups that mediates economic relations with other states and economic foreign interests. The economic problems of Puerto Rico are not the result of its economic dependence on American capital but derive from the productive process in Puerto Rico, within the U.S. and world economy. Hence the state apparatus in Puerto Rico is very important, for it links the economic structure of the island to the United States.

The issue of the form and nature of the economy in Puerto Rico has been taken up by several authors who criticize the depedency approach as discussed earlier. Victor Castillo has studied the evolution and nature of the Puerto Ricans economy using a "models of capital accumulation" approach. According to Castillo, the evolution of the Puerto Ricans economy has to be understood in terms of the expansion of capitalism in the island under the hegemony of U.S. capital and the concomitant process of the economic integration of Puerto Rico to the United States.

Since 1898, ´´the development of capitalism in the Puerto Rican social formation has been as function of the integration of the economy of Puerto Rico to that of the United States. Every higher level of capitalist development in the island corresponds to a greater degree of integration to the North American economy.´´[106] The economic relations between Puerto Rico and the U.S. are conditioned by their role within the capitalist world economy, with Puerto Rico as a "prolongation" of the U.S. economy, shaped by the needs of U.S. capital. Castillo periodizes the economic evolution of Puerto Rico into three periods, each one defined by the model of capital accumulation predominant at the time: the agro-exporting model (1898-1950), the model based on light industry (1950-1970), and the model based on heavy industry (1970-present). In each case, the "colonial bureaucratic apparatus," subordinated to the Metropolitan state, functions to secure the process of capital accumulation. According to Castillo, the transition from light industry to heavy industry resulted from the fall in the rate of profit in light industry due to the higher salaries produced by the absorption of Puerto Rico´s salary structure to that of the U.S.

Castillo´s approach, as illuminating as it is, fails to elaborate on the mechanisms that promote economic integration. After all, American capital is invested throughout the world, often controlling the main productive sectors of the economy; yet those economies are not always

integrated to the U.S. economy. A more fruitful approach is that of Frank Bonilla and Ricardo Campos, who emphasize the circuit of value flows (capital, labor, and commodities) between the United States and Puerto Rico as the main mechanism of integration. According to the authors, Puerto Rico has become ''an important enclave or regional extension within the U.S. controlled parcel in the international division of labor.''[107] This process cannot be understood without a "comprehensive grasp of the criss-crossing movements of capitals, commodities, and peoples" between the U.S. and Puerto Rico, even before the U.S. occupation of the island.[108] The expansion of the value circuits of capital (industrial, financial, and commercial), commodities, and labor (migration of the Puerto Rican labor force to the United States) has increased since the U.S. occupied Puerto Rico. The Commonwealth and its economic program (Operation Bootstrap) is nothing but a strengthening of this process,[109] through which Puerto Rico has become part of the international capitalist productive process. It is through an understanding of the circuit flows that the particular economic and political relations between the United States and Puerto Rico can be comprehended. The crisis of the Commonwealth, whcse creation led to an increase in the "exchange of labor for capital," is a case in point. The expansion of U.S. investments in production, finance, and service areas, mediated by the Commonwealth government, has caused higher unemployment and impoverishment; it has also

deepened the subordination of the Puerto Rican "business class" to U.S. capital. The federal government has had to augment its outlays of federal funds to sustain the labor reserves produced by the growth of constant capital in the economy and to sustain the fiscally crumbling Commonwealth government. The apparent anomaly whereby the "metropolitan state remits more in transfers to the dependency than is withdrawn in profits by investors" is resolved by understanding the role of the state in the circuit flow of value, i.e., that of increasing or maintaining demand for the circuit to continue. "The state, through the federal and Commonwealth bureaucracies, now stands in undisputed command of the paramount value circuit," not only through subsistence maintenance programs but also through mechanisms to ensure capital investments (e.g., the public debt).[110]

The work by Bonilla and Campos, as well as that of Castillo, leads to a more adequate understanding of the Puerto Rican economy. It is not enough to approach Puerto Rico's economic development as the result of the penetration of foreign capital, or even as the result of capitalist expansion. The economic process in Puerto Rico can only be understood in the context of its relationship to the economic structures and forces of the United States and the increased process of integration that has occurred. These studies have elucidated the role of the state intervention (federal and Commonwealth) in the economic process in Puerto Rico. No study of the economic structure in Puerto Rico

would be complete without treating the role of the state in the former's reproduction. But there are problems: for example, Castillo tends to overemphasize the economic role of the state, particularly what he calls the ''colonial bureaucratic apparatus,'' reducing the state to its economic functions.[111] By subordinating the state to the process of accumulation, Castillo falls into an economic reductionism of the state that obscures its complexity and how the state responds to the social-political conflicts in the island. For example, Castillo emphasizes how the economic policies of the Commonwealth respond to the constraints of the process of capital accumulation. But he obviates how these are a response to the social conflict at the time and its relationship to the struggles for the control of the colonial state apparatus. The study of this process has been precisely the contribution by Quintero-Rivera, González, and Pantojas, among others, who emphasize the social basis of the economic policies of the Commonwealth and the PDP.[112]

The process of economic integration has been accompanied by a process of political-state integration. What distinguishes Puerto Rico's economic process from the rest of the Caribbean and Latin America, which have experienced the same kind of expansion and penetration of U.S. capital, is that Puerto Rico was incorporated early in the century into the U.S. state-political structure. This process has been characterized by the integration of the colonial state apparatus (particularly under Commonwealth)

to the American state and a concomitant process of integration at the level of political processes (e.g., Puerto Rico's participation in the presidential primaries of both the Democratic and Republican parties). The transfer of federal funds to the island cannot be understood outside the context of state integration; after all, the United States government does not send social aid (food stamps, welfare, health, etc.) to populations outside its jurisdiction. Moreover, these transfers to the Puerto Rican population are legitimized by U.S. citizenship; they also reflect the interest of the American state in maintaining social and political stability in its territory. The same argument has to be made with respect to political integration; the participation of Puerto Rico in the presidential primary process of the United States came after a long period of economic and state integration and as the result of the conscious action by Puerto Rican annexationists. But this process of state-political integration is not complete. To sum up, I agree with Markusen that the factor of the state is crucial to understand the process of regionalization; and in the case of Puerto Rico, regionalization has to be understood within the process of economic and state integration.

Framework of Study

This study's approach to the analysis of the state in

Puerto Rico follows that elaborated by Jessop.[113] First, the state has to be understood as an institutional ensemble, comprising institutions or apparatuses with no pre-ordained unity or function. This avoids class-reductionist or economic-reductionist definitions of the state.[114] This implies that the state has to be studied historically in terms of the formation of its apparatuses and the consolidation of its relations of domination.[115]

Second, ''political forces do not exist independently of the state: they are shaped in part through its forms of representation, its internal structure, and its forms of intervention.''[116] That is, state structures limit the political organization of classes and social groups.[117] This is specially true in colonial situations like Puerto Rico, where the state can distance itself somewhat from the socio-political conflicts of the territory. These first two elements imply that the state has the capacity to act by itself, a capacity which is nevertheless not total.[118] This situation is enhanced in the case of Puerto Rico, where the political subordination of the territory and the colonial state apparatus to the federal government gives the latter a greater space to maneuver.

Third, ''state power is a complex social relation that reflects the changing balance of forces in a determinate conjuncture.''[119] This "relational" element implies that state power cannot be divorced from its social basis of support. The capacity of the state to win this support needs

to be maintained and reproduced.[120] Thus changes in the form of the state in Puerto Rico depends on the "balance of social forces" on the island. In this sense that statehood movement in Puerto Rico is a source of support for the American state in Puerto Rico; it is the result of the capacity of the latter to win support through its politico-juridical institutions, its forms of representation and intervention in society and the economy in general, its defense of capitalism, etc.

The fourth element in the study of the state emphasizes the interrelationships between the state and the economy, without subordinating the former to the latter. The state is influenced by the economic structure;[121] but this does not means that the state's forms and structure are determined by the economic structure. The state has "relative autonomy" from the economy and must be understood in terms of other factors as well (social forces, institutional structure of the state, etc.).[122] As argued above, the form and structure of the state in Puerto Rico need to be understood within the economic configurations of each historical period, but cannot be subordinated to the latter, i.e., it cannot be subordinated to the "logic of capital."

This study is based on a historical-structural approach.[123] This approach, first of all, emphasizes the history of the statehood movement in Puerto Rico; that is, Puerto Rican annexationism has to be understood as the

product of the socio-economic and political structures in Puerto Rico. It cannot be understood merely as an ideological phenomenon existing independently of social forces. As an ideological-political movement it has to be understood in terms of the politics of the social classes that support it, their internal conflicts, and their conflicts with other social classes outside the movement. From the idealist annexationism of the nineteenth century, to the Republican project of the early decades of the twentieth century, to the crisis of annexationism in the forties and the redemptionist and statehood-as-equality programs of the NPP, annexationism in Puerto Rico has reflected changes in Puerto Rican society. Socio-political forces are shaped and limited by the social, economic, and political structures predominant in each society. Structures are patterns of relationships which reproduce themselves (through processes and institutions) over time. Structures are not a-historical or a-social, and they need to be supported or opposed by social forces. In the case of Puerto Rico, the socio-economic and political structures that emerged under the American presence in the island have provided the conditions for the development of the annexationist movement, at the same time that the latter has served as a mechanism of support of the former.

This study follows this historical-structural approach. The body of this study is organized into six chapters (2 to 7) dealing with the evolution of the

statehood movement in Puerto Rico, from the nineteenth century to the present. Each chapter is based on one historical period in the evolution of the statehood movement. Each chapter is divided into three main sections: the first deals with the socio-economic and state-political structures predominant in that period; the second section elaborates on the socio-political conflict of that period; the third section analyzes the politics, program and ideology of the statehood movement of that period. Chapter 2 deals with the structures of Puerto Rican society in the nineteenth century and the origins of annexationism in the island during this period. Chapter 3 addresses the economic and political structures of the American regime in Puerto Rico and the organization of the statehood movement under American domination during the first three decades of the twentieth century. Chapter 4 will examine the crisis of annexationism during the 1930´s and 1940´s as a reflection of the crisis of Puerto Rican society in the 1930´s. Chapter 5 deals with the "transition" period of the statehood movement, from the formation of the Commonwealth in the 1950´s to the formation of the New Progressive Party. Chapters 6 and 7 deal with the evclution of the economic and political structures of the Commonwealth, the growth of the statehood movement during this period, and the social forces leading and supporting this movement. Chapter 6 will examine the politics and government of the NPP under Luis Ferré, while chapter 7 will examine the goverment of Carlos Romero

Barceló. Chapter 8 will conclude the study with a reappraisal of the statehood movement in Puerto Rico.

To recapitulate, this study will explore the development of the statehood movement in Puerto Rico from the late nineteenth century to the present. It will argue that the Puerto Rican statehood movement has to be understood in terms of the social, economic, and political structures that have developed since the late nineteeth century, including the presence of the American state and capital in the island, and from the conflicts of social classes and groups that have been organized under the program of statehood.

NOTES TO CHAPTER I

1) We are purposely excluding those studies that emphasize the study of annexationism within the "status politics" approach, which concentrates on historical narrative and treats the subject mostly as the ideological resultant of the political status issue. Examples of this are the otherwise important studies of Bolivar Pagan, Historia de los partidos politícos puertorriqueños, 2 vols. (San Juan: M. Pareja, 1972), and Carmen Ramos de Santiago, El gobierno de Puerto Rico (San Juan: Editorial Universitaria, 1970).

2) Henry Wells, The Modernization of Puerto Rico (Cambridge, Mass.: Harvard University Press, 1969). Also within this approach are: Gordon Lewis, Puerto Rico: Power and Freedom in the Caribbean (New York: Monthly Review Press, 1974), p. 344; and Kenneth Farr, Personalism and Party Politics: Institutionalization of the Popular Democratic Party of Puerto Rico (Hato Rey, P.R.: Inter-American University Press, 1973), p. 90. Diana Christopulos, "The Politics of Colonialism: Puerto Rico From 1898 to 1972," In Adalberto Lopez, ed., The Puerto Ricans (Cambridge, Mass.: Schenkman, 1980), pp. 165-66.

3) Wells, op.cit., p. 333.

4) Manuel Maldonado-Denis, Puerto Rico: A Socio-Historic

Interpretation (New York: Vintage, 1972); Pedro Juan Rúa, Bolívar ante Marx y otros ensayos (Rio Piedras, P.R.: Ediciones Huracán, 1978).

5) Maldonado-Denis, op.cit., p.229. Rúa, op.cit., pp. 83-85, is more explicit in his assertion that only "the elites and native bourgeoisie" experience assimilation, "a category not applicable to the 'people.'" This notion faces great difficulties in explaining the statehood movement.

6) A. G. Quintero-Rivera, Conflictos de clase y política en Puerto Rico (Río Piedras, P.R.: Ediciones Huracán, 1976), p.71. Also, Aaron Ramos, "The Development of Annexationist Politics in Twentieth Century Puerto Rico," in A. Lopez, op.cit., p. 259.; Wilfredo Mattos Cintrón, La política y lo político en Puerto Rico (México: Serie Popular Era, 1980). p. 48-49.

7) Quintero-Rivera, op.cit., p. 137-138. Manuel Maldonado-Denis, in his Hacia una interpretación marxista de la historia de Puerto Rico y otros ensayos (Río Piedras, P.R.: Editorial Antillana, 1977), p. 51, uses the term "intermediary bourgeoisie" to denote this relationship.

8) The former notion is Quintero-Rivera's, ibidem.; tha latter notion is best expressed by Ramos: ''Thus, today the NPP preaches statehood as a project of the poor, of the marginal, in a context of social and economic dependence. But this is, moreover, an ambiguous pattern insofar as the marginal masses are politically unstable and are prone to realignments with those sectors that can best manage external support.'' Op.cit., p. 268.

9) Ricardo Campos and Frank Bonilla, "Bootstraps and Enterprise Zones: The Underside of Late Capitalism." Paper delivered at the XIV Latin American Congress of Sociology, held in San Juan, Puerto Rico, October 5-12, 1981, p. 5.

10) Frank Bonilla, ''Clase y nación: Elementos para una discusión,'' in Rafael Ramírez and Wenceslao Serra-Deliz, eds, Crisis y crítica en las Ciencias Sociales en Puerto Rico (Río Piedras, P.R.: Centro de Investigaciones Sociales, University of Puerto Rico, 1980), p. 165. Also, Centro de Estudios Puertorriqueños, History Task Force, Labor Migration Under Capitalism: The Puerto Rican Experience (New York: Monthly Review Press, 1979), p. 128.

11) Centro de Estudios Puertorriqueños, op.cit., p. 141.

12) Ricardo Campos and Frank Bonilla, ''Industrialization and Migration: Some Effects on the Puerto Rican Working Class,'' Latin American Perspectives, III:3 (Summer 1976), p. 68; also Bonilla, op.cit., p. 166-167.

13) Bonilla, ibidem., p. 167; Frank Bonilla and Ricardo Campos, ´´A Wealth of Poor: Puerto Ricans in the New Economic Order,´´ Daedalus 110:2 (Spring 1981), p. 167.

14) Bonilla and Campos, "A Wealth of Poor," p. 167.

15) Marcia Quintero, Elecciones de 1968 en Puerto Rico: Análisis estadístico por grupos socio-economicos (San Juan: CEREP, 1972), p. 39

For a study on the NPP´s success in gaining support in an urban slum area see, Rafael Ramirez, El arrabal y la política (Río Piedras, P.R.: Editorial Universitaria, 1977).

16) Luis E. Agrait, ´´Las elecciones de 1968 en Puerto Rico,´´ Revista de Ciencias Sociales XVI:1 (March 1972), p. 41.

For the argument that the advances of the NPP in the rural areas are related to the decay of agriculture and to the changes in the socio-economic structure of the rural areas see, Neftalí García, ´´Puerto Rico siglo XX: Lo histórico y lo natural en la ideología colonialista,´´ Pensamiento Crítico I:8 (September 1978), p. 16.

For the 1976 and 1980 electoral results see, Tribunal Electoral de Puerto Rico, Estadísticas electorales de Puerto Rico (San Juan: Estado Libre Asociado, 1977 and 1982, respectively). In 1976 the NPP won the elections with 48.2 percent of the votes, against 45.3 percent obtained by the PDP. The NPP won the four most urbanized districts (out of a total of eight electoral districts) and lost the other four by a very small margin. Gov. Romero Barcelo was reelected in 1980 by a margin of some three thousand votes over those of its main opponent, with nearly 47 percent of the total votes. The NPP retained three of the electoral districts.

17) G. Lewis, op.cit., p.316.

18) Arcadio Díaz Quiñones, "Introduccion," in A. G. Quintero-Rivera, José L. González, Ricardo Campos, and Juan Flores, Puerto Rico: Identidad nacional y clases sociales (Río Piedras, P.R.: Editorial Huracán, 1979), p. 10.

19) Mariano Negrón Portillo, ´´El liderato anexionista antes y después del cambio de soberanía,´´ Revista del Colegio de Abogados de Puerto Rico, (October 1972), pp. 369-391. It is interesting to note that only Negrón Portillo and Aarón Ramos deal with the annexationist phenomena as their object of study; also William Ríos, of the New School for Social Research, who is studying the NPP propaganda for the 1968 and 1972 elections.

20) M. Maldonado-Denis, A Socio-historic Interpretation, pp. 79, 177; and also, Hacía una interpretación, p. 51; Quintero-Rivera, Conflictos, pp. 61-62, 138.

21) James O´Connor, The Fiscal Crisis of the State (New York: St. Martin´s Press, 1973), p. 13. Another useful concept is Nicos Poulantzas´ ´´internal bourgeoisie,´´ as defined in Classes in Contemporary Capitalism (London: Verso, 1978), p. 72. Due to the process of economic integration of Puerto Rico to the United States, we feel that O´Connor´s concept is closer to the characterization of Puerto Rico´s local bourgeoisie and its relation to U.S. capital and state.

22) O´Connor, ibidem., p. 15.

23) David Gold, Clarence Lo, and Erik Olin Wright, ´´Some Recent Developments in Marxists Theories of the State,´´ Monthly Review, 27:6 (November 1975), p. 41.

24) Gregor McLennan, Marxism and the Methodologies of History (London: Verso, 1981), p. 64: also, pp. 43-44.

25) Dankwart A. Rustow, A World of Nations (Washington, D.C.: Brookings Institution, 1967).

26) Like any other particular literature in the social sciences, there are a variety of views and positions within the modernization approach. There are nevertheless a series of assumptions which characterize the approach. Using the review of the literature by J. Samuel Valenzuela and Arturo Valenzuela, ´´Modernization and Dependency: Alternative Perspectives in the Study of Latin American Underdevelopment,´´ Comparative Politics 10:4 (July 1978), p. 537-39, we could state the main assumptions of the modernization approach as follow: the basic building blocks of the approach are the parallel tradition-modernity ideal types of social organization and value systems; the character of traditional society itself is the main obstacle to modernization; innovations are the primary source of change, the former been discussed in terms of the rejection of norms, values, and institutions of traditional society; the modern pole of the tradition-modernity continuum, exemplified by contemporary developed societies, is the pivotal conceptual and analytical point of the approach; the main impetus for modernization in the now modern societies is primarily exogenous; traditional societies must in some way follow the path of the already modern societies; the basic socio-historical context for the process of modernization is the nation-state.

Henry Wells´ study, already cited, follows the modernization approach. The aim of this book is to treat Puerto Rico as a case study of a "transitional society," i.e., of a society in transition from tradition to modernity. After noting that "as a culture all Latin America has long been notably resistant to over-all development

toward economic and social modernity," Wells states his purpose in studying the island: "Puerto Rico affords an example of a society of Hispanic cultural origins that is undergoing rapid modernization in many of its aspects" (p. 2-3). The main emphasis of his work is on the "innovators," in those political leaders who made the "modernization of Puerto Rico" their main goal, and on the change of values that accompanied this process (pp. 4, 6.) The main impetus for change was exogenous and came from the "challenge" imposed to the traditional society by the presence of the United States in Puerto Rico (p. 15).

27) This is clearly put forward by W. W. Rostow, The Stages of Economic Growth (Cambridge: Cambridge University Press, (1971), p. 7: "Although the period of transition--between the traditional society and the take-off-- saw major changes in both the economy itself and in the balance of social values, a decisive feature was often political. Politically, the building of an effective centralized national state--on the basis of coalitions touched with a new nationalism, in opposition to the traditional landed regional interests, the colonial power, or both--was a decisive aspect of the preconditions period; and it was, almost universally, a necessary condition for the take-off." See also, Rustow, op.cit., p. 30. An exception to this approach within modernization theory is Karl Deutsh, Nationalism and Social Communication (Cambridge, Mass.: M.I.T. Press, 1967).

28) Anthony D. Smith, ''The Diffusion of Nationalism: Some Historical and Sociological Perspectives,'' British Journal of Sociology, 19:2 (June 1978), pp. 234-248.

29) See, C. E. Black, The Dynamics of Modernization (New York: Harper and Row, 1975), p. 7; and Rustow, op.cit.

30) Rupert Emerson, From Empire to Nation (Cambidge, Mass.: Harvard University Press, 1960), pp. 44, 58.

31) Ibidem, p. 43.

32) Ibidem, p. 82.

33) Modernization theory has been criticized for the lack of congruence between the units of analysis that are undertaking the process of modernization. See, Dean C. Tipps, ''Modernization Theory and the Comparative Study of Societies: A Critical Perspective,'' Comparative Studies in Society and History 15:2 (March 1973), pp. 218-219. Also, Immanuel Wallerstein, The Modern World-System (New York: Academic Press, 1976), pp. 3-11. The same critique has been directed to the literayure on political development with regard to the role played by the state; see, Charles Tilly, ed., The Formation of National States in Western Europe

(Princeton: Princeton University Press, 1975), p. 617-18.

34) E.g., Emerson, op.cit., p. 96, 115. This distinction has been made otherwise by differentiating between those nations (old) who acquired "national identity or national consciousness before the formulation of the doctrine of nationalism" and those nations (new) in which both processes occurred simultaneously. Hugh Seton-Watson, Nations and States (Boulder, Col.:Westview Press, 1977), p. 7-8.

35) This view is elaborated in the literature on political development. See, e.g., Leonard Binder et al, Crises and Sequences in Political Development (Princeton: Princeton University Press, 1971); and Joseph LaPalombara and Myron Weiner, eds., Political Parties and Political Development (Princeton: Princeton University Press, 1966).

36) This is not to imply that there is no debate on this subject; for different perspectives on the elements, functions, and formation of the modern state, see: Michael Hechter and William Brustein, ''Regional Modes of Production and Patterns of State Formation in Western Europe,'' American Journal of Sociology 85:5 (March 1980), pp. 1061-94; Tilly, op.cit., p. 70-71; Gianfranco Poggi, The Development of the Modern State (Standford: Standford University Press, 1978), chapter 1; Peter Gourevitch, ''The International System and Regime Formation: A Critical Review of Anderson and Wallerstein,'' Comparative Politics 10:3 (April 1978), pp. 419-438; Morton H. Fried,, ''State: The Institution,'' International Encyclopedia of Social Sciences vol.15 (New York: Macmillan Co. and The Free Press, 1968), pp. 143-150. The following articles on "The State" in the ISSJ are important: Immanuel Wallerstein, "The World System: The States in the Institutional Vortex of the Capitalist World Economy"; Aristide R. Zolberg, "Strategic Interactions and the Formation of Modern States: France and England"; and S.N. Eisenstadt, ''Comparative Analysis of State Formation in Historical Contexts,'' in International Social Science Journal 32:4 (1980).

37) Joseph Stalin, Works vol.2 (Moscow: Foreign Languages Publishing, 1953), p. 307.

38) H. Seton-Watson, op.cit., p. 5. Also. Emerson, op.cit., p. 95; and Rostow, op.cit., p. 22.

39) Walker Connor, ''Nation-Building or Nation Destroying?,'' World Politics 24:3 (April 1972), p. 334; also, ''The Politics of Ethnonationalism,'' Journal of International Affairs 27:1 (1973), p. 3. See also, Vernon Van Dyke, ''The Individual, the State, and Ethnic Communities in Political Theory,'' World Politics 29:3 (Aprill 1977), p. 344.

40) Max Weber, From Max Weber, translated and edited by H. H. Gerth and C. Wright Mills (New York: Oxford University Press, 1974), p. 176.

41) Eric Hobsbawn, "Some Reflections on Nationalism," in T. J. Nossiter, A. H. Hanson, Stein Rokkan, eds., Imagination and Precision in the Social Sciences: Essays in Memory of Peter Nettl (London: Faber and Faber, 1972), p. 386.

42) Representative of the mainstream studies on nationalism in its ideological aspect are: Hans Kohn, The Idea of Nationalism (New York: Macmillan Co., 1961); Louis L. Snyder, The Meaning of Nationalism (Connecticut: Greenwood Press, 1954); Elie Kedourie, Nationalism (London: Hutchinson, 1971).

43) The variable of historical time poses some problems for some authors who do not take into account the role of the state in nation-formation. E.g., Anthony D. Smith proposes the term "state-nation" for the African formations forgetting that this could be applied elsewhere. Of the independence movements in the Americas he concludes: ''Pre-independence Americans lacked important cultural differentiating marks from their English masters and still do: so, like their creole counterparts in Latin America, their nationalism was not founded upon the basis of a pre-existent nation. Their bids for independence are no less nationalist for that...'' Theories of Nationalism (New York: Harper and Row, 1972), p. 175, also p. 189-90.

44) Stanley J. Stein and Barbara H. Stein, The Colonial Heritage of Latin America (New York: Oxford University Press, 1970), part III; Fernando Henrique Cardoso and Enzo Faletto, Dependency and Development in Latin America (Berkeley: University of California Press, 1979), chapter 3; and Oscar Oszlak, ''The Historical Formation of the State in Latin America: Some Theoretical and Methodological Guidelines for Its Study,'' Latin American Research Review XVI:2 (1981), pp. 3-32.

45) S. N. Eisenstadt and Stein Rokkan, eds., Building States and Nations, 2 vols. (Beverly Hills: Sage, 1973).

46) Even in the case of Western Europe these processes are not complementary in all cases or follow one model; see the study of Spain by Juan Linz and of the "consociational" nations by Hans Daalder, as well as the articles by Silva Michelena, D. T. Sheth, and J. Goody in ibidem.

47) Hechter and Brustein, op.cit.; Charles Tilly, "Reflections on the History of European State-Making," and Stein Rokkan, ''Dimensions of State Formation and Nation Building: A Possible Paradigm for Research in Variations Within Europe,'' in Tilly, op.cit.

48) Immanuel Wallerstein, ´´The States in the Institutional Vortex of the Capitalist World-Economy,´´ in International Social Science Journal 32:4 (1980), pp. 747-749.

49) See, Immannuel Wallerstein, The Modern World-System; Theda Skocpol, States and Social Revolutions (New York: Cambridge University Press, 1979); Charles Tilly, ´´Western State-Making and Theories of Political Transformation,´´ in Tilly, op.cit.; A. Zolberg, op.cit.; Silviu Brucan, ´´The Nation-State: Will It Keep Order or Wither Away?,´´ International Social Science Journal 30:1 (1978), pp. 9-31; Immanuel Wallerstein, ´´The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis,´´ Comparative Studies in Society and History 16:4 (Sept. 1974), pp. 387-415; John H. Herz, The Nation-State and the Crisis of World Politics (New York: David McKay, 1976), pp. 226-252.

50) Harold R. Isaacs, ´´Nationality: ´End of the Road´?,´´ Foreign Affairs 53:3 (April 1975), pp. 432-49.

51) Edelberto Torres Rivas, ´´La nación: problemas teóricos e históricos,´´ in Norbert Lechner, ed., Estado y política en America Latina (Mexico: Siglo XXI, 1983), p. 103.

52) Ibidem, p. 106-107.

53) For a classification of nationalist movements in terms of intensity see Anthony D. Smith, Theories of Nationalism, pp. 211-14.

54) The terms are respectively from: Walker Connor, ´´The Politics of Ethnonationalism,´´ op.cit.; Anthony Birch, ´´Minority Nationalist Movements and Theories of Political Integration,´´ World Politics 30:3 (April 1978), pp. 325-344; Hugh Seton-Watson, ´´Unsatisfied Nationalism,´´ Journal of Contemporary History 6:1 (1971), pp. 3-14.

55) Walker Connor, "Nation-Building or Nation-Destroying?," p. 336-37.

56) Ibidem, p. 327-28. See also, Cynthia Enloe, Ethnic Conflict and Political Development (Boston: Little Brown, 1973); and Milton Da Silva, ´´Modernization and Ethnic Conflict: The Case of the Basques,´´ Comparative Politics 7:2 (January 1975), pp. 227-251.

57) Connor, "Nation Building...," pp. 331-32, 324, and 331.

58) E. Wayne Nafziger and William L. Richter, ´´Biafra and Bangladesh: The Political Economy of Secessionist Conflict,´´ Journal of Peace Research 13:2 (1976), p. 92.

59) See Adamantia Pollis, "International Factors and the

Failure of Political Integration in Cyprus," and Inayatullah, "Internal and External Factors in the Failure of National Integration in Pakistan," in Stephanie G. Neumann, ed., Small States and Segmented Societies: National Political Integration in a Global Environment (New York: Praeger, 1976).

60) See, Ivo D. Duchacek, ´´Antagonistic Cooperation and Ethnic Communities,´´ Publius 7:4 (Fall 1977), pp. 3-29; Suzanne Berger, ´´Bretons, Basques, Scots, and Other European Nations,´´ The Journal of Interdisciplinary History 3:1 (Summer 1972), pp. 167-75; Sheri Grasmuck, ´´Ideology of Ethnoregionalism: The Case of Scotland,´´ Politics and Society 9:4 (1980), pp. 471-494; Joane Nagel, ´´The Conditions of Ethnic Separatism: The Kurds in Turkey, Iran, and Iraq,´´ Ethnicity 7:3 (Sept. 1980), pp. 279-297; Anthony D, Smith, ´´The Diffusion of Nationalism...,´´ op.cit.

61) Michael Hechter, Internal Colonialism: The Celtic Fringe in British National Development, 1536-1966 (London: Routledge, 1975).

62) Michael Hechter, "On Separatism and Ethnicity: A Response to Sloan´s ´Ethnicity or Imperialism?´," Comparative Studies in Society and History 21:1 (January 1979), p. 126.

63) Anthony Birch, op.cit. It has been argued elsewhere that Wales´ situation is due to capitalist uneven development and not to any cultural division of labor and that, contrary to Hechter´s claim, the British state has discriminated in favor of the region. See, John Lovering, "The Theory of the ´Internal Colony´ and the Political Economy of Wales," Review of Radical Political Economics 10:3 (Fall 1978), pp. 55-67.

64) Ibidem, p. 335.

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66) Peter Gourevitch, ´´The Reemergence of ´Peripheral Nationalism´: Some Comparative Speculation on the Spatial Distribution of Political Leadership and Economic Growth,´´ Comparative Studies in Society and History 21:3 (July 1979), pp. 303-322.

67) Phillip M. Rawkins ´´Outsiders as Insiders: The Implications of Minority Nationalism in Scotland and Wales,´´ Comparative Politics 10:4 (July 1978), pp. 519-534.

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69) Cynthia H. Enloe, ´´Multinational Corporations in the Making and Unmaking of Ethnic Groups,´´ in ibidem, p. 9.

70) Phillip M. Rawkins, ´´The Global Corporation, Ethno-nationalism, and the Changing Face of the Western European State,´´ in ibidem, p. 81.

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83) Emilio González Díaz, "El Estado y las clases dominantes en la situacion colonial." Paper delivered to the XII Latin American Congress of Sociology, November 21-25, 1977, Quito, Ecuador, p. -3; A. G. Quintero-Rivera, ´´La dominacion imperialista del Estado en Puerto Rico y la politica obrera (1900-1934),´´ Revista Mexicana de Sociologia 40:3 (July-Sept. 1978), p. 1119-20; Wilfredo Mattos, op.cit., chapter 2.

84) Emilio González, ibidem, pp. 3-8; A. G. Quintero-Rivera, ´´Background to the Emergence of Imperialist Capitalism in Puerto Rico,´´ in Adalberto Lopez and James Petras, eds., Puerto Rico and the Puerto Ricans (Cambridge, Mass.: Schenkman Publishing, 1974), pp. 88-110; W. Mattos, op.cit., chapter 1.

85) Emilio González, ´´Las bases para el consenso politico en la colonia: El problema de la democracia en Puerto Rico,´´ Claridad (Special Suplement), September 18-24, 1981, pp. 10-13; W. Mattos, ibidem, pp. 55-66; Quintero-Rivera, "La dominacion imperialista del Estado en Puerto Rico..."

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87) A. G. Quintero-Rivera, ´´La base social de la transformacion ideologica del Partido Popular en la decada del ´40,´´ in Gerardo Navas Dávila, ed., Cambio y desarrollo en Puerto Rico: La transformación ideológica del Partido Popular Democrático (Hato Rey, P.R.: Master Typesetting, 1980), pp. 37-119; Emilio González Díaz, ´´La politica, las clases sociales y el cambio: Algunos problemas de analisis social,´´ in R. Ramirez and W. Serra Deliz, op.cit., pp. 149-160.

88) Juan Jose Baldrich, "Class and the State: The Origins of Populism in Puerto Rico, 1934-52" (Ph.D. Dissertation, Department of Sociology, Yale University, 1981).

89) Ibidem, particularly chapter 1.

90) Kelvin Santiago, op.cit., p. 2; also pp. 3, 21, 48; Miriam Muñiz Varela, "Analisis del capital monopolico azucarero y el papel de la superestructura en garantizar combinadamente la acumulacion originaria y la acumulacion capitalista, 1898-1920." Paper delivered at the XIV Latin American Congress of Sociology, held in San Juan, Puerto Rico, October 1981, pp. 30, 38-39; and Miriam Muñiz, ´´La formacion social de transicion al capitalismo en Puerto Rico, 1880-1920,´´ op.cit., pp. 225, 239-40.

91) Santiago, ibidem, pp. 38, 41-43, 45-46; M. Muñiz, ´´Análisis del capital monopólico azucarero...,´´ pp. 34-36, 39-44, 46-48, 16-22; Muñiz, ´´La formacion social de

transicion...,'' pp. 188-92, 213.

92) Muñiz, ''Análisis del capital monopólico azucarero...,'' part. pp. 5-7, 45-48; Muñiz, ''La formacion social de transicion...,'' chapter IV. A similar approach has been taken by James Dietz in his study of capitalism in Puerto Rico after the 1950's and the role of the Commonwealth government in the economy. See, ''Imperialism and Puerto Rico,'' Monthly Review (Sept. 1978), p. 26; and ''Imperialism and Underdevelopment: A Theoretical Perspective and a Case Study of Puerto Rico,'' The Review of Radical Political Economics 11:4 (Winter 1979), p. 29.

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95) Juan Manuel Carrión, ''La tarea inconclusa: Notas en torno a las condiciones de transformación social en una situación colonial moderna o como eliminar obstáculos para el establecimiento de un estado nacional puertorriqueño.'' Paper delivered at the XIV Latin American Congress of Sociology, held in San Juan, Puerto Rico, October 1981, p. 1.

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106) Victor Castillo, op.cit., p. 13.

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108) Bonilla and Campos, ´´Imperialist Initiatives...,´´ op.cit., p. 1.

109) Bonilla and Campos, ´´Bootstraps and Enterprise Zones...´´; ´´Imperialist Initiatives...´´; and ´´A Wealth of Poor...,´´ op.cit.

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111) V. Castillo, op.cit., pp. 48, 54-55, 64, and 198.

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122) Jessop, op.cit., p. 227.

123) Fernando Henrique Cardoso and Enzo Faletto, op.cit., pp.X-XVII; Skocpol, op.cit., pp. 14-18.

CHAPTER II

ANNEXATIONISM IN NINETEENTH CENTURY PUERTO RICO

The statehood movement in Puerto Rico is undoubtedly one of the most important political phenomena in the history of Puerto Rico. It is also, ironically, one of the least studied phenomena, despite the fact that a pro-statehood party has dominated Puerto Rican politics for two decades. The statehood movement has been studied generally as part of a historical-political narrative[1], or within the framework of political development,[2], or simply as educational propaganda.[3] These studies treat the statehood movement superficially, focusing on mere fragments of its program and ideology, its leadership, and its political maneuvers. Even those studies that offer the greatest insights into the nature of the statehood movement have studied the movement as it relates to other subjects (e.g., the development of the working class, the emergence of the state, dependency, etc.).[4]

Two issues will dominate our discussion in this chapter. First, we will discuss the annexationist tendency in Puerto Rico during the nineteenth century, along with the social, economic, and political factors that account for its emergence during this period. Second, we will relate this tendency to the development of Puerto Rican society before and after the U.S. invasion, seeing annexationism as

a source of support for the economic and political domination of Puerto Rico by the United States.

The existence of an annexationist tendency[5] in nineteenth century Puerto Rico has been established already in Puerto Rican historiography. Most students of the subject, including serious analysts, avoid the nineteenth century roots of annexationism in Puerto Rico. Even a statehood partisan begins his narrative of the movement´s origin with the creation of the island´s Republican Party in 1899, as if Puerto Rican annexationism had arrived on the island´s beaches with the American troops.[6] As a matter of fact, several Puerto Rican annexationists did come with invading U.S. troops; this signals its importance as a pre-U.S. presence phenomenon. The failure to understand the socio-economic and political roots of annexationism in nineteenth century Puerto Rico has grave consequences in analyzing both annexationism and overall Puerto Rican society:

> There not being in Puerto Rico--as there was in Cuba and the Philippines--an independence movement firmly established among the native population, the work of North Americans was relatively easy: to find those Puerto Ricans who were willing to collaborate with the new regime, of course. Thus annexationism sent down its first roots in Puerto Rico.(7)

Annexationism is then seen as either the derivative of an ideal or political status position or as the manifestation of political opportunism among sectors of the population.

But like other political movements in Puerto Rico, annexationism is neither the mere derivative of a preferred

position on the status question nor of a particular adherence based on ideological-cultural questions (e.g., assimilation vs. nationalism). Annexationism in Puerto Rico emerged from the political programs of various social classes and groups in conflict with each other and with the state. Pro-annexationist sentiments in Puerto Rico during the nineteenth century emerged from the concrete economic and political interests of certain social sectors: the desire for the U.S. sugar market, the goal of eliminating Spanish tariffs in trade, the attempt to gain more power for the creole elite, the desire to eliminate all barriers to the expansion of capitalist social relations, etc. Social classes and groups may change their political preferences (or, in this case, their support for a particular form of the state) according to particular socio-political conjunctures. For example, After the American invasion the sector that had demanded wider autonomy from Spain at the end of the nineteenth century became the backbone of the Republican Party, the main supporter of Puerto Rican statehood. The Republicans, furthermore, kept independence in their program for several decades as an alternative in case statehood was rejected by the United States.

The annexationist tendency in nineteenth century Puerto Rico, which organized into a statehood party once the United States maintained a presence on the island, is a reaction to the economic and political structures that existed and the social conflicts that emerged under the

Spanish regime. The social basis of nineteenth century annexationism is found in those (predominantly creole) sectors that were most affected by the Spanish regime: the sugar planters, some coffee hacendados, the professional and commercial petty bourgeoisie. The development of these sectors was limited by the barriers imposed by Spanish colonialism: a monopoly on trade and banking, the retarded social and economic development of the island, restrictions on political participation, etc. By the end of the nineteenth century the pro-annexationist sectors represented a radical political opposition within the autonomist movements; they were also an important political force within the separatist movement. Autonomism and separatism were the political movements of the creoles at this time.

Nineteenth century pro-annexationist sectors represent more than opposition to the Spanish regime in Puerto Rico. The political role they played in the implantation of the American regime in Puerto Rico must be critically assesed: annexationism was an instrument of support for the formation of the colonial state on the island, as well as the internal social supporter of the new socio-economic and political relations that developed under the American regime. Here it is appropiate to question some analyses of the state in Puerto Rico, particularly those that postulate that the presence of the American state in Puerto Rico is based primarily or only in the coercion.[8] There is no doubt that coercion is an important factor in every form of state

domination, but overemphasizing this element may lead to failure to take into account the elements of support that the state has generated, which are crucial pillars in United States hegemony over Puerto Rico. Nineteenth century annexationism was a basis of support for the American presence in Puerto Rico and an instrument for the implantation of the new socio-economic and political regime. Once they were organized under the Republican Party, the pro-annexationists became a crucial factor in the construction of the new state in Puerto Rico.

The central proposition of this chapter is that support for the annexation of Puerto Rico to the United States emerged after the mid-nineteenth century as a non-organized political tendency within the two political movements that represented the creoles , liberal autonomism and separatism. The former sought a liberal regime within an autonomist framework under Spain, while the latter demanded total independence. Support for annexation to the United States was strongest among certain sectors (some coffee and sugar growing hacendados, sugar-mill owners, and the commercial and professional petty-bourgeiosie) which were in greater conflict with the economic and political structures of the Spanish regime in Puerto Rico. The alliance between the sugar bourgeoisie and the petty bourgeoisie, who dominated the Republican Party during the first three decades of the twentieth century, dates back to the latter part of the nineteenth century.

The chapter is divided in three parts, according to the framework presented in the introduction. The first part deals with the economic and political structures and interrelationships in nineteenth century Puerto Rico, particularly concerning the growth of the hacienda as the main productive unit. It shall be argued that the opposition of the creole elite to the Spanish regime is a consequence of the limitations imposed by the colonial structure, particularly on the hacendados and sugar planters. The second part deals with the main social configuration and conflicts of the period, i.e., the relation between merchant and hacendado, the different sectors of the hacendado class, and the relation of the latter to the state. The argument here is that creole reformism is the result of the structural weakness of the hacendados as a class, which restricted their political aspirations and programs not only against the Spanish regime but also against the American economic and political forces. The analysis will include an elaboration of the political conflict of the period, based on the opposition between merchants and the landowners, their political manifestations, and the structural basis of creole "reformism." Once the parameters of nineteenth century Puerto Rico are established, we shall analyze the annexationist phenomenon as such in part three, examining its manifestations within the autonomist and separatist movements of the period, its social basis of support, the Republican Party´s social and historical roots and role in

the consolidation of the American regime at the end of the century.

PART I: STATE AND ECONOMY IN NINETEENTH CENTURY PUERTO RICO

The nineteenth century economic and political structures of the Spanish colonial regime are crucial to understand the political conflict and the evolution of pro-annexationist sectors in the island during this period. Puerto Rico and Cuba were the only remaining Spanish colonial enclaves in the Caribbean after the wars of independence in Latin America early in the century. As a declining empire, Spain sought to maximize its economic exploitation of Puerto Rico through a policy of "exclusivism" that benefited the Spanish government and nationals on the island. The growth of the hacienda as the main productive unit-- and of the hacendado class-- laid the basis for strengthening the creole opposition to the colonial regime. An attempt to accomodate the interests of the both creole elite and the Spanish colonial regime with an autonomist government at the end of the century was aborted by the United States invasion, which set the basis for a new regime.

Until the turn of the nineteenth century Puerto Rico was fundamentally a Spanish military fortress in the Caribbean. Only when the decay of the Spanish Empire became evident was royal attention given to the economic plight of

the island. Spain attempted to develop new revenues by creating a commercial agriculture that could be taxed.[9] The loss of the American colonies forced the Spanish monarchy to make some economic and political changes in its remaining Caribbean possessions (Cuba and Puerto Rico) in order to assure its domination in these territories. But these changes, though important, did not alter the basic structures of Spanish absolutism in Puerto Rico: the absolute control of the colonial state structure by Spain and the Spaniards (including the Church) and a mercantilist economic policy that exclusively favored Spanish commercial interests

Spanish absolutist rule over Puerto Rico was based on total control of the colonial structure, with a fused politico-military as the centerpiece of the organization of domination. This ''colonial-absolutist'' regime[10] was structured, according to Gordon Lewis, on three principles: ''absence of 'criollo' participation in government; denial to the native population of any influence, formal or informal, upon official policy; and concentration of legal and political powers in the military authority of the governor.''[11] The axis of this structure was the impressive military apparatus on the island, at the command of the governor. The latter was named by the Spanish government and ruled as chief administrator, captain general of the military, and head judge; he even had a high level post in the Church. The governor could intervene in the affairs of

local municipal governments by naming the mayors and local council members. The island was divided into seven military districts and several army batallions were dispersed throughout the territory. The police forces consisted of two bodies, the insular police, and after 1869, the "Guardia Civil," who patrolled the rural areas.

The presence of this politico-military apparatus in the island was coupled to a policy of exclusion of creoles from the government bureaucracy and restricting their areas of decision-making. Although some reforms were made during the course of the century (elective councils, election of local deputies to the Spanish Cortes), these in no way changed Spanish absolutist rule in Puerto Rico. Furthermore, most of the political reforms came during periods of liberal regimes in Spain and were not due to the pressures exerted by the creole elite; as a consequence, many of the reforms were later eliminated when conservative regimes regained control of the Spanish government. More important still, the reforms were used as mechanisms to co-opt sectors of the creole elite. Coupled with periods of repression, served to keep the majority of creoles in line with the rule of Spain in Puerto Rico. These aspects are important, for they served as focal points in the political demands of the creole elite in the latter part of the nineteenth century: more participation in the governmental bureaucracy and the policy-making process.

The state´s budget was another source of discontent

for the creole elite. Spain´s interest in the island was military and revenue-related. Most of the economic reforms introduced during the century resulted in raising tax revenues (e.g.,the "Cedula de Gracias" in 1815, the elimination of several trade barriers). There were five main sources of revenues. Two of these, custom-houses and territorial taxes, provided in 1897-98 some 86 per cent of the revenues collected.[12] The main source of discontent for the creole elite involved not only the taxes as such, but how they were used. It has been estimated that a large share of the budget was devoted to government expenses, with defense accounting for thirty-one percent of the budget; some three percent was devoted to education and health; ten percent was spent on public works (including roads with military use); and nothing was devoted to economic development.[13] This had important consequences for the creole elite, particularly during the latter part of the nineteenth century, for ´´there was a conspicuous absence of all the services which a local capitalism would have required for its success.´´[14] That is, the economic surplus produced in Puerto Rico was spent on areas of interest to Spain but did not provide the economic infrastructure required for modernization.

The mercantilist policy of the Spanish government in Puerto Rico until the early part of the nineteenth century was that of ´´exclusivism.´´[15] Its main objective was to monopolize all trade with Puerto Rico and to prevent trade

with other countries. It served the interests of the Castilian merchant bourgeoisie, who controlled all trade between Spain and the colony, and other Spanish economic interests (e.g., by restricting the export of and levying taxes against the Puerto Rican sugar going into Spain it favored the Andalusian sugar interests). The end result of this policy was an enormous clandestine trade, principally with the West Indies and the United States. This trade was particularly strong in the southern part of the island. This situation did not benefit Spain. A change in policy was implemented with the "Cedula de Gracias" of 1815, which ''marked the formal abandonment of the old Spanish exclusivism in practice as well as in theory.''[16] The ''Cedula'' was the result of Spain's need, in the wake of its loss of its Empire in America, to raise its tax revenues through the revitalization of commercial agriculture and at the same time to introduce some reforms to placate the demands of the creole elite.[17]

The main reforms of the "Cedula de Gracias" were: the abolition of restrictions on trade with Spain and other countries; the allowance of tax free importation of machinery for the sugar industry; and open door immigration to Puerto Rico for Catholics of all nations. The last was an invitation to Spanish loyalists fleeing the former or rebellious colonies in Latin America, and to white sugar plantation owners and slaveholders fleeing from the victorious slave revolution in the French colony of Saint

Domingue (Haiti). In order to stimulate immigration, immigrants were granted free royal land (six acres per family member, and three additional acres per slave brought), tax exemption for a period of ten years, and Spanish citizenship after five years of residence in Puerto Rico.[18]

There are two important areas related to the reforms of 1815: the development of a commercial agriculture for export (this was to be the main axis of the economy in Puerto Rico during the rest of the century); and the development of a pattern of land distribution that promoted a particular type of land tenure, the hacienda. As shall be discussed later, these two processes have to be related to changes in the world economy--mainly the rise in demand and prices for coffee and sugar, the two main cash crops in Puerto Rico during the nineteenth century. Commercial agriculture for export was the main beneficiary of this and other reforms. While in 1830, only 5.8 percent of all land was under cultivation, in 1897 the figure reached 14.3 percent.[19] Of all the land under cultivation in 1830, 29.1 percent was devoted to crops for export; in 1862 this amounted to 51.3 percent; and by 1899 it had reached 68.4 percent.[20] The expansion of land under cultivation increased from 121,000 cuerdas (1 cuerda=.9712 acres) in 1830 to 189,000 cuerdas in 1862, and to 282,000 cuerdas in 1896. While land devoted to cultivation of basic food crops expanded only by some 8,000 cuerdas from 1830 to 1896, land

devoted to coffee increased by 105,000 cuerdas, and sugar-growing land expanded by 47,000 cuerdas.[21] While land dedicated to subsistence crops declined from 66.7 percent in 1829 to 30 percent in 1897, land devoted to cane cultivation increased from 11.5 percent to 21.7 percent, and land devoted to coffee also increased from 20.2 percent to 46.7 percent during the same period.[22] As can be seen in Table I, production of sugar and coffee increased steadily from the 1830´s onward, with sugar declining during the 1880´s and 1890´s (coffee maintained relatively stable production level during the same period). Table II shows that an increase in external trade accompanied the growth in production for coffee and sugar. Table III lists the value of exports for sugar and coffee from 1864 to 1899. It can be seen that the value for sugar stagnated and even decreased during the 1890´s while that of coffee increased. This fact is of great importance and will be discussed later on.

The growth of commercial agriculture and exports during the nineteenth century was based on the transformation of the the pattern of land tenure and of the main productive unit: the change from an economy based on small landholders to the hacienda. In this regard, Quintero-Rivera has stressed the interest of the cclonial government in promoting such a change:

> The colonial economic policy sought an increase in production, so Spain could profit from trade through the control of the mechanisms of trade. In this way Spain favored the development of medium haciendas oriented towards commercial production, against the predominant

> smallholding and with the possibility of large landholdings of small intensive use of land.(23)

The hacienda came to dominate the agrarian structure in Puerto Rico during this period. Around 1832 the proportion of landholders was 46.4 percent, with 1.7 percent being hacienda owners and 44.7 percent small producers. By the end of the century the proportion of landholders decreased to 24.6 percent; hacendados represented 7 percent of all landholders, small farmers 2.3 percent, and small independent producers 21.6 percent. Furthermore, 42.3 percent of the land under cultivation was controlled by the haciendas.[24)]

The interest of the colonial state in promoting a particular type of agriculture and pattern of landholding was accompanied by particular actions. The main roles of the colonial state were: to guarantee the necessary conditions to provide the labor force required for production, and to safeguard the social structure on which the hacienda was based. The colonial state, in a word, guaranteed the conditions for reproducing the hacienda as a social unit. This was the main relationship between the colonial state and the hacendados, one fraught with contradictions. The immediate problem for the hacendados was how to guarantee the necessary labor, a situation that fomented a relation of dependency upon the colonial state.[25] In this sense, state policy was one of favoring the interests of the hacendados.

One of the main complaints of the hacendados

throughout the century was the need for more labor for agricultural production. At the beginning of the century the main causes for this situation were the short supply of slaves and the availability of land that promoted small landholdings based on subsistence agriculture.[26] An attempt to remedy this situation was made with the reforms of 1815, based on the distribution of land by the Crown to the new immigrants with capital and technology (including slaves). Since most of these lands were already occupied, this policy resulted not only in these lands being ''transferred to other owners more wealthy and industrious,''[27] but also throwing thousands of peoples off their lands, thus providing the labor force needed by the haciendas. That the problem could not be solved by this policy is evident from the implementation of numerous laws and labor regulations. In 1837 the government issued the "Bando de Policia y Buen Gobierno" which compelled the "vagos" (the unemployed landless peasants) to work for the local hacendados. In 1849 the "regimen de las libretas" (workbook regime) was established; it decreed that all those without property or trade should always carry a "libreta de trabajo" (workbook) which should record that person's type and places of employment; and that no person could be employed without the workbook. The loss of it was punishable by law.[28]

The role of the state went further than the provision of labor for the haciendas. The colonial state would protect the hacienda system against any violent opposition. A case

in point is the use of force against slave rebellions. Throughout the period from 1795 to 1848 a total of twenty-two slave conspiracies and rebellions in the island have been documented; force was used to repress all of them.[29] In 1826 the "Reglamento de Esclavos" (Slave Law) was implemented, which ´´as other slave laws that followed, had the purpose of repressing conspiracies.´´[30] The constant conspiracies and rebellions by slaves and the rising opposition of peasants to their expulsion from the land led in the early 1860´s to the creation of the "Guardia Rural," ´´a rural police force that a few years later [1869] was joined by the Spanish ´Guardia Civil´ to enforce labor codes and to protect the interests of Spanish and Puerto Rican landowners.´´[31]

The contradictions between the colonial state and the hacendado class were exacerbated during the last three decades of the nineteenth century. These contradictions were based on three main elements: the break in the "ties of dependency" between the hacendados and the colonial state; the quantitative and qualitative growth of both the hacendado class and the limitations the regime imposed on them; and the weakening of Spanish absolutism. (The first two elements will be discussed in the next section.) These elements led to a series of political reforms during the latter part of the nineteenth century that culminated in the granting of an autonomist government to the creole elite in 1897. Between 1868 and 1874 Spain went through a "liberal"

period (which included the formation of the Republic in 1873). Together with the 1868 rebellions in Puerto Rico and Cuba (starting the Ten Years War), this led to the concession of reforms to the colonies. In 1870, the formation of political parties was allowed, and the political party of the "criollos," the Liberal Reformist, was the first to be organized. In 1873, yielding to the pressures from other countries and from the hacendados, Spain abolished slavery and terminated the workbook law. Even though the fall of the Republic in 1874 placed a conservative government in power in Spain, most of the colonial reforms were kept. Nevertheless, the Spanish "Incondicionales" in Puerto Rico, supported by sectors within the colonial government, began a systematic persecution of the criollos that culminated in a reign of terror in the "terrible year of 1887." The intensification of the revolutionary war in Cuba in 1895, creole elite´s demand for political and economic reforms in Puerto Rico, and the evident weakening of the moribund Spanish Empire were the immediate elements that led to the last political reform given by Spain: the autonomist government of 1897.

The main reform of the Autonomist Charter of 1897 granted more participation in the affairs of the colonial government to the criollo elite. They were given: the right to representation in the Spanish Cortes; the right to create a local Parliament; the right to participate in trade negotiations between Spain and other nations involving the

island; the ability to determine tariffs and rights of importation and exportation; and the right to accept or reject any commercial treaty that affected the island.[32] These liberal reforms undoubtedly satisfied the demands of most of the criollo sectors. They presented the creoles with the possibility of restructuring economic inequalities. This, of course, was never to be proven; months after the autonomist reforms were granted the United States invaded the island. Nevertheless, the degree of control that the criollos could have established over the state apparatus is highly questionable due to a series of dispositions included in the Autonomist Charter. The Charter established that Spain in no way renounced its sovereignty or power over the island,[33] restating the colonial character of the new government. The main Governor General (named by the Crown) was named supreme representative of the Spain in Puerto Rico, supreme authority and chief administrator of the colony, including powers over the workings of the Parliament, and head of the military forces.[34]

The policy of political and economic exclusivism prevented the access of the creoles to the government and their political participation while it monopolized the mechanism of trade to assure the maximum appropiation of the agricultural surplus. The policies of the Spanish government to foment agricultural production in the island made it possible for the hacienda to become the main social and economic unit by the latter part of the century. For most of

the century the colonial state apparatus safeguarded the conditions for the reproduction of the hacienda. But after the 1870's the growth of the hacienda and of the hacendado class came into contradiction with the colonial regime of Spain in Puerto Rico. The increased opposition to the colonial structures by the creoles and the demise of the Spanish empire, under heavy attack in Cuba, led to a series of reforms in the late nineteenth century that ended in the Autonomist government of 1897. The nature and evolution of social and political conflict during this period is the subject matter of the next section.

PART II: SOCIAL AND POLITICAL CONFLICT IN NINETEENTH CENTURY PUERTO RICO

The political conflict in late nineteenth century Puerto Rico was based on the contradiction between the Spanish colonial state and merchants, and the creole landowners. The Spanish colonial state not only excluded the creoles from any effective participation in the political system, but secured a monopoly over trade for the Spanish merchants. The surplus produced by the growing haciendas was siphoned by the state and the merchants. This, along with the limitations imposed by the colonial regime, restricted the possibility for expansion of the creole landowners and middle classes. The political conflict thus took the shape

of a conflict between Spaniards and creoles. The main political movement of the creoles was liberal, reformist, and autonomist; they shied away from radical political programs like independence. It shall be argued in this section that this is due to the weakness of the creole landowners as a class. Furthermore, it is in the sector of the landowning class most affected by the Spanish colonial regime--the sugar planters--that the roots of the nineteenth century pro-annexationist tendencies in Puerto Rico are found.

Hacendados vs. Merchants and the State

Political conflict in Puerto Rico, particularly during the last three decades of the nineteenth century, was based on the conflict between the two dominant social forces of the period: the merchants and the hacendados. The basis of the conflict revolved around the social position of both classes: on the one hand, a class of landholders with the control of the means of production, land; on the other hand, the merchants, who controlled the means of trade.[35] The hacendados' increasing opposition to the state stemmed from the impediments it placed on their economic and political development. The merchants owed their position, and its preservation, to the colonial state. The majority of hacendados saw themselves as criollos; the merchants, and members of the state apparatus, were usually Spaniards. The

conflict thus took on a "national" character--between creoles and Spaniards. On an ideological level, the pro-Spanish "Incondicionales" were conservatives, while the criollos espoused liberalism and autonomism as their banners against Spain.

The merchant class monopolized commerce in the island, controlling imports and exports between Spain and Puerto Rico, and retail commerce in many towns.[36] Through their control of the mechanisms of trade the merchants appropiated part of the surplus generated by the haciendas. This, together with the merchants´ control over the mechanism of credit, created a situation of increasing indebtdness among the hacendados, particularly those of small and medium haciendas.[37] Large and medium scale Spanish (and some creole) merchants, some large hacendados, all the bureaucratic and military officialdom of the colonial state, and the Church comprised the main sources of support of the colonial state in Puerto Rico; i.e., all those social sectors that in one way or the other depended on the permanence of the colonial state to secure their dominant position in the island. Politically, they were grouped in the Partido Conservador, later "Incondicional," whose program was one of total support and subordination to Spain and to the colonial regime in Puerto Rico.[38]

The contradictions between the hacendados and the colonial state increased during the last third of the century. It is no coincidence that these contradictions grew

along with economic growth and increased production in the haciendas; it was then that the hacendados encountered three major obstacles: credit and marketing of production (directly related to the merchant class); the availability of labor; and tariffs (directly linked to the colonial state). These problems differently affected two main sectors of the hacendado class, coffee growers and sugar-cane producers; this is one of the roots of nineteenth century annexationism in Puerto Rico.

The lack of capital and the conditions under which merchants provided credit affected all hacendados, but most severely those in the sugar sector. One of the principal complaints of the hacendados was the lack of a banking system that could provide credit to increase (or sometimes just maintain) production.[39] The lack of credit affected the coffee growers less, for they had neither need for large extensions of land nor large sums of money to maintain production like sugar growers did.[40] Although many medium and small coffee hacendados succumbed to debts to the merchants, large coffee hacendados flourished in the periods of high demand; some even entered into trade and finance.[41] Nothing testifies to this more than the continued increase in the production and export of coffee during the second half of the century, displacing sugar in total production, quantity exported, and total acres of land devoted to its cultivation.[42]

Andrés Ramos Mattei, in his study of the nineteenth

century sugar hacienda, has elaborated on how one of the main obstacles to the development of sugar production was the lack of capital and the absence of non-onerous credit institutions. After its dramatic development during the first decades of the nineteenth century, the sugar industry came to a crisis in the 1840´s. Confronted by lack of capital and reasonable credit, the hacendados decided to reform the labor regime, incapable of modernizing the means of production. The continued and increasing use of slaves, the implementation of the "workbook regime" (due largely to pressure from sugar hacendados),[43] and even the obtaining of labor from other islands of the Caribbean were attempts to solve this problem. With the abolition of slavery and the termination of the workbook system in 1873 some of the hacendados expected that the imdemnification offered by Spain for the abolition of slavery would provide them with the necessary capital to modernize their production. This failed completely; not only did indemnification take seventeen years to arrive, but also the Spanish government increased its levies on Puerto Rican sugar and maintained burdensome territorial taxes. During the 1870´s the "centrales" (sugar centrals) emerged as an attempt to overcome the crisis of the sugar industry by modernizing the means of production (machinery, acquiring more land, and creating the necessary infrastructures for both processing and transportation of sugar housing the labor force.) The sugar centrals failed due to lack of capital and the

increasing indebtness of their owners.[44] Fernando Picó, in his study of coffee haciendas, indicates that it was precisely during the sugar crisis of the 1870´s that much of the available credit for sugar production went into coffee, leading to a growth in coffee production and worsening the economic situation for the sugar hacendados and central owners.[45]

The hacendados´ opposition to the colonial state increased during the 1870´s for two reasons: first, the state ceased to be the direct provider of labor to the hacienda; second, the Spanish tariff policy imposed impediments upon trade. Once again, we have to differentiate the particular effects that these factors had on the two main sectors of the hacendado class. The sugar hacendados were the most affected. The year 1873 marks an important point in the relations between the colonial state and the hacendados: the abolition of slavery and the termination of the workbook system. With the end of both institutions, the colonial state ceased to directly guarantee the labor supply, leaving the solution of this problem to the hacendados themselves. For a long time before abolition, internal opposition to slavery strengthened international pressures against Spain to terminate the practice. Opposition to the workbook system was such that the governor proposed its elimination in 1866. According to Labor Gomez, a student of the issue, the practice was not common after 1868.[46] The main complaints against the workbook system were

the "jornalero"´s low productivity and the rise in wages.[47] The hacendados´ solutions to securing their own labor force were the resurrection of the "agrego" and the system of indebtness of its workers.

Under the "agrego," the hacendado provided a certain amount of land to the laborer (the "agregado") in exchange for his labor on the hacienda (and sometimes a small wage). In 1850 the "agrego" was prohibited when the workbook system was initiated, forcing the "agregado" off the land and turning him into a "jornalero." This labor system resulted in a deline of productivity because of bad nourishment and conflict between "jornaleros" and hacendados; it also increaased wages to enable the "jornalero" to provide by his own basic needs.[48] This was one of the constant complaints of the hacendados against the workbook system. After the abolition of slavery and the termination of the workbook system, the "agrego" became the hacendados´ main mechanism of securing the needed labor for the hacienda. As a matter of fact, the institution of the "agrego" was legalized once more in 1874.[49] Many of the freed slaves and "jornaleros" became "agregados" in the haciendas.[50] The other mechanism to "tie" the laborer/agregado to the hacienda was through indebtness. This was achieved mainly through the so-called "tienda de despacho" (retail store) of the hacendado. As a way of both coping with the lack of money and keeping the laborer tied to the hacienda, the hacendado paid with tokens or provided credit to be reedemed in his store. Due to the

low wages that they received, many laborers/agregados fell into debt to the hacendados.[51] Another form of securing labor for the hacienda was through the creation of personal and political relations between the hacendado and the laborer/agregado. Aside from the debt, the hacendado established paternalistic relations with his subordinates, providing of services (medical, religious) and through the "compadrazgo" (godfathering). More important yet, the political position of the hacendado was crucial; he was often the mayor or a high official in local governments.[52] Important consequences of this were the political independence and the organizational basis of support that that the hacendado developed against the state and the "Incondicionales."

The availability of labor differently affected the coffee and sugar haciendas, with the latter in the worst situation. The crisis of the sugar industry in the 1870´s produced a migration from the coast (sugar areas) to the interior (coffee areas) of the island, which made labor available to the coffee haciendas.[53] Many sugar hacendados opposed the abolition of slavery and the termination of the workbook system.[54] If we take into account that the sugar hacendados who did favor abolition of slavery and termination of the workbook system were for the most part owners of large haciendas, many in transition to becoming centrals,[55] we can speculate that the problem of availability of labor was one that mostly affected small

and medium hacienda owners. In any case, critical problems affected the whole sugar industry toward the end of the nineteenth century. But perhaps the element of greatest importance in restraining the growth of the sugar industry was the tariff policy of Spain.

The Spanish tariff policies toward Puerto Rican commodities affected the trade of coffee and sugar differently because of the particular markets of each product. In the 1870's the United States opened its market to foreign coffee, which moved cheap Brazilian coffee from the European to the American market. The coffee from Puerto Rico filled the void in Europe produced by the exit of the Brazilian crop.[56] Coupled with an increase coffee prices, this explains the growth in production and export of Puerto Rican coffee during the last quarter of the nineteenth century (see Tables I and III for production and export figures of coffee).[57] During this period coffee replaced sugar as the main export commodity. By 1897 the main markets for Puerto Rican coffee were Europe (particularly Spain) and Cuba, a Spanish dependency (see Table IV). Since the access to these markets was safeguarded by Spain, the bonanza for the coffee hacendados was not in contradiction to the Spanish politicies.

The sugar situation was different. Even before mid-century, the main market for Puerto Rican sugar was the United States (see Table IV).[58] Spain had imposed heavy restrictions on the export of sugar from Puerto Rico to

protect its sugar production in Andalucia. Furthermore, increased production and low prices of European beet sugar closed the European markets, including Spain, to Puerto Rican sugar.[59] Spain´s tariff policy on trade between Puerto Rico and the United States was the final blow to the troubled the sugar industry in Puerto Rico. The 1870´s was a decade of crisis; hundreds of sugar haciendas disappeared. Sugar centrals emerged as a response to the crisis of the sugar industry, but also failed.[60] The development of the sugar centrals was impeded by the Spanish tariff policy. It is important to note that towards the end of the century most of the existing centrals were funded by foreign investments.[61]

Reforms of the Spanish tariff system had been demanded by creole sectors since the mid-century. By 1847 the "Sociedad de Amigos del Pais", representating the local elite, demanded free trade with the United States.[62] During the last quarter of the century the demands against Spain, particularly by sugar-growers, increased in tone and number. In 1876 the sugar growers sent a delegation to Spain demanding free access to the Spanish market or free trade with the United States.[63] After 1879 this claim was repeatedly voiced in the island´s press.[64] In 1882 the Spanish government proposed free trade between the country and its colonies, but agricultural and mercantile interests in Spain defeated thee proposal.[65] In 1880 Puerto Rican deputies to the Spanish Cortes complained about the

precarious condition of the sugar industry in Puerto Rico.[66] If the sugar hacendados and central owners had built their hopes for recuperation upon the entrance of their product to the American market, these hopes were destroyed by the tariff war between Spain and the United States from 1890 to 1897. In 1890 the United States lowered its duties on crude sugar in exchange for reciprocity for its commodities. Spain not only did not accept the offer but increased its duties on trade between Spain and Puerto Rico. (The sugar growers complained that Spain imposed a duty of 57 percent on sugar while the United States only imposed one of 30 percent.)[67] In 1894 and 1897 the United States increased its duties on imported sugar, hoping that Spain would lower its tariffs on American products. Spain, with more fear than reason, did not lower its tariffs. The end result of this tariff policy was the collapsed sugar industry in Puerto Rico.[68] The complaints of the sugar-growers and other sectors increased; the blame for the Puerto Rican economy's precarious conditions generally fell upon the Spanish regime.[69]

Of the main economic sectors of Puerto Rico, the sugar industry was in the worst condition at the time of the U.S. invasion of the island. It should not be a surprise, then, that the sugar sector was the most avid supporter of annexing Puerto Rico to the United States, before and after the invasion.[70] This was stated very clearly by Mr. Ricardo Nadal, a sugar hacendado from Mayaguez and an active annexationist, before the U.S. government's Carrol

Commission, which studied the socio-economic conditions of the island in 1899:

> Referring again to the sugar industry here--this has been the determining point in favor of annexation to the United States. That is certainly in the minds of Porto Ricans that their sugar would not have to pay any duty on going into the United States, knowing that such a duty would amount to a bounty on their product, and this view of the matter has done much to arouse interest in Porto Rico in favor of annexation.(71)

To conclude, increased production confronted the hacendados against the merchants, which through their control of the mechanism of trade appropiated the surplus from agriculture. By the 1870's the hacendados were also confronting the colonial state. After 1873, with the abolition of slavery and the termination of the workbook system, the hacendados were forced to stop relying on the colonial state as their guarantor of labor. Lack of credit and other issues also placed the hacendados in opposition to the merchants and the state. The sugar producers were particularly affected by this situation. The political conflict of the late nineteenth century was based on these factors Those who owed their social and political position to the maintenance of the colonial regime, like the merchants and the government bureaucracy, rallied to the defense of Spain. The creoles as a group opposed the existing regime and their political organizations espoused liberalism and autonomism or independence. Sugar producers and sectors of the middle classes favored annexation to the United States.

The Organization of Political Conflict

The demands for reforms by the hacendados and the creole elite go back to the first decades of the nineteenth century. Up to the last third of the century these demands were channeled either through the Puerto Rican deputies to the Spanish Cortes or special delegations of Puerto Ricans to the Spanish Government. The first political parties (and thus the effective organization of the hacendados and other social groups) were organized during the 1870´s. The "liberal" period in Spain allowed for effective and open political organization in the colonies. In Puerto Rico, there are other factors to be considered. The first is the growth of a class of hacendados had sufficient strength and numbers to be politically and socially organized. The second is the critical situation of the economy and of the hacendados, particularly in the sugar sector. This, together witth he end of the hacendados´ reliance on state-supplied labor, leads to a third element: their increasing opposition to the colonial state. A fourth element is the growth of diverse groups whose social condition and position placed them in conflict with the structures of the Spanish regime: the petty bourgeoisie, particularly professionals (lawyers, doctors, intellectuals) and medium and small creole merchants; and also artisans and wage-earners located mainly in the main urban areas.

As we have already discussed, the political conflict

in Puerto Rico took the guise of a struggle between creoles and Spaniards, conservatives and liberals. This was reflected in the organization and struggles of the political parties. On one side were the "incondicionales" or conservatives; on the other side were the largely creole liberals/autonomists.[72] (Also on the creole side were the separatists, many of them in exile, working through clandestine organizations.) Both the pro-Spanish and the autonomist sectors were organized politically in 1870, the former in the Partido Conservador (Conservative Party) and the latter in the Partido Liberal Reformista (Liberal Reformist Party).

A very important issue that is not frequently emphasized in the Puerto Rican political historiography is the decisive role played by the "can{$27}^eros," the sugar growers, in the political parties of the nineteenth century. In her excellent study of the Liberal Reformist Party from 1870 to 1875, Dulce Maria Tirado has emphasized the crucial role played by the sugar hacendados in the creation and development of the party. The party leadership included hacendados, professionals (many of them linked to land), and merchants; within these the sugar hacendados were outstanding as a group.[73] Two of the most important objectives during the first years of the party were the termination of the levies on imports and exports and the opening of the Spanish market to Puerto Rican sugar. They also demanded a reduction in the export tariffs to the

United States to induce the latter to decrease theirs. Other demands included access to advanced technology for sugar production (through the elimination of onerous taxes in machinery, etc.); the abolition of slavery (with indemnification) and the termination of the workbook system (before 1873); and reforms in the education system (free elementary schools and a university). At the political level, their demands included more autonomy for the Provincial Deputies and town councils (institutions that were the basis of creole political power).[74] Another constant demand was the claim for equal access to the bureaucratic positions of the colonial state. They criticized the monopoly over these exercised by Spaniards and their high salaries. The creoles even demanded a reduction in salaries and the elimination of incentives for Spaniards as measures to stop their constant influx in search of bureaucratic careers on the island.[75] Tirado concludes that ''the cohesion of the collectivity rests on the struggle to break the monopoly exercised by the foreign--Spanish--merchants over the economic and political structures.''[76]

The only important demand that was implemented was the abolition of slavery and the termination of the workbook system. The political life of the party was not an impre ve one. Aside from the constant repression and other impediments that they faced, the party was hindered from the beginning by internal conflicts. On one side of the party

were the so-called "asimilistas" (assimilationists), those who wanted the complete integration of Puerto Rico into Spain. On the other side were the "autonomistas" (autonomists), those who struggled for political decentralization and economic and political autonomy from Spain. There is no study yet of the social composition of both sectors, but it has been postulated that the assimilationists included those creole sectors that benefited the most from the island's relationship to Spain: big merchants and coffee hacendados.[77] The assimilationists seemed to be the leading sector in the party during the first years, but toward 1880 they lost their position. The assimilationist faction broke with the already weakened Liberal Party (the party had abstained from electoral participation since 1874 and its political activity had diminished) and formed the Partido Asimilista in 1881.

There is no doubt that the exodus the of assimilationists from the Liberal Party was an important reason for the party's conversion to autonomism and for the creation of the Partido Autonomista in 1887, as Pilar Barbosa maintains.[78] But there are other factors to be considered. The most important one was the deplorable economic condition of the country and the critical situation of the creole sectors within it. Félix Mejías has postulated that the immediate cause for the formation of the Autonomist Party in 1887 was the economic crisis of 1886.[79] The principal sectors of the creole population met in 1886 in

search of a solution to the economic crisis. Among the main economic problems discussed was the critical situation of the sugar industry. Of the proposals to solve the crisis the most important were liberalization in the trade of sugar with the United States and support of the colonial state for sugar production. The political alternative was ´´to change the center of policy-making power from Madrid to San Juan. How? Through ´administrative decentralization´.´´[80] According to Mejias, the meetings among these creole sectors in 1886 led to the creation of the Autonomist Party in 1887; he emphasizes that many of the proposals presented in 1886 became an integral part of the party´s program. The fundamental principles of the Autonomist program were: free trade; uniform and just taxation; the creation of banks and credit facilities; administrative autonomy and "local" participation in administrative affairs; the power to participate in the making of the government budget, in terms of income as well as those areas of expenses. The power over "local administrative affairs" included ´´Public Works, Public Instruction, Health, Welfare, Agriculture, Banks, Police and formation of towns, Immigration, Ports, Waters, Post Office, Local Budget, Taxes and Tariffs, and Trade Treaties, the last subordinated as always to the approval of the Supreme Government...´´[81] These demands by the Autonomists represented wide economic and political demands against Spain, autonomist demands that the government was not prepared to grant.

The response by the colonial regime and Spanish Inconditionals in Puerto Rico to the political organization of the creoles was brutal repression, using as excuses a boycott of Spanish merchants by the creole population and the formation of creole secret societies that attacked the merchants and the government. This repression, known as the "terrible year of 1887," decimated the most important leadership of the party and broke its organization.

The Autonomist Party suffered the same fate as its historical predecessor. The party divided into two factions during the 1890´s; the conflict apparently was based on differing proposals concerning affiliation with political parties in Spain. The main faction, headed by Luis Munoz Rivera, wanted affiliation with a monarchical party that had a good chance to win the government in Spain. The other faction, headed by Jose Celso Barbosa, proposed the affiliation with a very weak Republican party. But the real source of the conflict lay elsewhere. The Munoz Rivera faction wanted autonomy "within" Spain, i.e., with greater integration into the Spanish regime; the Barbosa faction struggled for greater autonomy from Spain.[82] The division materialized during the 1897 electoral campaign, the only one held under the Autonomous Charter. Muñoz Rivera´s Liberal Party won the election and formed the first autonomist government. The Autonomist dissidents, headed by Barbosa, formed the Orthodox Autonomist Party (Partido Autonomista Historico y Ortodoxo). This division existed

within the creole autonomist sector when the United States invaded the island in 1898. The Liberal Party became the Federal Party in 1899 and supported annexation to the United States; in 1904 it became the Union Party, the main opposition to the American regime in the island. The Orthodox Autonomist Party became the Republican Party in 1898, the backbone of the statehood movement in Puerto Rico for decades to come.[83]

Thus, the social conflict between the merchants and the hacendados was transferred to the political arena. The merchants, the government officials, and all those that benefited from the colonial regime in Puerto Rico supported the Inconditionals. The creoles were grouped around the Liberal Reformist Party. The latter was, nevertheless, fragmented between its conservative faction, the Assimilationists, and its liberal core. The Autonomist Party, formed as a reaction to the economic crisis of 1886, responded to the basic demands of the creole groups: free trade, a liberal regime, self-government, credit, and access to modern technology. The political movement of the creoles in the late nineteenth century was determined by the configuration of its main social sector, the hacendados. Their rally behind reformism and autonomy has to be explained on the basis of their structural weakness as a class.

The Basis of Creole Reformism

This section will argue that the basis of creole reformism during the late nineteenth century lies in the structural weakness of the hacendados, the main creole group at the time. This is important to understading not only the political movement of this period but also of the socio-economic and political evolution of the island after the American invasion. This structural weakness underlies the facile and rapid consolidation of a capitalist economy dominated by American capital in alliance with sectors of the "creole proprietary class" and the petty bourgeoisie. American political domination in Puerto Rico was also facilitated by the presence of the statehood movement, which was in total support of the American presence in Puerto Rico.

The main creole political movement during the last three decades of the nineteenth century was liberal, reformist, and autonomist. Liberalism provided the ideological tools against Spanish absolutism in Puerto Rico. Its economic and political objectives were decentralizing reforms of the Spanish regime in Puerto Rico and not total separation from Spain. Autonomism was a political movement led by and representing the interests of the creole hacendado class. The major demands of this political movement were the economic defense of Puerto Rico and of the hacendados, free trade, particularly with the United States,

political autonomy, and control over the bureaucratic apparatus of the island.[84]

Why did the creole sectors, instead of following the example of their previous homologues in Latin America or of their contemporaries in Cuba, prefer autonomism to independence? Various answers to this question deal with speculative traits of a supposed Puerto Rican "national character" or some other subjectivist elements, but two interest us for their social scientific basis. The first one, put forward by Wilfredo Mattos, claims the hacendados depended on the colonial state to secure the necessary labor force. ´´Here is the secret of the Puerto Rican hacendados´ dependency on the colonial regime, and their reluctance to radically oppose it.´´[85] This statement may be correct up to the period of 1873-76, when slavery was abolished and the workbook regime was terminated. But we have seen that the hacendados secured their own labor after 1876. It was precisely after the "ties of dependency" were broken, that the creole political movement expanded and strengthened. But even before this period there are some issues which cast doubt on the validity of Mattos´ statement. In first armed revolt against Spain by Puerto Ricans, the "Grito de Lares" of 1868, headed by hacendados and professionals and supported by the artisans and laborers, the two main social demands were the abolition of slavery and the termination of the workbook system. These demands, furthermore, were later integrated into the program of the Liberal Party. This

explanation fails to explain creole autonomism and reformism.

Another answer has been proposed by Quintero-Rivera. He believes the hacendados as a class had achieved a social "hegemony" (in Gramsci's terms) over Puerto Rican society due to their control of the means of production. This social "hegemony," based on the seignorial production of the haciendas, was in contradiction with the hacendados' liberal-bourgeois ideology. This stimulated a pragmatic or "possibilist" political style and led the hacendados to seek reforms rather than proposing a radical break with Spain. According to Quintero-Rivera, the other important factor which prevented the "radicalization" of the hacendados was "the colonial policy." Even though the hacendados were the hegemonic social group, they were not yet the "dominant class" because they lacked control the colonial state apparatus:

> the colonial condition of the Island prevented the hacendados from becoming a dominant class. First of all, the fact that public administration was not in their hands limited their economic hegemony... Secondly, the absence of a Puerto Rican state... hindered the political manifestation of their social hegemony...(86)

Furthermore, the incapacity of the hacendados to mobilize the agricultural laborers and the peasants together with Spain's securing of the European markets for Puerto Rican coffee "precisely when coffee was achieving its highest export figures," prevented the hacendado class from rebelling against the colonial regime.[87]

Aside from some questionable generalizations made by Quintero-Rivera,[88] the logical structure of the argument itself is open to questioning. In a sense, the argument is circular: the hacendados, though "hegemonic," were not the "dominant class" because they had no control the state apparatus. Therefore, not having state power prevented them from achieving their own state. Furthermore, his use of Gramci´s concept of hegemony is questionable,[89] and it is not logical to postulate that a class that maintains social hegemony is prevented from exercising it because it lacks political or economic hegemony. A hegemonic class by definition has economic and political power. I think Quintero-Rivera exaggerates the supposed hegemony of the hacendados. He postulates that they could neither mobilize the peasant masses nor the agricultural laborers. If they were asking for reforms it was because they were in no position to demand other kinds of concessions. If they depended upon Spain to secure the European market then they could not secure it by themselves. What kind of hegemony is this? The argument is weakened further when Quintero argues that reformism is also a result of an ideological element, "possibilism"--the notion among the hacendados that short-term reforms were possible while structural changes, like independence, were not. Ideology reflects a reality; it is not its cause. Cause and effect here are confused.

Creole reformism was based on the structural weakness of the hacendado as a class: their material basis,

undermined by the colonial economic structures, prevented the hacendados from supporting radical programs like independence.. The issue of the structural weakness of the hacendado class has been previously explored by other analysts of the period in question. In her excellent study of liberal reformism from 1870 to 1875, Dulce M. Tirado reached the following conclusion:

> The liberals and the separatists of the nineteenth century are victims of the limits and peculiarities of the social and economic structure of the time, which did not allow for the development of a wide and vigorous creole propietary class capable of initiating and maintaining a frontal struggle against Spanish colonialism. On the contrary, the liberals--spokesmen for the aspirations of the hacendados most of the time--choose, through their weakness, the reformist path.(90)

The same point is made by Mariano Negrón Portillo is his study of the Liberal Party at the end of the century, as it was in the process of becoming the Union Party:

> This issue of the specific aspirations of the leading creole sectors is another of the unresolved issues of our historical analysis. Did the creoles wanted to create the Puerto Rican State, to achieve independence?
>
> As a hypothesis, it seems that it was merely an attempt by the creoles to organize the administrative structure in accordance with their reformist liberal view, which could permit them eventually to put an end to the domination of the economic structure by Spaniards and other foreigners. This reformism is perfectly understood by noticing the material weakness of the creole proprietaries, which did not allow them to approach more radical movements and ideologies like independence.(92)

In this regard, it is important to notice the commonalities in the comments by the U.S. Consuls in Puerto Rico throughout the last three decades of the nineteenth century, stressing the fact that there was no revolution in Puerto

Rico due to the incapacity of the leading creole sectors to present a revolutionary program. For example, commenting on the Yauco uprising of 1897, U.S. Consul Hall stated:

> I may say here that no revolution can succeed in Porto Rico, and none will even be attempted here from within the Island, unless Spain becomes more impotent than she is now. The natives have no discipline, no arms, no spirit, no reseources [sic] and no leaders. If ever a revolution comes it will be when there is chaos and revolution in Spain, or by armed invasion from the outside. It is therefore quite idle to talk or read of revolutions in this Island.(92)

The American Consuls were not alone. Their views was shared by most of the Puerto Rican political leadership, including--as shall be seen later--its two most outstanding leaders at the end of the century, Muñoz Rivera and Barbosa.

To conclude, the political conflict of the late nineteenth century Puerto Rico was developed out of the structures of the colonial regime that favored the Spanish merchants and prevented the growth of the creole landowners. Those favored by the Spanish colonial regime (merchants, government officials, the Church) rallied behind the Inconditional parties, giving their unquestioned support to the presence of Spain in the island. The creoles nurtured the opposition parties, the Liberal Reformist and later the Autonomist. The political movements of the creoles were characterized by their reformism and their support for an autonomist government, staying away from radical alternatives like independence. The basis for this lies in the structural weakness of the hacendados as a class. Although all creole landowners were limited by the colonial

structures, the sugar planters were the most affected by the Spanish economic structure and policies. The strongest pro-annexationist tendencies were found among the sugar planters in the late nineteenth century. The character of annexationism in Puerto Rico during this period and the annexationists' role in the political struggles at the time and in the consolidation of the American regime in Puerto Rico is the topic of the next section.

PART III: PUERTO RICAN ANNEXATIONISM IN THE NINETEENTH CENTURY

The nineteenth century Puerto Rican annexationist tendencies provided an important basis for American domination in Puerto Rico. Before the U.S. invasion of Puerto Rico, annexationism reflected the attraction among important creole sectors to the economic and political forms of the United States. This attraction was to become a source of support for the economic and political domination of the American state and capital in the island once the "change in sovereignty" was a fact.

Any reference to nineteenth century annexationism in Puerto Rico has to treat the phenomenon as merely a political tendency; there are no clear indications that it existed as an organized political movement during that period. There is evidence of pro-annexationist inclinations

within the political movements opposing the Spanish regime, i.e., the liberal/autonomist and separatist movements of the nineteenth century. They were pro-annexationists because they considered the United States as the economic and political model to follow. The most radicals aspired to eventually join that country.

This section proposes to establish the existence of annexationist tendencies within the liberal/autonomist and separatist movements opposing the colonial regime in the island. This includes a discussion of the parameters of the movement through an analysis of: "La Torre del Viejo," a secret organization that led to the "terrible year of 1887"; the postulates and actions of the Puerto Rico Section of the Cuban Revolutionary Party, a separatist organization influenced by annexationists; and finally, the Orthodox Autonomist Party, historical predecessor of the Republican Party. This discussion will lead to an analysis of the 1898 conjuncture and its relation to the annexationism of the period.

The Political Basis of Nineteenth Century Annexationism

Annexationist tendencies have been less studied in the liberal/autonomist movement than in the separatist movement of the nineteenth century. The exception to this is, of course, the Orthodox Autonomist Party. Due to its transformation into the Republican Party, it has attracted

scholarly attention. This study maintains, nevertheless, that the roots of the phenomenon are to be found farther back, where they are more profound. Puerto Rican liberalism, be it reformist or autonomist, was a historical source of annexationist tendencies. As a reaction to Spanish absolutism in Puerto Rico, liberalism represented the political aspirations of the creole elite. The liberal alternative to Spanish absolutism was incarnated in a nearby political regime, the great "Colossus of the North." Liberal, economically strong and expansive, the United States became the political model of the Puerto Rican liberals. It is not surprising, then, that commenting on the news that U.S. President Grant had offered Spain $150 million to buy the islands of Cuba and Puerto Rico, a member of the creole elite declarared in 1869:

> To those of you that are hurt in your quixotic susceptibilities by the idea of the sale, think that annexation will bring with it the right to vote on our own budgets and to invest our taxes in whatever we may consider necessary; that it will bring with it a great reform in tariffs, the development of public instruction, free trade, freedom of the press, and all those great advances that are represented in the fatherland of Washington and Lincoln. Imagine that the jobs and destinies that today only enrich certain people exclusively will be of those worthy of them by their virtues and knowledge. Remember, finally, that instead of being colonized you will be citizens of the Free America.(93)

This attraction to American liberalism by creole sectors existed throughout the latter part of the century and fueled annexationism. As the "Manifiesto" of the Section Puerto Rico during the United States invasion declared: ´´From an

exploited possession of an absorbent Monarchy you will be transformed into a country of democratic and republican institutions.''[94]

Along with this admiration for the political system of the United States was another very important factor: the U.S. as a world economic power. The United States was an example to the creole elite of a great industrial society, which Spain would never be. Agricultural producers wanted to penetrate its immense market; merchants desired its innumerable manufactured commodities; landowners and business people wanted its aggressive capital. Studies about the local perception of the United States during the period show the great admiration that the creoles felt towards the economic system of that country.[95]

This admiration of the American economic system was related to the economic relations between the Spanish colony and its powerful northern neighbor. When the U.S. invaded the island, commercial and financial relations among them had been going for more than a century. Even before the independence of the thirteen colonies at the end of the eighteenth century, there were commercial contacts between them and Puerto Rico, which increased through contraband as the American economy grew.[96] Once economic relations between P.R. and other countries were legalized at the beginning of the nineteenth century, the United States achieved a privileged position; by 1830 it was the major importer from (with 27.2 percent) and exporter to (with 49 percent) of

Puerto Rico. In a few years Spain would replace the U.S. through the imposition of tariffs, but the latter would remain among Puerto Rico's major trade partners.[97] The U.S. was the major buyer of Puerto Rican sugar by the end of the century. Furthermore, the island had to buy a great amount of consumer and capital goods both because the predominance of commercial agriculture prevented the cultivation of staples, and the low industrial capacity of the economy did not allow the production of manufactured goods for consumption, or the production of machinery. Since Spain lacked the capacity to satisfy the demands of its market, Puerto Rico needed to trade with other, more advanced industrial economies, including the United States. Towards the end of the nineteenth century Puerto Rico was buying a fourth of its imports from the United States, including machinery, manufactured goods, and foodstuffs like wheat and beef.(See Table V) These commercial relations strengthened the ties between some creoles and the U.S., particularly those with commercial houses or products linked to American trade.

Annexationist Tendencies

The admiration for the political and economic system of the United States was transferred to the political arena. A letter from Jose P. Morales to Jose Julian Acosta, then leader of the Liberal Party, outlined the division within

the party around the issue of the admiration of some party members for the United States:

> I am saddened by the idea that as soon as the hand that oppresses us is raised from our necks, the party of reform will be divided and weakened. Liberals will naturally be divided in two sides: to one side will go those as myself who want to keep all that is good in the glorious traditions of the Latin race; and to the other side will go the followers of the protestant propaganda and admirers of the North American civilization.(98)

In 1891, Luis Muñoz Rivera, then leader of the Autonomist Party, proposed annexation to the United States as one of the alternatives available:

> We Antillean liberals have diverse paths in front of us: The annexation to the United States, rejected by all Puerto Ricans that feel proud of their Latin blood; the separatist rebellion that not one among us defends, and that, given the conditions of our people, is an unreachable utopia; the complete autonomy that does not fit the Spanish system, and that will never be given by the Madrid Government; the decentralization which we desire today and that we shall obtain in time without the need of colossal sacrifices, as long as we know how to advance firmly and disdain all sterile romanticism."(99)

The implications of this passage for future events will be discussed later. Nevertheless, his mention of annexationism is not mere speculation.

It is very hard to speculate on the nature of the annexationist tendencies within the liberal/autonomist movement since there is hardly any documentation of such phenomenon. The threat of repression and the lack of an annexationist program could have been factors that inhibited the tendency to manifest openly. We even have to be very careful in assigning annexationist postures to the Orthodox Autonomists, the historical predecessor of the Republican

Party, which in any case are very difficult to document. We merely have to try to understand the conditions and factors that led this group to become the backbone of the twentieth century statehood movement.

Another area of nineteenth century annexationism that has not been dealt with is the so-called "annexationist party." There are references to the existence of a so-called "annexationist party," but its evolution and destiny are unknown. One such reference is given by Pilar Barbosa. According to her study of nineteenth century autonomism in Puerto Rico, Juan R. Ramos declared:

> My father was a benefactor of humanity; he hated slavery... So when the war was declared between (secessionist) States and those of the North because of the abolition of slavery,... his sympathy for the Northern States led him to affiliate to the annexationist party, which was the only one here that was fighting Spanish domination...His death was caused by a brutal act of the Military Governor... These antecedents led to the events that in the year of 1865 I was considered one of the many affiliates of the annexationist party...(100)

This "annexationist party" was not the only organization fighting the Spanish regime; other separatist clubs were conspicuous in their clandestine struggle against Spain in the island at the time. Their relationship remains an area for further historical research. For example, Ramón Emeterio Betances, the main leader of the nineteenth century separatist movement, also referred to this "annexationist party": "It is impossible not to recognize that before the revolution [of 1868] and during the first days of the insurrection, there existed in Cuba and Puerto Rico a party

that wanted to annex the islands to the United States of America." The letters of Betances are full of important references to the Cuban and Puerto Rican annexationists and their political role throughout the century.[101]

Another reference to the "annexationist party" was given by the U.S. Consul in Puerto Rico. In 1867, before the events of 1868, he acknowledged the existence of an independence party and added: ''There is another party, much more considerable, anxious for a republican government, but with annexation to the United States or under its protection without slavery.''[102] We have to remember that the term "party" as used here simply denotes a political group or faction and not the modern conception of the political party. Nevertheless, the whereabouts of this "annexationist party" are not known after 1868, after the defeat in Lares and the formation of the Liberal Party in 1870. It has been argumented that revolutionary clubs of annexationist tendencies participated in the organization of the Lares rebellion of 1868, the most important separatist rebellion of the nineteenth century. The Spanish governor at the time complained that in May of 1868 a number of confiscated pamphlets demanded the annexation of Puerto Rico to the U.S. The comments of the U.S. Consul in the island at the time of the incident emphasized the annexationist influence in some of the revolutionary clubs participating in the organization of the rebellion of Lares.[103] According to the Consul, the annexationist clubs decided to retire from the attempt

because the conspirators could not agree on the final political form of the would-be Republic--independence or annexation to the United States. The Consul argued that the withdrawal of the annexationist club was one of the elements that led to the failure of the rebellion.[104] These annexationist clubs at the time of the Lares rebellion are probably the same or related to the "annexationist party" discussed earlier, though there is no evidence to verify this. The relationship between the supporters of annexation and the evolving separatist movement during the nineteenth century needs to be studied further. The most clear manifestation of this phenomenon is found, nevertheless, in the Section Puerto Rico of the Cuban Revolutionary Party.

The Section Puerto Rico of the Cuban Revolutionary Party

The Sección Puerto Rico-Partido Revolucionario Cubano (SPR-PRC) was formed in December of 1895 in New York City by a group of Puerto Ricans, most of them exiles. Its aim was realizing one of the objectives of the PRC: that of ''auxiliar of the independence of Puerto Rico.''[105] The relationship between the Section Puerto Rico and the PRC leadership was very close, even though the Section had wide autonomy over its organizational duties and actions. The leadership of the SPR ''was mainly made up of educated persons or of those who had lived for a long time in the United States, and that had internalized the ways of life of

this society, particularly the Republican concept of government. Some of them had ties to the American and Puerto Rican commercial community. Ties which would become closer after the change of sovereignty.''[106] Among its leadership and members were found key figures of the statehood movement after 1898: its president, Julio H. Henna, Roberto H. Todd, Pedro J. Besosa, Felix Matos Bernier, Eduardo Lugo Viña, Manuel del Valle Atiles, Antonio Mattei Lluveras, Mateo Fajardo, and others.

The SPR was internally divided between supporters of independence and those seeking the annexation to the United States. The latter had a great influence in the day to day affairs of the organization, sometimes being the dominant voice in the SPR's executive council. Nevertheless, they were restricted by PRC status and politics from engaging in pro-annexationist activities within the organization. Betances wrote: ''I know that Henna is an annexationist and he has confessed it to me; but I know also that he does not engage in annexationist politics, for he does not have that right.''[107] At the time of the invasion, Henna, a citizen and ardent admirer of the United States, believed that the U.S. would recognize Puerto Rico's right to self-determination, including that of annexation. Henna's "profound deception" at the U.S.'s outright annexation of the island without consultation of the population and its implantation of a colonial regime was a position not fully shared by the majority of the SPR leadership, as Todd shows:

> Dr. Henna believed that the only goal of the United States was to defeat the Spanish power in these waters and that once this was achieved the inhabitants of Puerto Rico, through the means of a plebiscite, would decide if they wanted to be free and independent, or to remain under the sovereignty of the United States.
>
> I have to make clear that none of Henna´s fellow members in the Directory (of the SPR) shared his beliefs in this respect. I remember that every time that in our meetings this issue was brought up, the candid doctor, who in this respect showed an infantilism based only in the glorious facts of the history of the American people, was left alone.(108)

Even after the U.S. annexation of Puerto Rico, Henna supported annexation and statehood for Puerto Rico.[109]

Among the actions taken by the PRC involving the SPR was an attempted military invasion to Puerto Rico during 1895-96. The PRC provided arms, ships, soldiers, and other logistical elements, and assigned the Puerto Rican general of the Cuban Revolutionary Army Juan Rius Rivera, to lead the invasion. The organization of the attempt included obtaining support in Puerto Rico of such prominent political figures as Muñoz Rivera and Barbosa. The attempt was never carried out due to military difficulties and lack of support in Puerto Rico.[110] This last issue is very important. The replies given by Barbosa and Muñoz Rivera to the SPR´s request show the nature of the creole political movement. In a letter to Todd, Barbosa commented about the planned invasion:

> ...I can assure you that any attempt will fail and it will only serve to make our situation worse than it is today... I am still a member of the Autonomist Party and as long as I remain such, I will be honest and fulfill my duty, for you know how much I love my country to remain insensible to its pains; but I have not lost my judgement to get ahead of the natural march of events

> and bring a conflict without any result whatsoever... there will be no revolution here if it is not imported, and even for this I doubt there is the support that many dreamers in New York believe exists...(111)

Barbosa not only rejected the proposed military invasion in 1896 but any attempt to rebel against Spain by the Puerto Ricans, whom he deemed incapable of such actions. Barbosa, like the U.S. Consul, believed that revolution (which is not defined) would only be possible from the outside, i.e., coming from non-Puerto Rican forces. This view is a constant in the political discourse of the creole political leadership during the nineteenth century. It is important to note that Barbosa emphasized his membership within the Autonomist Party (the Orthodox faction was already formed) as a reason for opposing any kind of rebellion; this not only refelected the views of the creole elite but also contradicts the image put forward by some of Barbosa as an annexationist in disguise.

Muñoz Rivera indicates the creole political leadership's self-perceived incapacity to mobilize the population against the Spanish regime. His reply, to SPR member Gerardo Forrest, a member of the SPR, came months before he departed to Madrid to negotiate autonomist reforms for the island.

> ... I consider as absolutely impossible the independence of my fatherland. Our masses still lack a complete civic education. They have never fought and will never fight with the driving force of the Cuban masses.
> ... I am going to Madrid. It is my conviction, because it suits us to be Spaniards loyal to autonomy... And if from Madrid me and my comrades do not bring the autonomy that is in our program, I do not know what they will do,

> but I can assure you, under oath, that I will return to Puerto Rico through New York and I will be with you, dear Forrest, and I will return with arms in my hands to liberate our land or to die in the demand...(112)

Muñoz Rivera always maintained, under Spain and under the United States, that independence was his political ideal, but that it was impossible to obtain. Muñoz Rivera did go to Madrid and did not have to return to the island through New York, for he and his group obtained the reforms that led to the autonomist government of 1897. However, he and the party´s commission going to Spain sent Pedro Fournier to ask the SPR to stop any action until after the commision negotiated the autonomist demands in Spain, ´´under the condition that if they did not obtain a total success in the Court, they will come to New York to side with the revolutionaries.´´[113] The leadership of the SPR rejected this compomise.

Among the most relevant actions of the SPR was its participation in the organization and activities of the U.S. invasion of Puerto Rico in 1898.[114] The members of the SPR were conspicuous ´´for their activities leading to facilitate the invasion of the North American forces and, above all, for their collaboration with the latter in the consolidation of their power over the Island.´´[115] At the beginning of the confrontation between Spain and the United States, the SPR contacted the American government and asked to participate in the organization of the invasion. We do not share Todd´s view that the United States had no plans to

invade Puerto Rico and that it was the actions of the SPR to that respect that convinced the American government to carry out the invasion.[116] That the U.S. government accepted the offer from the SPR to help in the invasion with great pleasure can be understood if we read Henna´s declaration to U.S. President McKinley in a meeting on March 21, 1898:

> The United States can save us, making us independent; and the majority of the people will decide in the future to ask or not its annexation to the American Union. As a naval station, the port of San Juan, to the North, and Bahia Honda to the South of the Island, will surpass all others in the Antilles... the island is geographically positioned before the Canals of Panama and Nicaragua, and in the path from Europe to South America.(117)

When the U.S. declared war on Spain, annexation was already an American objective.[118] On July 12, the SPR agreed to participate in the invasion and offered a regiment of volunteers to go along with the American troops. They also wrote a "Manifiesto" to the people of Puerto Rico asking their support for the U.S. invasion and their collaboration with the American government.[119]

According to Todd, months before the invasion a group of SPR leaders met with representatives of the American military to discuss possible sites for landing troops. Mentioned as possible sites were the towns of Dorado, Loiza ("inhabited mostly by people of color"), and San Juan (´´with caution´´).[120] The latter was, of course, the administrative and military center of the Spanish regime in Puerto Rico. The bay in the town of Guanica was the chosen site. The town, located in the southwest of the island, had

a very small Spanish military presence. The bay was appropiate for the entrance of ships and the landing of troops. But the most important reason was political. The southwest region of Puerto Rico was known "during the last years (as) a refuge and general headquarters of the majority of Puerto Rican separatists," according to the Spanish general Angel Rivero, a chronicler of the invasion.[121] The area was not only strongly separatist, but annexationist as well; many of the annexationist members of the SPR came from there.[122] In the year 1897 there was a separatist rebellion in the town of Yauco, next to Guanica; where known annexationists had a leading role in the uprising.[123] It is not surprising, then, that the U.S. military, aware of the anti-Spanish sentiment in the area and expecting popular support for the invasion, decided to land in he southwest.

According to historian Rosario Natal, the town of Guanica was chosen not only because of its bay and poor defenses but also because of the knowledge that "a good number of the inhabitants of the near towns were dissatisfied with Spain. They were expected to collaborate with the initial operations." He argues, furthermore, that one of the factors explaining the "enchanting and infantile disposition" of the Puerto Ricans in acclaiming the U.S. invasion forces was ´´the rising wave of annexationist sentiment´´ in the island.[124] All the way along the southwestern coast, from Guanica to Ponce, the U.S. troops received the support of the local administrative bodies and

the population. In Guanica and Yauco, the first two towns to be taken by U.S. troops, the mayors thanked God for the invasion, offered their loyalty to the United States, and proclaimed ´´Viva Puerto Rico americano.´´[125] The war in Puerto Rico took only thirteen days and 3,415 men (not the 25,000 suggested by U.S. Consul Hanna), with the U.S. controlling at the time of armistice over 23 of the island´s 70 towns. U.S. troops found no major resistance from the Puerto Rican population and received support in all of the towns taken.[126] All classes and social groups in the creole population gave their support to the invasion. On July 29, four days after the invasion, the "Casino de Ponce", an institution of the local dominant class, held a sumptuous dance in honor of General Miles, Commander in Chief of the invasion: ´´All the Ponce society and many distinguished families from near towns gathered in such a significant social occasion.´´[127] Puerto Rican annexationists, many of them from the SPR landing with U.S. troops, were conspicuous as guides, translators, etc. for the advancing U.S. troops and administering the occupied towns. Among the known pro-annexationists, Lugo Viña commanded a group formed by Puerto Ricans which went ahead of American troops and which in some cases took towns by themselves. Mateo Fajardo organized law and order in occupied towns. In the town of Fajardo, Santiago Veve took the town and organized a new administration days before the U.S. troops entered the town. In Ponce, annexationists participated in the negotiations

for peaceful retirement of Spanish troops and joined in the new administration of the city. In most occupied towns the American military left them in charge of organizing new local governments.[128]

SPR and Orthodox Autonomists joined forces and founded the Republican Party in 1898. During and after the invasion, they facilitated the insertion of the American state in Puerto Rico and were a source of support for the new structure of domination. Here notions about nationalism as an abstract force moving world events become blurred: separatism, explained most of the time by concepts of "nationalism," "national identity," and such others, becomes confused with annexationism, the opposite. The defenders of the "Puerto Rican national identity" (Munoz Rivera) were not separatist nationalists but autonomists and even annexationists under both Spain and the United States.

Thus, pro-annexationist tendencies existed within both liberal autonomism and separatism. The most radical opposition to the Spanish regime in Puerto Rico was the separatist movement, including annexationist sectors. The evolution and actions of the SPR are the best example of this tendency; it became a strong supporter of the U.S. invasion of the island and of the implantation of the American regime in Puerto Rico.

The Social Basis of Nineteenth Century Annexationism

The continuity of nineteenth century annexationism and its materialization after the American regime was established in Puerto Rico is found not in any ideological construct, but in the social basis and the political program of the forces that gave life to it. The early twentieth century Republican Party was formed around a programmatic alliance between the professional and commercial petty bourgoisie and the local bourgeoisie (particularly its sugar sector). Our thesis is that this alliance came into being a decade before the American regime was established in Puerto Rico, within the most radical faction of nineteenth century Puerto Rican autonomism. The most common assertion among students of nineteenth century Puerto Rican politics is that the basis of the Republican Party (and thus of modern annexationism) is found in the Orthodox Autonomist Party, which is correct to a certain extent (we have to remember the existence of the SPR-PRC). But the basis of theOrthodox Party, and of organized annexationism as such, lies farther back, in the year 1887, in a secret society named "La Torre del Viejo," (The Old Man´s Tower). There, for the first time, the representative leadership of what became the axis sectors of the Republican Party were joined in a common political program.

The nineteenth century pro-annexationist tendency had its deepest roots in the sugar sector of Puerto Rico, which

has been acknowledged in studies of the period.[129] The causes for and public manifestation of this have already been mentioned. To expand on the origins of Puerto Rican annexationism we shall briefly compare it with a similar phenomenon: Cuban annexationism.

The existence of annexationist sentiments in Cuba and Puerto Rico, both Spanish colonies in the Caribbean, indicates similar socio-economic factors that stimulated a common political phenomenon. The different political paths of the annexationist movements in Cuba and Puerto Rico reflect the particularities in each country. The main similarity is that annexationism in both countries was linked to the sugar industry. The main difference lies in the different stages of development of the sugar economy in each country: Cuba's was built on the production of sugar with slave labor, which led to a stronger annexationist movement.

By the mid-nineteenth century there was already an annexationist movement in Cuba, linked to the issue of slavery. On the one hand, Cuban sugar slaveowners, mainly the wealthy Western hacendados, were afraid that Spain, giving in to international pressures, would decree the abolition of slavery; on the other hand, Southern American slaveowners dreamt of taking Cuba to increase their power against the North. According to Philip S. Foner:

> ...it is not surprising that when Spain appeared to be veering towards supporting abolition of slavery, thus seemingly abandoning its role as protectors of White

> Cubans against blacks, schemes of annexation to the United States, where slavery flourished, emerged. But as fears that Spain would interfere with slavery subsided, annexationist sentiment in Cuba lost its main appeal. Annexationism continued, but the main initiative now came from the predominantly pro-slavery groups in the United States who saw in the annexation of Cuba a vast area for the expansion of the Cotton Kingdom and the acquisition of increased political power in the national government.(130)

American southern slaveowners attempted repeatedly to annex Cuba, financing unsusccessful annexationist conspiracies in 1848, 1850, and 1851.[131] The abolition of slavery in Cuba broke the dependency of Cuban slaveowners on Spanish protection of the institution, transforming the incentive for annexation: ''after slavery was abolished in 1880, the Spanish alliance lost its attraction. The economic advantages of independence, especially free and unlimited trade with the United States, held more attractions.''[132] As in Puerto Rico, some Cuban annexationists participated in the independence movement, but for several reasons abandoned their annexationism when confronted by the Cuban nationalist impulse of the last decade of the century. Contrary to the Puerto Rican case, Cuban annexationism flourished within the dominant economic sectors of the island: within the large creole merchants and sugar producers, and even among Spanish merchants. The main reason for this was their terror of an independence that they would not be able to control, including the mobilization of the masses (mostly slaves and mulattoes.)

The last three decades of the nineteenth century saw

the expansion of American capital in Cuba, primarily in mining and sugar, and the expansion in trade between both countries. It has been estimated that the United States had some $50 million in investments in Cuba by 1895. 85 percent of Cuba´s exports went to the U.S., including 94 percent of Cuban sugar; American imports to the island surpassed those of Spain. It is not surprising, then, that the U.S. Consul in Cuba declared that the island had turned into a dependency of the United States.[133]

In this situation, the impediments imposed by the Spanish regime to Cuba´s trade with the U.S., the monopoly over local trade by Spanish merchants, who opposed trade with the northern neighbor, and the tariff war between the U.S. and Spain during the 1890´s led to a rising aspiration among the Cuban creole elite toward integration with the United States. This group was politically conservative and opposed to independence. Together with a group of Spanish merchants, they opposed the Cuban revolutionary movement of Martí and Maceo (whose social basis was found in the economically beaten sugar hacendados, cattle raisers, and merchants of the eastern part of the island, and whose army was made of mulattoes and former slaves). In 1896, this annexationist sector, fearing the fall of Havana to the revolutionaries, first gave their unconditional support to the Spanish government and then solicited the U.S. government to intervene in Cuba in order to prevent the triumph of the independence forces.[134] Cuban annexationism,

with deeper roots and far more developed than in Puerto Rico, faded slowly once the Republic, under U.S. tuttelage, was established. In Puerto Rico, however, annexationism was to expand as a political movement under the direct presence of the United States.

The differences between Cuban and Puerto Rican annexationists' experiences can be significant. In Puerto Rico slavery did not have the economic impact it had in Cuba. In Puerto Rico, slaves never amounted to more than thirty thousand, while in Cuba they surpassed a million. The issue of slavery promoted annexationist tendencies among large Cuban slaveholders, a sentiment that may have continued to exist after abolition. In Puerto Rico, on the contrary, by the end of the 1860's the annexationists were opposed to slavery. Cuba had a stronger economy than Puerto Rico, which may explain the interest of U.S. slaveholders in annexing it. There is no such indication with respect to Puerto Rico. Furthermore, Cuban economic development itself forced the dominant sectors to contemplate annexation as an alternative to revolution. This did not happen in Puerto Rico, where the economically dominant sectors fueled Spanish Inconditionalism. The most hard pressed sectors moved toward annexationism in Puerto Rico, while in Cuba they moved to separatist nationalism.

Lacking concrete documentation, it is possible to speculate that Puerto Rican annexationism within the sugar sector followed the same path of the Cuban sugar growers:

support for annexation based, first, on the issue of slavery and, later on, on the issue of the American market.[135] But by 1870 slavery was not supported by the creole sectors. By the late 1860's there was sentiment in favor of abolition in Puerto Rico, even by creole slaveholders.[136] The Liberal Party, with its predominant sugar sector, was opposed to slavery, and abolition (with indemnification) was its main political achievement. A large number of creole slaveholders favored abolition. The Spaniards and the Conservative Party opposed it, fearful of a number of accompanying reforms that could threathen their dominant position in the island.[137] After 1873, the disastrous condition of the sugar industry became the main element in promoting annexationist sentiments within the sugar sector in Puerto Rico.

The sugar hacendados and central owners were not the only creole sectors that showed annexationist tendencies or would move to the annexationist party after 1898. As already mentioned, the leadership of the SPR-PRC included a large number of professionals and merchants. The axis of what became the Republican Party after the American regime was established in Puerto Rico developed from an alliance between the petty bourgeoisie (professionals and merchants) and a sector of the hacendados (most of them sugar growers, but alsosome coffee growers located in the southwest of the island). Out of these sectors was born the Puerto Rican bourgeoisie under the hegemony of U.S. capital. This alliance materialized for the first time in the year of

1887, in a secret society called "La Torre del Viejo."

La Torre del Viejo

In 1887, the Autonomist Party was formed in the city of Ponce, stronghold of the creole elite. It was also known in as "the terrible year of 1887," due to the brutal repression that the colonial government and the Spanish "Incondicionales" unleashed against the creole population--particularly against the Autonomist Party. The formation of the party was the general cause of the repression; the immediate cause was the actions of an anti-Spanish secret society known as "La Torre del Viejo." 138 The best historical account and analysis of the society is given by José Celso Barbosa, one of its members.[139] This is no coincidence, for from the most conspicuous members of that society came the leadership of the Orthodox Autonomist Party and later the Republican Party: Barbosa, Gómez Brioso, Matienzo Cintrón, Roberto H. Todd, Ricardo Natal, José Guzmán de Benítez, Julían Blanco Sosa, Pedro del Valle Atiles, Juan Hernández López, and others. Barbosa described the formation and objectives of the society as follows:

> And the economic situation created under the sanction of the arbitrariness, the injustice, the prejudice, and official favour that was depriving the "boricua" of its wealth, created a state of discontent that led to desperation; and the people ("pueblo") searched for remedies to that afflictive situation, not in arms, because the poor island, too small, did not have the elements necessary to imitate Cuba, but in creating a state of economic revolution through the boycott; and

> thus emerged the secret society "La Torre del Viejo."
>
> Secretly, a great meeting took place in a city of the island (Ponce), attended by all the persons of greatest worth in the country, by their social, economic, and intellectual position: old, young, professionals, workers, industrials, farmers, white, black...
>
> And in that secret but magnanimous and patriotic assembly, the economic problem of the Puerto Ricans ("boricuas") was extensively discussed; and as the only remedy, born of desperation, a vast secret society for the assistance, protection, defense, and progress of the Puerto Ricans was organized and brought to life...
>
> ... It was a defense of the people, maybe too passionate, of radical procedures, and of a somewhat exclusive and absorbent tendency. But to that society we belonged...
>
> The primordial end, the ideal that that secret society aimed for, was the assistance, protection, and mutual defense between the Puerto Ricans for their material and moral progress, in order to safeguard their precarious economic situation, and so that they could once again be the owners, even of a small portion, of the sources of wealth of their land.(140)

The recuperation of the "sources of wealth" of the country became the basis of the society´s political program. If the Autonomist Party gathered around it the majority of the hacendados and the petty bourgeoisie in 1887, the most radical factions nourished the secret society and would later on form the Orthodox Autonomist Party.

The secret society existed previously, but at the time Barbosa joined it, ´´under the warmth of the sweeping enthusiasm provoked by the Autonomist assembly in Ponce,´´ the society began to expand.[141] The secret society was linked to and nourished from the formation and growth of the Autonomist Party.[142] Even though their objectives were primarily of an economic nature, the actions of the society had important political consequences. Its main action was a boycott by their members of Spanish merchants; they were

required to trade with Puerto Rican establishments only or to create them where none existed. Cooperatives and associations of mutual aid were formed and no business was to be done with establishments that did not employ creoles. Their merchant members had to buy their merchandise from Puerto Rican farmers, who had to sell their products to creole merchants. The secret society grew dramatically around the island, but particularly in the southern and western areas.[143] The Autonomist Party leadership's position towards it was a difficult one. They could not be opposed to it both because many of its members were party militants and its economic objective of breaking the commercial monopoly of Spaniards in the island was part of the Autonomist program. On the other hand, the party leadership was not in total agreement with the actions of the society, primarily its violent acts (e.g., the burning of Spanish businesses). The Inconditionals and the government linked the society to the Autonomist Party, even when its leadership disowned the society's actions. Increasing popular support for the Autonomist Party and the success of the boycott against Spanish merchants led to a reign of terror against the creoles in general and the Autonomist leadership in particular.[144]

The most radical sectors of the hacendados and of the commercial and professional bourgeoisie, the basis of the Autonomist Party, supported the secret societies and later were grouped around the Orthodox Autonomists. As mentioned

earlier, the hacendados, particularly the sugar growers and central owners, whose economic situation at the time was critical, had good reasons to move in this direction. It is important to mention the creole merchants of the southwest part of the island, particularly in and around Ponce, who maintained trade relations with the United States and whose economic growth was prevented by Spain´s limitations on trade.[145] Why would the professionals support this political path? There was an ideological reason: this social group included intellectuals educated in Europe and in the United States, where they had absorbed the liberal creed. They viewed the local situation from that perspective. Many were descendants of the hacendados and empathized the situation of this class. Furthermore, the limitations imposed by the Spanish regime limited their own development as a social group: the taxes on professionals imposed by the government; the general poverty of the country, which limited the market for services; the lack of schools and hospitals; restrictions on the press, etc. Also, as an intermediate social group, they were prevented from moving to higher social positions within either the productive and commercial system or the government. Barbosa, as member of this sector, described their situation:

> The poor Puerto Ricans had to take refuge in the exercise of the professions that were out of the intellectual reach of those powerful, and had to abandon the country; and they went to Europe, and there they became doctors, lawyers, engineers, pharmacists, dentists, scholars, painters, journalists, musicians, etc., so they could return later to their country and

> live and be something in their land.
> The Puerto Rican youth, by necessity, was forced to abandon commerce, industry, agriculture, and look for refuge in the field of the intellect. But the main sources of wealth remained in the power and under the exclusive exploitation of the foreigners ("exoticos").(146)

The goal of recapturing these "main sources of wealth" joined these different social classes and groups in a common political program. Hacendados and centralists, merchants and professionals were united in a political bloc whose program was not reform but the total transformation of the existing society. This bloc, I believe, was formed in 1887 under "La Torre del Viejo" and was the central axis of the Orthodox Autonomists; their program will take on greater importance in the Republican Party, under the economic and political regime of the United States.

Nineteenth century Puerto Rican annexationism flourished in the southwestern part of the island, centered around the area of Ponce, where sugar production and trade were the important economic activities.[47] Another pro-annexationist group of economic importance were coffee hacendados of Corsican descent centered around the town of Yauco. This group came to the island in the first migrations of the nineteenth century and later dominated the production of coffee in the area. They were part of the small group of coffee hacendados that were able to move into trade and even provide credit to other hacendados. They are best known for their economic affluence and their modernization of coffee production.[148] They were characterized politically by their

liberal creed (heritage of French Republicanism), their firm opposition to the Spanish regime, and their admiration for American Republicanism. Out of this group came the most outstanding annexationists of the period, many of them members of the SPR-PRC. They were the organizers of the Yauco rebellion of 1896, and suffered the consequences of defeat--imprisonment, and exile.[149]

Another important sector that moved politically to the Orthodox Autonomists, and after 1898 to the Republican Party, were the urban workers and artisans. These two groups expanded in the main cities of the island, stimulated in part by developoment of commerce. Great numbers of them came to the cities after the abolition of slavery and the termination of the workbook system. Others left the sugar areas after the crisis in the industry and the breakdown of the "agrego" system. The attempt to solve the crisis of sugar production in the 1870's with the formation of centrals and the modernization of the productive process required an increase in land devoted to cultivation of sugar, resulting in the expulsion of large numbers of "agregados" who used to live in those lands. Many of these became agricultural wage-owners in the centrals; others moved to the cities to sell their labor. This group of wage-earners (tobacconists, shoemakers, printers, bakers, etc.), together with the artisans, developed an ideological and political posture of opposition to the Spanish regime. Moved both by a series of general afflictions (inflation,

lack of currency, taxes) and some particular to them (prohibition of trade-unionism), these wage-earners supported the most radical sector of autonomism, the Orthodox Autonomist Party.[150]

Thus, annexationist tendencies flourished in the sugar industry in Puerto Rico, as in Cuba. Together with sectors of the petty bourgeoisie (professionals and merchants), they formed the most radical faction of late nineteenth century creole autonomism. Their political program, based on "the recuperation of the sources of wealth," materialized for the first time in the secret societies of the late 1880´s. "La Torre del Viejo" marks the birth of those political forces and their program, which would become the axis of the statehood movement in the twentieth century. They became organized politically first in the Orthodox Autonomist Party.

The Orthodox Autonomists and Nineteenth Century Annexationism

The immediate cause for the formation of the Orthodox Autonomist Party was the pact between Muñoz Rivera´s faction of the Autonomist Party and a monarchical party in Spain, merging the Autonomist Party with the Spanish party in return for a promise of autonomist reforms for Puerto Rico. The opposition to the pact by the Barbosa faction was based on refusal to fuse with a Spanish party, particularly a

monarchical one. The faction headed by Barbosa was also opposed to the kind of autonomy demanded by the "fusionists." The Orthodox position was one of complete decentralization within the Spanish regime. The Barbosa faction was characterized by its defense of Republicanism, autonomism, and complete administrative and political decentralization. Barbosa described his position as follows:

> The Autonomy of our country, if it is going to be such, has to be based on the defense of the Puerto Rican interests, free from any compromise with a peninsular party...
>
> We have have not introduced anything new to local politics, we follow the teachings of the good liberals that preceded us in the task of regeneration of our nation, and we continue to preserve purely and integrally our creed, loyal to our oath given in the memorable assembly in Ponce; without taking new paths, without accepting changes in name that will bring no benefit, placing the regionalist note within the nationality before any other, even when this would alienate from us the sympathies of those in power, and grateful to the only form of government (the Spanish Republic) that gave Puerto Rico the honor of turning serfs into citizens, for whatever the time it was in power.(151)

Two issues concerning the Orthodox Autonomist Party and its eventual political evolution into the Republican Party, need to be discussed. They are the differentiation between the Orthodox Autonomists and the Liberal Fusionist Party headed by Muñoz Rivera, and the degrees of affinities toward annexationism in the Orthodox. With regard to the first issue, it has been argued that the main difference between the parties lay in the clashing of personalities among their respective leading figures, Muñoz Rivera and Barbosa.[152] This notion, which views politics as the result

of great individuals, has no analytic power to explain a broad range of political phenomena. The other proposition that tries to explain the differences between the Autonomist forces proposes that the distinction is one of degrees between its leadership, with the Orthodox Autonomists representing ´´those groups most interested in the ´modernization´ of the Puerto Rican society.´´[153] Though within the leadership of both parties there were a great number of professionals, the main differentiating element between the Orthodox and the Liberals is their social base: the sugar growers and the radical petty bourgeoisie were Orthodox, and the coffee hacendados were Liberals.[154] This is the basis for their distinct political programs. To the Orthodox, but not to the Liberal Fusionists, their Republican liberalism was non-negotiable, and even though the Orthodox wavered on the issue of fusion with peninsular parties, they were opposed steadfastly to uniting with a monarchical party.[155] The Orthodox autonomist position emphasized a wider and more decentralized autonomy than that of the Liberals. Their opposition to the autonomist government of 1897 was based not only on the attacks and manipulations by the Liberals against them, but in the limitations imposed upon that autonomy by Spain.[156] According to Barbosa, the autonomy ´´with Spain was the highest aspiration that our country could had.´´[157]

The other issue with regard to the Orthodox Autonomist Party and its future evolution is the so-called

annexationist "vocation" that it supposedly concealed. According to W. Mattos, due to the lack of ´´a clear annexationist program, the Orthodox Party had to take cover under the flag of republicanism to conceal its inclination toward the United States. Once the invasion altered the political panorama, the Orthodox dicovered their natural political position and formed the Republican Party.´´[158] We are in complete agreement with the second statement; with the first we have to disagree. Republicanism was not a concealing veil but rather one of the elements that would "incline" Orthodox Autonomism toward annexationism after the invasion. The Orthodox Autonomist Party could not have a "clear annexationist program" simply because that was not its goal under the Spanish regime. Although within the party there were many members with known annexationist tendencies, many of them from the SPR-PRC,[159] this was never the position either of its main leadership or of the party itself. It is not surprising, then, that there is neither documented evidence nor any mention whatsoever of any declaration in favor of annexation by Barbosa or any other of the main Orthodox leadership before the invasion of 1898.[160] As a matter of fact, the references made to the United States by the leaders of the party before and during the invasion are negative. When the U.S. declared war against Spain, El Pais," the newspaper of the Orthodox party, declared that the United States was "the modern Carthage," that they would never be "slaves of the yankees"

and that they would be ''in a definitive, irrevocable, insurmountable manner and forever united to the destiny of Spain.''[161] Barbosa himself in 1918, commenting on the Autonomist Party of 1887, declared: ''Maybe, if the success of that program and the realization of those ideals would have changed completely the destinies of this nation, the catastrophe of 1898 would have never taken place.''[162] Nevertheless, on August 27, 1898, little more than a month after the invasion, a group of the best known leaders of the country--among them the bulk of the Orthodox Autonomist leadership--delivered a document to the military government entitled "To the Government of the People of the United States." This document accepted and defended "the sovereignty of the United States" over Puerto Rico and made public their aspiration to become ''one more state within the Union to affirm the personality of the people of Puerto Rico.''[163] How can these events be reconciled with the formation of the Republican Party, the backbone of the statehood movement in decades to come? Where, then, lies the continuity of annexationism before and after the invasion?[164]

The element that provides continuity to Puerto Rican annexationism lies neither in any ideological construction (concealed annexationism, assimilationism, etc.), nor in the avowed political opportunism of a group, but in the political program of specific sectors of classes and social groups. As has been argued before, the Orthodox had more

"affinity" for the presence of the United States in Puerto Rico than those sectors within the Liberal Party.[165] The affinity of the Orthodox with annexation lies in the identity of interests of the sectors that formed it, not only in terms of the presence of the United States in Puerto Rico but, more importantly, in the implantation in the island of the United States' economic and political system. In contrast to Spanish absolutism was the Republican democratic system; against the limitations in trade and the worn relations of production that Spain represented, the U.S. symbolized free-trade, the desired market, and capitalist relations of production; to a decadent Spain was opposed a vigorous and powerful United States.

Once Spain granted autonomy to Puerto Rico, the "Incondicionales" weakened as a political force. The internal political and social conflict before the invasion revolved around the two creole parties, the Liberals (Barbosa called them the"new Inconditionals") and the Orthodox Autonomists.[166] The invasion "altered the political panorama," not by discovering an "annexationist vocation" in the Orthodox, but by presenting the opportunity to change the power relations between the two main creole parties and corresponding social forces. On May 28, 1899, the leadership of the Orthodox Autonomist Party presented a "Manifiesto" proposing the creation of a new party, whose preamble read as follows:

Dissolved the former parties that struggled for the

> liberties of Puerto Rico under the Spanish sovereignty, there is now the necessity to group around a new political program those inhabitants of the country that would like to work for the development of local interests under the protection of the glorious American flag...
>
> Being now a Territory and tomorrow a State of the American Union, the most perfect ideals of a people like the Puerto Ricans will be satisfactorily realized, that is to say, the prosperous and effective government in local affairs, the efficacious intervention with the other states in the national affairs, and the positive influx of powerful means directed to a civilizing end in the destinies of Humanity.(167)

The affinity toward the presence of the United States in Puerto Rico by the social forces grouped within the Orthodox Party was not limited to the ideology and politics, but extended to economics as well. The so-called "gateways to capitalism" during the nineteenth century becomes an important factor in understanding this process. It is precisely among the sectors grouped around the Orthodox Autonomists, later Republicans, that a more acute predisposition to capitalism is found. The late nineteenth century sugar industry shows the most advanced level of capitalist relations in Puerto Rico.[168] This also applies to the coffee growers of the southwest and some creole merchants, like those from Ponce, who sought wider trade with the United States) and had moved to the financial area (forming the ´´Banco Crédito y Ahorro Ponceño´´). These social sectors were limited by the Spanish colonial regime and saw in American capitalism the necessary conditions for their growth. They formed the Republican Party after the United States invasion and became the backbone of the

statehood movement, the main source of support for the new American regime in Puerto Rico.

Annexationism and the American Regime

One last issue is the characterization of the Orthodox Autonomist/Republican Party as the backbone of annexationism in the decades to come. In 1899, after the Treaty of Paris ceded Puerto Rico to the United States, the Liberal Party was transformed into the Federal Party and the Orthodox Autonomist Party became the Republican Party. Both included support for the annexation of Puerto Rico to the United States and stated their goal of making Puerto Rico a state of the American Union in their program. The differences in their support for annexation were to be seen after the U.S. regime in the island was established. Once Puerto Rico had submitted to military government by the United States, with all the changes that were implemented during this period, and once the colonial government was implanted in Puerto Rico under the Foraker Law, the Federal Party became the political opposition to the regime and the issue of statehood was subordinated, and even rejected, within its program. The Republican Party remained the supporter of statehood and of the U.S. regime in Puerto Rico.

Even when both the Federal and the Republican parties showed a favorable disposition toward annexation during the first years after the invasion, those groups that coalesced

around the Republican Party (Orthodox Autonomists and SPR members) labored concretely and assiduously to secure the presence of the United States in Puerto Rico and for the formation of a new state apparatus. Along with the SPR members who participated in the invasion, many others joined the U.S. troops in their advance (as tracers, guides, spies, etc.), served the military in many tasks (translators, provisional governments, etc.), and worked to attain the greatest support possible among the population for the U.S. occupation. They also labored for support for annexation. In many towns the annexationists negotiated the pacific surrender to the U.S. troops, created or formed part of the new local governments, and even circulated pro-annexationists manifestos.[169] In Ponce, an openly pro-annexationist newspaper, The Portorican American was published, and the formation of an ´´Annexationist Party´´ was proposed.[170] In a couple of months numerous newspapers with clear annexationist views appeared throughout the island, many of them published in English or with English names.[171] Well-known members of the Orthodox leadership were the first to publicly manifest their support for annexation and statehood for Puerto Rico.[172] More important yet is the participation of this group ´´in the consolidation of North American power in the Island. This collaboration includes several areas such as mayoralties, municipal councils, functionaries in the several branches of the new government´s administration, and, very important, the

positions related to the administration of justice... We do not find in the Liberals a sincere disposition to cooperate with the invader and to facilitate him a rapid concretion of its power.''[173] When the Republican Party was founded in July 4, 1899, great sectors of it were already part of the recently imposed state apparatus. The Republican Party thus became part of the mechanism of U.S. domination in Puerto Rico and its main source of support.[174]

The United States invasion of Puerto Rico in 1898 marks a rupture in the history of Puerto Rico. But even this kind of conjuncture requires some basis of continuity with the past. The continuity of those political forces that formed the statehood movement after 1898 lies not in a concealed "annexationist vocation" or in assimilationist-cultural factors in the population, but in the specific political program of certain social sectors in the island. The historical roots of the Republican Party, the backbone of the statehood movement in Puerto Rico after 1898, lay not in the Orthodox Autonomist Party per se but in the secret society known as "La Torre del Viejo." It is here that for the first time the alliance between the sugar sector and the petty bourgeoisie was formed; the Othodox Autonomist Party represents their political organization and the elaboration of their program, transferred to the Republican Party after the U.S. invasion. The affinity of these sectors toward the American regime comes not only from their predisposition towards republicanism and and pro-capitalist tendencies but

also in the oppotunity afforded by the new regime to change the power balance between the local political forces. These sectors became a crucial source of support for the implantation of the new economic and political regime of the United States in Puerto Rico. The evolution of the American regime in Puerto Rico and of the Republican Party during the first three decades of the twentieth century is the subject of the the next chapter.

CONCLUSION

It has been the argument of this chapter that the origins of the Puerto Rican annexationist movement lie in the nineteenth century, in the conflicts that flourished under Spanish colonialism. The structures that the Spanish regime maintained in Puerto Rico limited the expansion of the creole groups. The Spanish policy of economic and political exclusivism antagonized the emergent hacendado class. The hacienda itself was the result of the Spanish policies to stimulate and increase the agricultural surplus for appropiation by the Spanish state. The hacendados´ break in "the ties of dependency" with the Spanish colonial state and growing conflicts with the merchants, who controlled the mechanism of trade, determined the liberal, reformist, and pro-autonomist character of the political movements of the creoles. It was argued that the basis for this lay in the weakness of the hacendados as a class, which steered the

political options this class supported away from radical alternatives like independence. Annexationist tendencies emerged within the Autonomist/Liberal and pro-independence creole opposition movements of the period. Pro-annexationist tendencies flourished among the sugar hacendados and central owners, who were most harshly affected by Spain´s policies in Puerto Rico. The axis alliance of the Republican Party, the main supporter of annexationism in Puerto Rico after the United States invasion, was formed during the 1880´s among the most radical sector of the Autonomists. This alliance between the sugar sector (hacendados and central-owners) and the commercial and professional petty-bourgeoisie was based on a common political program and not on any ideological-cultural element. They were organized before the invasion into the Orthodox Autonomist Party. They became the main supporters of the American presence in Puerto Rico based on the opportunity presented to them to transform Puerto Rican society and become its leading social group. The organization of a statehood movement at the turn of this century is a consequence of the implantation of the American regime in the island; the statehood movement, at the same time, became the strongest supporter of the new regime. This process, and its relationship to the political conflict in Puerto Rico during the first three decades of the twentieth century, is the subject of chapter 3.

CHAPTER 2 NOTES

1) Bolívar Pagán, Historia de los partidos políticos puertorriqueños, 2 vols. (San Juan: M. Pareja, 1972).

2) Robert Anderson, Gobierno y partidos políticos en Puerto Rico (Edittorial Tecnos, 1970); Carmen Ramos de Santiago, El gobierno de Puerto Rico (Rio Piedras: Editorial Universitaria,1970); Manuel Maldonado-Denis, Puerto Rico: A Socio-Historic Interpretation (New York: Vintage, 1972).

3) Wilfredo Figueroa Díaz, El movimiento estadista en Puerto Rico (Hato Rey, P.R.: Editorial Cultural, 1979), is the best example in this category regarding a general history of the movement.

4) I refer specifically to the work of Angel G. Quintero-Rivera, particularly his Conflictos de clases y política en Puerto Rico (Rio Piedras, P.R.: Ediciones Huracan, 1976) and the series of articles in Revista de Ciencias Sociales. Exceptions to this category are the excellent articles by Mariano Negrón Portillo, ´´El liderato anexionista antes y después del cambio de soberanía,´´ Revista del Colegio de Abogados de Puerto Rico (October 1972), pp. 369-391; and Aaron G. Ramos, "The Development of Annexationist Politics in Twentieth Century Puerto Rico," in Adalberto Lopez, ed., The Puerto Ricans (Cambridge, Mass.: Schenkman, 1980), pp. 257-272. Also, William Rios, "The Rise of the New Progressive Party and Puerto Rican Politics" (Ph.D. Dissertation, Department of Political Science, New School for Social Research, New York, in progress).

5) Throughout this chapter, "tendency" will be used to describe the annexationist movement of the nineteenth century. Throughout the period, annexationism was not organized in political parties or in a broad movement. As will be discussed latter on, it existed within the autonomist and separatist movements of the period.

6) Figueroa Díaz, op.cit., p. 11.

7) Maldonado-Denis, op.cit., p. 62.

8) Miriam Muñiz Varela, ´´Análisis del capital monopólico azucarero y el papel de la superestructura en garantizar combinadamente la acumulación originaria y la acumulación capitalista, 1898-1920.´´ Paper delivered at the XIV Latin American Congress of Sociology, San Juan, Puerto Rico, October 1981, p. 30-31.

9) In 1765 Alejandro O´Reilly surveyed the economic conditions of the island for the Spanish government. He recommended several reforms, including the promotion of a cash-crop agriculture and economic policies to undermine

clandestine trade. See Salvador Brau, Historia de Puerto Rico (San Juan: Editorial Coqui, 1975), pp. 182-184. Reforms were not implemented until 1815.

10) Kelvin Santiago, ´´El Puerto Rico del siglo XIX: Apuntes para su análisis,´´ Homines 5-1:2 (January-December 1981), p. 9.

11) Gordon Lewis, Puerto Rico: Power and Freedom in the Caribbean (New York: Monthly Review, 1974), p. 50.

12) Henry K. Carroll, Report on the Island of Porto Rico (Washington, D.C.: Government Printing Office,1899; reprinted by Arno Press, New York, 1975), p. 17.

13) Consuelo Maldonado, "Developments in the Puerto Rican Political-Adminisrative, Fiscal, and Commercial Structures During 1898-1900: The Impact and Implications of the Economic, Fical, and Political Administrative Theories of the American Military Government." (Ph.D Dissertation, Graduate School of Public Administration, Syracuse University, 1974), p. 85.

14) G. Lewis, op.cit., p. 55.

15) Arturo Morales Carrión, Puerto Rico and the Non-Hispanic Caribbean: A Study on the Decline of Spanish Exclusivism (Rio Piedras, P.R.: Editorial Universitaria, 1974).

16) Ibidem, p. 141.

17) In 1810 Ramón Power y Giralt, elected by the island´s councils, presented the Spanish Cortes a series of demands from the local elite for economic and political reforms.

18) Lidio Cruz Monclova, Historia de Puerto Rico (Siglo XIX) (Río Piedras, P.R.: Editorial Universitaria, 1952), pp. 106-113.

19) Angel G. Quintero-Rivera, ´´La clase obrera y el proceso político en Puerto Rico,´´ part I Revista de Ciencias Sociales XVIII:1-2 (March-June 1974), p. 161.

20) Laird W. Bergad, ´´Agrarian History of Puerto Rico, 1870-1930,´´ Latin American Research Review 13:3 (1978), p. 63.

21) Harvey S. Perloff, Puerto Rico´s Economic Future (Chicago: University of Chicago Press, 1950; reprinted by Arno Press, New York, 1975), p. 14-15.

22) Julian S. Stewart, et al, The People of Puerto Rico (Illinois: University of Illinois Press, 1956), p. 52.

23) Quintero-Rivera, Conflictos..., p. 14.

24) Angel G. Quintero-Rivera, ´´Background to the Emergence of Imperialist Capitalism in Puerto Rico,´´ in López, op.cit., p. 106.

25) This point is made by Wilfredo Mattos Cintrón, La política y lo político en Puerto Rico (México: Ediciones Era, 1980), pp. 28, 31.

26) Rosa Marazzi, ´´El impacto de la inmigración a Puerto Rico de 1800 a 1830: Análisis estadístico,´´ Revista de Ciencias Sociales XVIII:1-2 (March-June 1974), pp. 4-6.

27) Quote from historian Pedro Tomás de Cordoba, Memorias geográficas, históricas, económicas y estadísticas de la isla de Puerto Rico (1831-33) (San Juan, 1968), vol.II, in ibidem, p. 15.

28) See Labor Gómez Acevedo, Organización y reglamentación del trabajo en el Puerto Rico del siglo XIX (San Juan: Instituto de Cultura Puertorriqueña, 1970).

29) Guillermo A. Baralt, Esclavos rebeldes: conspiraciones y sublevaciones de esclavos en Puerto Rico (1795-1873) (Rio Piedras, P.R.: Ediciones Huracán, 1981), p. 156-57.

30) Ibidem, p. 165.

31) Adalberto López, ´´Birth of a Nation: Puerto Rico in the Nineteenth Century,´´ in López, op.cit., p. 71.

32) Office of the Commonwealth of Puerto Rico, Documents on the Constitutional History of Puerto Rico (Washington, D.C.: Office of the Commonwealth of Puerto Rico, 1964), pp. 22-46.

33) The Preambles states that ´´to the metropolitan aspect belongs the question of sovereignty, intrusted to the highest bodies of the Spanish nation... Noting of what is essential has been forgotten, and in no degree is the authority of the central power diminished or lessened.´´ Ibidem, p. 24.

34) Ibidem, pp. 39-42.

Quintero-Rivera argues that the autonomy of 1897 helped the hacendados to "establish the basis of their political domination in their struggle for a wider hegemony"; Conflictos..., p. 32. This statement is open to question and speculative.

Another view of the 1897 reforms is given by U.S. Consul in Puerto Rico, John D. Hall, certainly an interested observer, who concludes that Spain´s "paper promises are not reforms in reality and are little better than worthless." See Hall´s reports from February 2 and April 22, 1897, in

Centro de Investigaciones Historicas, ´´Despachos de los consules norteamericanos en Puerto Rico (1869-1899),´´ vol.II, manuscript, not paged.

35) Centro de Estudios Puertorriqueños, Labor Migration Under Capitalism: The Puerto Rican Experience (New York: Monthly Review, 1979), pp. 74-78; Quintero-Rivera, Conflictos..., p. 16.

36) See the excellent study by Astrid T. Cubano, "Comercio y hegemonia social: los comerciantes de Arecibo, 1857-1887" (M.A. Thesis, Department of History, University of Puerto Rico, 1979); also Laird W. Bergad, ´´Toward Puerto Rico´s Grito de Lares: Coffee, Social Stratification, and Class Conflict, 1828-1868,´´ Hispanic American Historical Review 60:4 (November 1980), pp. 619-642; and Fernando Picó, Amargo cafe (Rio Piedras, P.R.: Ediciones Huracan, 1981), chapter 3.

37) Quintero-Rivera, ´´Background...,´´ p. 110; Cubano, op.cit., p. 256; Bergad, ´´Toward...,´´ p. 631.

38) Cubano, op.cit., p. 235-36; Quintero-Rivera, Conflictos..., p. 19-20; Dulce Maria Tirado Merced, "Las raices sociales del liberalismo criollo: el Partido Liberal Reformista (1870-1875)" (M.A. Thesis, Department of History, University of Puerto Rico, 1981), pp. 56-58; Eugenio Fernández Méndez, Historia cultural de Puerto Rico, 1493-1898 (Rio Piedras, P.R.: Editorial Universitaria, 1975), p. 263.

39) Steward, op.cit., p. 53.

40) Bergad, "Agrarian History...," p. 68.

41) Vivian Carro Figueroa, ´´La formación de la gran propiedad cafetalera: la hacienda Pietri, 1858-1898,´´ Anales de Investigación Histórica 2:1 (1975), pp. 1-111; Carlos Buitrago Ortíz, Los orígenes históricos de la sociedad precapitalista en Puerto Rico (Rio Piedras, P.R.: Ediciones Huracan, 1976), pp. 40-46.

42) The effect of rising prices for coffee and declining prices for sugar in the world market on the production and trade levels of both commodities is an issue to be discussed later.

43) Andrés Ramos Mattei, La hacienda azucarera: Su crecimiento y crisis en Puerto Rico (siglo XIX) (San Juan: CEREP, 1981), p. 24; Gervasio L. García, Primeros fermentos de organizacion obrera en Puerto Rico: 1873-1898 (San Juan: CEREP, 1974), p. 3.

44) Ramos Matei, ibidem; also his Apuntes sobre la

transición hacia el sistema de centrales en la industria azucarera: contabilidad de la Hacienda Mercedita, 1861-1900 (San Juan: CEREP, 1975), and ´´Las raíces de la industria azucarea moderna en Puerto Rico: 1873-1898.´´ Paper delivered at the "New Approaches to Puerto Rican History" Conference, Lehman College, New York, April 1-2, 1982.

Lack of capital as the main problem of the sugar industry is emphasized by Bergad, "Agrarian History...," p. 65-66; and Sidney Mintz, ´´Cañamelar: Rural Sugar Plantation Proletariat,´´ in Steward, op.cit., p. 338.

45) Pico, op.cit., pp. 25, 98, 75, and 77-78.

46) Labor Gómez, op.cit., pp. 131-133, and 254.

47) Ibidem, pp. 167, 265.

48) Ibidem, p. 170.

49) Ibidem, p. 287.

50) Eric Wolf, ´´San Jose: ´Traditional´ Coffee Municipality,´´ in Steward, op.cit., p. 194; Helena Padilla, ´´Nocora: Workers on a Government-Owned Sugar Plantation,´´ in ibidem, p. 275; Mintz, ´´Canamelar...,´´ p. 337. Also, Picó, op.cit., p. 28; and Sidney Mintz, Caribbean Transformations (Chicago: Aldine Publishing, 1974), p. 101.

51) Wolf, ibidem, p. 194; Padilla, ibidem, p. 275; Ramos Mattei, ´´Apuntes sobre la transicion...,´´ p. 19-20; G. Garcia, op.cit., p. 3-4.

52) Padilla, ibidem, p. 275; Wolf, ibidem, p. 195.

53) Picó, op.cit., p. 28; Padilla, ibidem, p. 274.

54) G. García, op.cit., p. 5, discusses the conflicts between coffee and sugar cane growers on the issue of labor; coffee growers opposed the "workbook" because it limited the mobility of labor. The main opposition to the derrogation of the workbook came from sugar cane growing municipalities (Ponce, Guayama, Humacao, Rio Grande, Ceiba, Aguadilla). Also, many of those opposed the workbook argued that production was better with ´agregados´. See, L. Gómez, op.cit., pp. 414-16.

55) Ramos Mattei, La hacienda azucarera, p. 25-26. In this regard, Mintz indicates: "The nature of these (slave emancipation) guarantees (to slave owners) suggests that ´saturated planters´--...older, more established estate owners--were confident of their ability to compete succesfully in the labor market against the smaller-scale newcomers. Thus, for instance, it was the larger slaveholders of the south coast (those owning twenty-five

slaves or more) who pressed hardest for emancipation, partly because they expected to benefit from indemnities, but also because of their probable superiority in attracting free labor after emancipation.´´ Caribbean Transformations, p. 100.

Sugar cane production, contrary to coffee, rested more on wage-labor than in agregados because of the nature of its expanding production, i.e,. the ever increasing need for more land. See, G. García, op.cit., p. 6. The U.S. Consuls during the period stressed the disposition of slave holders to accept emancipation and mentioned several times the availability of free labor. See, Centro de Investigaciones Históricas, University of Puerto Rico, Despachos de los consules norteamericanos en Puerto Rico, (1818-1868), vol.I (Rio Piedras, P.R.: Editorial Universidad de Puerto Rico, 1982), pp. 759, 915; and the reports on Dec. 11, 1871, Dec. 15, 1872, and Feb.10 and 18, 1873 in ´´Despachos..´´, vol.II, op.cit.

56) Steward, op.cit., p. 55; Bergad, ´´Agrarian History...,´´ p. 68.

57) If we analyze these tables it can be seen that for the 1890´s, with a relatively stable level of production for coffee, the value of its exports increased dramatically.

58) In 1896, during a debate on U.S.-Spanish tariffs in the Spanish Parliament, one of its Inconditional members complained that ´´because of a corrupted administration, the United States has become the economic and commercial Metropolis of the Antilles and we have been reduced to the political Metropolis, with all the hateful things that goes along with our administration...´´; in Cruz Monclova, op.cit., vol.3, part 3, p. 71.

59) Ramos Mattei, La hacienda azucarera, pp. 29, 34.

60) According to E. Fernández Méndez, by 1878 there were 138 abandoned sugar haciendas and other 505 were functioning precariously; by 1880 there were 5 centrales, op.cit., p. 269. Ramos Mattei indicates that by 1886 there were some 278 haciendas worked with oxen mills, 39 with steam machines, and 18 with more advanced machinery; ibidem, p. 36.

61) Ramos Mattei, "Las raices de la industria azucarera..."

62) Fernández Méndez , op.cit., p. 245.

63) Antonio Rivera, ´El Laborantismo´ o la liquidación del régimen español en Puerto Rico (Mexico: Imprenta Virginia, 1943), p. 91. According to Rivera, the claim concluded: "... either Spain saves the island form North American penetration, or the United States will save Puerto Rico from the Spanish injustices against the insular producer. They

later called the attention to the support in the United States for an insurrection in Puerto Rico, what would aid the economic goals of the powerful North American nation."

64) Ramos Mattei, La hacienda azucarera, p.35-36.

65) Ibidem, p. 35.

66) In this year, Santiago McCormick desscribed the situation of the Puerto Rican economy, particularly of the sugar cane industry, to the Spanish Cortes; he concluded: ´´Ten years ago the island exported 100,00 tons of sugar annually, the product of 553 mills; during the last three years (1878-1880) the average export has been 60,000 tons, the product of 325 mills that have been able to continue working, Everywhere in this province the evidence of the ruin which has overtaken the planters meet the eye, and nothing is heard but the lamentation of propietors reduced to misery and desperation.´´ Quoted in Rudolph A. Van Middeldyk, The History of Puerto Rico (New York: D. Appleton and Co., 1903; reprinted by Arno Press, New York, 1975), p. 228-229.

67) Fernández Méndez, op.cit., p. 246.

68) Ramos Mattei, ´´Las raices...,´´ pp. 21-23; also La hacienda azucarera, p.35-37. A good account of the Puerto Rican reaction through the press to the United States-Spanish tariff war is found in Paul Nelson Chiles, "The Puerto Rican Press Reaction to the United States, 1888-1898" (Ph. D. Dissertation, Department of History, University of Pennsylvania, Philadelphia, 1944), pp. 60-77.

On his report to the U.S. Government in 1899 on the situation of the Island, Commissioner Carroll concluded on the condition of the sugar industry as follows: ´´It is evident that, apart from the question of increased capital, at reasonalbe interest, to work their plantations, which they unite in urging as the first great need, and free acces to the markets of the United States as the second, they must give more attention to methods of cultivating and manufacturing their crops...´´ Carroll, op.cit., p. 46.

69) See, Chiles, ibidem; Cruz Monclova, op.cit., pp. 289-297; A. Rivera, op.cit., p. 119.

70) Fernández Méndez points out the difference between coffee growers and sugar cane growers by the late 1870´s: ´´...coffee growers were not so strong reformists as sugar cane growers were. This fact must be stressed, for it reveals the existence in Puerto Rico of two regional sectors of economy and culture, whose interests did not coincide. While the sugar cane growers saw in Spain a bad stepmother, coffee growers will find in her a good market for their products.´´ Op.cit., p. 269. In page 331, the author points

out the support of sugar cane growers for separatism (annexationism?) and their support for a U.S. invasion to the Island.

71) Carroll, op.cit., p.69.
Mr. Nadal was a naturalized U.S. citizen. He was tortured in the "terrible year of 1887" for being considered a member of an anti-Spanish secret society. See the report by the U.S. Consul in Puerto Rico, November 12, 1887, in Centro de Investigaciones Historicas, Despachos, vo.II, op.cit. Mr. Nadal also participated in the invasion of U.S. troops in Puerto Rico and was a translator to General Henry; Cruz Monclova, op.cit., p. 259.

72) A tight description of the social basis of the two parties is provided by Fernández Méndez, op.cit., p. 263.
The social basis of the creole parties, the Liberal Reformist of 1870 and the Autonomist of 1887, apparently remained the same. An important issue for future research would be to determine specific weight of sugar cane and coffee growers in those parties. The latter seems to have a greater role in the Autonomist Party. A. López, op.cit., p. 75, includes the big Puerto Rican merchants and coffee growers in the Conservative Party; A. Cubano does the same thing for large creole merchants in the important city of Arecibo, op.cit., p. 236; F. Picó, op.cit., p. 29, points out to the tendency of small and medium size coffee growers to rally to the creole parties.

73) Op.cit., chapter 2.

74) Ibidem, pp.34, 36, 38-40.

75) Ibidem, p. 145-46.

76) Ibidem, p. 106-107.

77) A. López, op.cit., p. 76.

78) Pilar Barbosa de Rosario, De Baldorioty a Barbosa: Historia del autonomismo puertorriqueño, 1887-1896 (San Juan: Editorial 'La Obra de José Celso Barbosa', 1974), chapter 3.

79) Félix Mejías, De la crisis económica del 86 al año terrible del 87 (Rio Piedras, P.R.: Ediciones Puerto, 1972), p. 23 ff. Also W. Mattos Cintron, op. cit., p. 39.

80) Mejías, ibidem, p. 35.

81) Ibidem, p. 54-55. Also on the formation of the Autonomist Party and the issues and events around it, see P. Barbosa, op.cit.; and Lidio Cruz Monclova, Historia del año 1887 (Rio Piedras. P.R.: Editorial Universitaria, 1970).

82) See, P. Barbosa, ibidem, part II, for the debates within the party.

83) A. Rivera, commenting on the division within the Autonomist Party, concluded: ´´If at the core of the problem was the idea of adscribing insular autonomism to some national party, in the periphery was emerging another idea with less ostentation: an effective approaching to the United States.´´ Op.cit., p. 110-111. In retrospect, this would be a logical conclusion if we have in mind future events. But in reality, under closer inspection, this proposition has to be questioned, as will be done later in the chapter.

84) For excellent analyses of the Autonomist Party and its social basis through the study of the Autonomist newspaper La Democracia see, Manuel Alvarado Morales, ´´Idea acerca de Estados Unidos de América en los periódicos La Correspondencia de Puerto Rico y La Democracia (1890-1898)´´ (M.A. Thesis, Department of History, University of Puerto Rico, 1975); and Mariano Negrón Portillo, Reformismo liberal, reformismo conservador: dos etapas del autonomismo puertorriqueño (1895-1914); la prensa en el analisis social --´La Democracia de Puerto Rico´ (Rio Piedras, P.R.: Centro de Investigaciones de la Universidad de Puerto Rico, 1981).

85) W. Mattos Cintron, op.cit., p. 33.

86) Quintero Rivera, Conflictos..., p. 17

87) Ibidem, pp.16-29 for the argument; quote from p. 28. See also his ´´Clases sociales e identidad nacional; notas sobre el desarrollo nacional puertorriqueño,´´ in Angel G. Quintero-Rivera et al, Puerto Rico: Identidad nacional y clases sociales (Rio Piedras, P.R.: Ediciones Huracan, 1979), pp. 15-21.

88) I think Quintero exxagerates the economic and political strength of the hacendados. He makes broad generalizations regarding the hacendados´ political positions, not taking into account the economic and political differences between the coffee growers and the sugar cane growers. For example, he argues that the division of the Autonomist Party was due to the differences between hacendados and professionals, with the latter leaving the party and forming the Orthodox Autonomist Party under Barbosa. But a group of hacendados, mostly sugar cane growers, did support the Orthodox. Furthermore, he also generalizes on the support given to annexationism by coffee growers, pointing out that they subdued this position for the obtainment of local hegemony (Conflictos..., p. 25). But among coffee growers, support for annexationism came from a very particular sector, those of the southwest area, whose particularities will be

discussed later. Also, in his Conflictos..., Quintero has emphasized the supposed claim of the hacendados for a "Puerto Rican state" and has described the political struggle of the hacendados as one with a "national" character. That the hacendados were struggling for independence is questionable, and Quintero himself has obliterated this emphasis on later writings.

89) As has been argued by Perry Anderson (´´The Antinomies of Antonio Gramsci,´´ The New Left Review no.100 (Nov. 1976-Jan. 1977), p.5-78), Gramsci gave different connotations to the concept of "hegemony." None, however, seems to apply to the use given by Quintero. Two of Gramci´s connotations seem to be closer to Quintero´s. The first refers to the consent "´historically´ caused by the prestige (and consequent confidence) which the dominant group enjoys because of its position and function in the world of production"; this "´spontaneous´ consent" is ´´given by the great masses of the population to the general direction imposed on social life by the dominant fundamental group.´´ (Gramsci, Selections From the Prison Notebooks, edited and translated by Quintin Hoare and Geoffrey Nowell Smith (New York: International Publishers, 1976), p. 12.) It could be argued that the hacendados enjoyed a dominant position "in the world of production," but this did not materialize into control of the colonial economic structures. It is questionable how "spontaneous" was the "consent" given to the hacendados by the masses. We have to remember the different mechanisms of domination available to the hacendados, particularly over their subordinates: political (mayoralties), economic (the "agrego", debt, loans), and social (paternalism, "compadrazgo", religious). The masses were not "free" in giving their "spontaneous consent" to the hacendados; they were tied to them by bonds of a seignorial relationship, as Quintero recognizes. Here we come to what is perhaps the main crticism to Quintero´s use of Gramsci´s concept. For Gramsci, I believe, hegemony was a relationship between classes within a bourgeois society; for it is only in a capitalist society, where classes can "freely" compete for economic and political power, where one class can obtain the "spontaneous consent" of the other(s). In feudalism, which is precisely defined in terms of its extra-economic form of domination (i.e., by the state, by coercion), classes cannot compete "freely" for economic and political power. If this is so, and for Quintero Puerto Rico during the nineteenth century was a feudal society, how can there be any "hegemony" under feudalism?

Another connotation of the concept could be closer to Quintero´s use. That is the cultural connotation of hegemony, what Gramsci calls ´´intellectual and moral leadership´´ (Gramsci, ibidem, p.57). But this is also questionable. Quintero himself acknowledges that the group of "professionals" left the party of the hacendados (the Liberal Fusionist) and formed the Orthodox Party. This group

of "profesionals" included many "intellectuals", most of them supporters of liberalism and republicanism (certainly part of the bourgeois tradition). Quintero himself has argued (´´Socialista y tabaquero: La proletarización de los artesanos,´´ Sin Nombre VIII:4 (Jan.-March 1978), pp. 100-137) how the artisans, the most intellectually and politically alert section of the then small working class, opposed strongly to the hacendados. Furthermore, what became later on the core of the working class leadership endorsed the Orthodox Autonomists in the 1897 elections. So did the merchants. So, what remains in terms of support to the hacendados, the rural masses, characterized by their ignorance and illiteracy, could hardly be called intellectually or culturally predisposed to give "spontaneous consent" or to recognize any "intellectual and moral leadership" in the hacendados.

90) Tirado, op.cit., p. 204.

91) Negrón Portillo, op.cit., p. 21, note 35.

92) Centro de Investigaciones Históricas, Despachos, vol.II, op.cit., report from April 22, 1897. The report by Consul Jourdan on January 2, 1867 reiterated the same observations. After indicating that independence for Puerto Rico could only come from the outside, Jourdan stated: ´´To conquer the independence, men and money would be necessary and where are they to be found? The rich people are too indifferent in politics to make any sacrifice for such a purpose; the middling [sic] classes are conservative and afraid of loosing the profits of their labours and thro´ [sic] discontent with the actual government, are not to move and are not disposed to give the first blow; the lower classes... are not ready for action and will not be easily moved.´´ Centro de Investigaciones Historicas, Despachos..., vol.I, p.759. Jourdan reiterated the same views in his report of Sept. 17, 1867 (p. 811-812). On December 28, 1869, then Consul Edward Conroy stated: "The same causes which has [sic] occasioned the present revolution in Cuba would have already risen this Island in rebellion if the reseources [sic] of it were in proportion to the reluctance with which is born an arbitrary system that not only oppresses but also impoverishes it." Despachos, vol.II.

93) Cruz Monclova, op.cit., vol.II, part 1, p. 130.

94) Roberto H. Todd, José Julio Henna, 1848-1924 (San Juan: Cantero Fernandez & Co., 1930), p. 29.

95) M. Alvarado Morales, op.cit.; Chiles, op.cit.

96) Arturo Morales Carrión, Albores históricos del capitalismo en Puerto Rico (Rio Piedras, P.R.: Editorial Universitaria, 1976), pp. 75-131.

97) Steward, op.cit., p. 52.

98) Letter from Juan P. Morales to Jose Julian Acosta, December 31, 1865, quoted in Tirado, op.cit., p. 37.

99) Luis Muñoz Rivera, Campañas políticas, vol.I (Madrid: Editorial Puerto Rico, 1925), p. 45. The references to the "weaknesses" of Puerto Rico and the Puerto Ricans as being the main factor against supporting independence is a constant in the political discourse of the creole leadership.

100) P. Barbosa, op.cit., p. 12.
Ramos mentioned among the members of this annexationist party the names of Julio Skerret, a sugar hacendado and Deputy to the Spanish Cortes for several years; Jose de Celis Aguilera and Pedro G. Goico, well-known leaders of the Liberal Party in the 1870´s; and Segundo Ruíz Belvis, outstanding separatist leader of the period. Ruiz Belvis´ mention illustrates one of the areas in need of research: the relations between the annexationist and pro-idependence separatist clubs. There is no evidence that Ruiz Belvis supported the annexation of the island to the United States; his relationship with Betances and his future life indicates the contrary. An hypothesis is that pro-independence and pro-annexationist separatist clubs were conspiring together, as they did for a while before the Lares revolt of 1868, and that somehow their members were confused. I would like to thank Félix Ojeda Reyes for clarification on this point.

101) Luis Bonafoux, Betances (San Juan: Instituto de Cultura, 1970), p. 102. The quote is from a 1870 letter.
Betances described the annexationists as follows: ´´I have seen them and I know well those thinking-men affected by the senile love for the blond republic... Yes! I know them well and I have seen them in Puerto Rico, in Santo Domingo, in Haiti, and among the Cubans, those worn-out annexationists, rich men... they dream that the apple-tree will give delicious fruits in Havana and the palm-tree juicy coconuts in Washington..." About their designs in 1868, he recalled: "It was possible to agitate (for annexation) in 1868, when those who trembled before the destruction of war and ´the menacing vicissitudes of the future´ became conservative-revolutionaries or annexationists, for their ounces of gold, for their sumptuous mansions in Havana, or for their large and productive sugar-fields...´´ Ibidem, pp. 289-90, and 288 respectively.

102) Centro de Investigaciones Historicas, Despachos, vol.I, p. 760.

103) Ibidem, pp. 810-812; P. Barbosa, op.cit., p. 15-16.

104) On this issue, U.S. Consul Jourdan stated: ´´...I was informed lately from a good source that, some time before the breaking out of that conspiration numerous and secret conferences had been held throughout the whole Island by many and influential persons, in regard to the conveniency of a separation from Spain and the form of Government which in such a case, ought to be adopted; the first point was unanimously agreed upon, while the second question met with two distinct opinions. Some proposed an independent Republic, while the others, composing the most intelligent class of the Island, proposed the annexation to the United States and as the parties were not agreed as to that matter, the association and conferences were finally dissolved and all the proofs of its existence destroyed; but the most exalted ones would not give up their scheme of insurrection and trying alone their chance, they met with a complete failure.´´ Despachos..., vol.I, p. 917.

105) On the SPR-PRC see the following: Partido Revolucionario Cubano, Memoria de los trabajos realizados por la Sección Puerto Rico del Partido Revolucionario Cubano, 1895 a 1898 (New York: A. W. Howes, n.d.); Roberto H. Todd, José Julio Henna, 1848-1924 (San Juan: Cantero Fernandez, 1930), and La invasión americana: Como surgió la idea de traer la guerra a Puerto Rico (San Juan: Cantero Fernandez, c1938); also, Carmerlo Rosario Natal, Puerto Rico y la crisis de la Guerra Hispanoamericana (1895-1898) (Hato Rey, P.R.: Ramallo Bros., 1975), chapter III; and Pilar Barbosa, op.cit., chapter 15. For an acute analysis of the social basis and workings of the SPR see, Cesar Andreu Iglesias, Memorias de Bernardo Vega (Rio Piedras. P.R.: Ediciones Huracan, 1977), pp. 115-120.

106) Mariano Negron Portillo, "El liderato anexionista...," p. 382.

107) Letter dated July 8, 1898, quoted in Rosario Natal, op.cit., p.97. According to Felix Ojeda Reyes, the creation of the SPR was promoted by the most conservative sector of the PRC to counter the more radical PRC´s clubs (mainly in New York) and Puerto Rican separatist leaders (Betances). The SPR was founded in 1895, years after the PRC´s foundation and of Marti´s death, strong supporter of Puerto Rico´s independence. After Marti´s death, the conservative sector increased its influence in the PRC; Tomas Estrada Palma, supporter of Cuba´s annexation to the U.S., became the main PRC´s spokesperson outside Cuba. He influenced Henna to form the SPR to sidetrack other more radical PRC´s clubs in N.Y. See Felix Ojeda Reyes, La Manigua en Paris: Correspondencia diplomática de Betances (Republica Dominicana: Editorial Corripio, 1984), p. 47.

108) Todd, ibidem, p. 21.

109) Reminiscing about that period, Henna stated: ´´The aspirations of those that many years ago were citizens of this great Nation, admirers and lovers of its institutions, were realized the eighteenth of October, 1898 when the American flag was officially raised in the castles and fortresses of Puerto Rico; flag that has brought development, progress, and properity to my dear little island.´´ Ibidem, p. 37.

110) Described in Partido Revolucionario Cubano, op.cit., pp. 7-14.

111) Pilar Barbosa, op.cit., p. 295. The reply is from an unpublished letter by Barbosa to Todd, dated January 23, 1896. It remains unknown the nature of the relationship between Barbosa and Todd at the time and if both coincided in their political aspirations, i.e., if Barbosa like Todd supported annexation for Puerto Rico. It is known, though, that both were members of "La Torre del Viejo".

112) Ibidem, p. 303-304.

113) Partido Revolucionario Cubano, op.cit., p. 9. Pilar Barbosa, ibidem, p. 305, states that the idea was Munoz Rivera´s.

114) In March 1897 occurred what is known as "the Yauco uprising" ("la intentona de Yauco"), an armed uprising in support of independence for Puerto Rico. The uprising was badly planned and executed, and was easily crushed by the Spanish army. Some authors like Negrón Portillo, op.cit., p. 394, link this event to the SPR. This seems not to be the case. "Las Memorias" point out that when the uprising occurred "and even when no connection was there with the work of the Directory (of the SPR)" aid was offerred to the rebels. Partido Revolucionario Cubano, op.cit., p. 13. That there was no relation between the Yauco uprising and the SPR is also the argument of Ines M. Quiles, "La gesta revolucionaria de Yauco," mimeo, n.p., n.d., (Coleccion Puertorriquena, UPR), pp. 14-16. According to Rosario Natal, op.cit., pp. 116-118, the uprising was planned by Mattei Lluveras, a member of the SPR, who later abandoned the plan and the insurrection was postponed. Fidel Vélez, the leader of the uprising, and others, went ahead with the armed action.

115) Negron Portillo, op.cit., p. 380.

116) Todd, La invasión americana, p. 7-8. In page 19, Todd quotes from a letter by Teddy Roosevelt, then Secretary of War, saying that Puerto Rico was not in the war plans of the U.S. There are, nevertheless, a myriad of references on the interest of the United States on Puerto Rico going back to the 1820´s. Also, reports from the U.S. Consuls in the

Island repetedly suggested the annexation of Puerto Rico to the U.S. as possible and as of vital interests to the nation. See the interesting recopilation of references by U.S. decision-makers reflecting their interest in the island in, Yamila Azize, ´´Interesaban los Estados Unidos a Puerto Rico antes de 1898?,´´ Homines 8:1 (Jan.-June 1984), pp. 77-81.

117) Partido Revolucionario Cubano, op.cit., p. 23.

118) Ibidem, p.24. In his report of April 14, 1898, U.S. Consul Hanna acknowledged his departure, that of U.S. Consular Agents, and of other U.S. citizens from Puerto Rico to Saint Thomas as instructed by the State Department. On May 4, 1898, Hanna suggested a U.S. armed invasion of Puerto Rico. See, Centro de Investigaciones Históricas, Despachos, vol.II, op.cit.

119) Todd, La invasion americana, pp. 13-17; Partido Revolucionario Cubano, op.cit., p. 29. The Manifesto read in part:
Puerto Rico, from this day in which the American squadrons have landed on your beaches, you cease to be a Spanish colony, land of injustices, and you emerge as a State or nation under the shadow of the greatest and most powerful, the freest and happiest of Federations that History has known...
The personal and arbitrary military system that has degraded us day after day; the system of fiscal exactions that has exploited and impoverish us; the system of exclusion that has always kept us away from the affairs of our own collective interests and that has kept us in irritating tutelage, has been overthrown in an instant; the punishment that Providence reserves to tyranical governments has been executed. You are free..." The Manifesto was written by Hostos and Henna. Todd, Jose Julio Henna, p. 28-29.

120) Todd´s comment on Loiza are very interesting, for blacks as a group were supporters of the pro-statehood party after the invasion.
On the different plans for the invasion see the U.S. Consul report of June 6, 1898, in Centro de Investigaciones Historicas, Despachos, vol.II, op.cit; Rosario Natal, op.cit., p. 219; and Angel Rivero, Crónica de la Guerra Hispanoamericana (New York: Plus Ultra, 1973), pp. 182-84.

121) A. Rivero, ibidem, p. 473. Rosario Natal, op.cit., pp. 68, 102, narrates how from 1895 to 1898 a series of separatists secret societies were formed and harassed the government: "The south and west of Puerto Rico were the areas of greater activity." (p. 102).

122) Negron Portillo, "El liderato anexionista...," pp.

370-79.

123) Cruz Monclova, op.cit., vol.III, part 3, pp. 43-49; Manuel Guzmán Rodríguez, ´´El nacionalismo en Puerto Rico,´´ in E. Fernández García, ed., El libro azul de Puerto Rico (San Juan: El Libro Azul Publishing, 1923), p. 94. See also footnote 115.

124) Rosario Natal, op.cit., pp.219, 241.
For the support among Puerto Ricans to the U.S. invasion see the U.S. Consul´s reports of May 12, 1898, and July 15, 1898; Centro de Investigaciones Historicas, Despachos, vol.II, op.cit.

125) A. Rivera, op.cit., p. 159-160.

126) Rosario Natal, op.cit., chapter VI; A. Rivero, ibidem, passim; Cruz Monclova, op.cit., vol.III, part 3, pp. 261-63.

127) Antonio Mirabal, ´´La invasión norteamericana en Ponce,´´ El Día (Ponce), December 18, 1949, p. 39. Rosario Natal argues that the ´´unconditional submission and servilism were common to all social classes... The acclamations came from the peasant class as well as from the proletarian classes and the bourgeoisie.´´ In op.cit., p. 235.

128) A. Rivero, op.cit., chapter 28, aptly called "Some Puerto Ricans that aided, during the war, the American Army", descibes the workings of the SPR-PRC annexationists during the invasion; Rosario Natal, op.cit., chapter VI; A. Mirabal, op.cit.

129) E. Fernández Méndez, op.cit., p. 331; W. Mattos Cintron, op.cit., pp. 39-40, 48.

130) Phillip S. Foner, The Spanish-Cuban-American War and the Birth of American Imperialism, 1895-1902 (New York: Monthly Review, 1972), vol.I, p. XVII. Also, Leland Hamilton Jenks, Our Cuban Colony: A Study in Sugar (New York: Vanguard Press, 1928; reprinted by Arno Press, New York, 1970), p. 19-20; and Franklyn W. Knight, Slave Society in Cuba During the Nineteenth Century (Madison: University of Wisconsin Press, 1970), p. 145.

131) Jan Knippers Black et al, Area Handbook for Cuba (Wash. D.C.: U.S. Government Printing Office, 1976), p. 36.

132) Foner, op.cit., p. XIX.

133) Francisco López Segrera, Cuba: Capitalismo dependiente y subdesarrollo (1510-1959) (La Habana: Casa de las Americas, 1972), pp. 198-199, 202; Jenks, op.cit., pp. 49-56.

134) López Segrera, ibidem, pp. 200-205. See also, Joel James Figuerola, Un episodio de la lucha cubana contra la anexión en el año 1900 (Santiago de Cuba: Editorial Oriente, 1980).

135) Bonafoux, op.cit., p. 108.

136) This is the viewpoint expressed in the reports from the U.S. Consuls in the Island during the late 1860´s-early 1870´s. Centro de Investigaciones Historicas, Despachos..., vol.I. pp. 759, 914-17; and vol.II, reports of December 15, 1872, and February 10, 1873.

137) Cruz Monclova, op.cit., vol.II, part 1, pp. 229-234. See the comments by Consul Jourdan in Despachos..., vol.I, p.754, and vol.II, reports of Feb.10, and 15, 1873. In one of his reports Jourdan states that ´´the action and influence of the United States, so much connected in commercial and social intercourse with the people of these islands, and the extinction of slavery throughout the American continent, have produced a favorable effect among the slave holders...´´ Despachos..., vol.I, p. 915.

138) Lidio Cruz Monclova, Historia del año de 1887, p. 187 ff; Antonio S. Pedreira, El año terrible del 87 (San Juan: Editorial Biblioteca de Autores Puertorriqueños, 1945).

139) This historical recollection by Barbosa was realized in a series of articles in 1918. The issue was raised within a discussion of the economic discrimination against the creoles by the "foreigners" ("los hijos ajenos"). Barbosa regreted that the "sources of wealth" were at the hands of the "hijos ajenos" and called for a struggle against "economic slavery." The "hijos ajenos" were American investors in Puerto Rico. The importance of these articles in understanding Barbosa´s views in the final years of his life and the evolution of the Republican Party during this period will be discussed in the next chapter.

140) José Celso Barbosa, Orientando al pueblo, 1900-1921, edited by Pilar Barbosa, (San Juan: Imprenta Venezuela, 1939), pp. 242-244.

141) Cruz Monclova, Historia del año de 1887, p. 188.

142) Mejías, op.cit., p. 67; J.C. Barbosa, op.cit., p. 246.

143) Barbosa, ibidem, pp. 244-245; Cruz Monclova, Historia del año de 1887, pp. 188-195.

144) Cruz Monclova, ibidem, pp. 194-95, 222-226, and 228-237.

145) W. Mattos Cintrón, op.cit., p. 43; Negrón Portillo, ´´El liderato anexionista...,´´ pp. 376-78.
In 1895, the first creole bank in Puerto Rico, the Banco Crédito y Ahorro Ponceño, was opened in the city of Ponce; its members, ´´representative figures of commerce, industry, and agriculture..., simple farmers, modest landowners, and small merchants,´´ were trying to break with the monopoly held by Spanish merchants on credit and finance. Behind the new venture was Lucas Amadeo, hacendado and merchant from Ponce, and also a member of the Autonomist, Orthodox Autonomist, and Republican parties. See, ´´El Banco Crédito y Ahorro Ponceño,´´ El Día (Ponce), Dec. 18, 1949, pp. 35 and 40.
It is important to note that many U.S. Consular agents in Puerto Rico were merchants, linked to the United States through trade; that many were U.S. citizens, and all became or were annexationists. Some of the best known were: Ricardo Natal, Antonio Roig, James F. Finlay, James McCormick, Andres Crosas (member of the SPR-PRC), J. Vaamonde Lopez, William H. Latimer, Manuel del Valle, and Jorge Bird Arias. After the U.S. regime was established in the Island, their names will be linked to sugar, trade, and finance.

146) J. C. Barbosa, op.cit., p.241, my emphasis.
The Spanish regime imposed taxes on the execise of the professions. In 1901 Barbosa commented on the hardship that the Spanish fiscal system imposed on professionals: ´´Under the Spanish regime, chattel and landed property and properties aquired by inheritance were easy to evade paying taxes. But the government covered the deficit with other taxes. For example, I, as a doctor, had to pay 100 pesos annualy for the privilege of exercising my profesion.´´ Quoted in María Dolores Luque de Sánchez, La ocupación norteamericana y la ley Foraker: La opinión pública puertorriqueña (Rio Piedras, P.R.: Editorial Universitaria, 1980), p. 150.

147) See Rosario Natal, op.cit., p. 241; Negrón Portillo, ´´El liderato anexionista...,´´ passim; Mattos Cintrón, op.cit., p. 48-49.

148) See, Carlos Buitrago, op.cit., and Vivian Caro, op.cit. In 1895, the Yauco newspaper El Eco questioned why Puerto Rican coffee was not sold in the United States; it argued that even when European prices for coffee are higher, so were the shipping costs to that market. The United States, continued the newspaper, has a bigger market, is closer, and has low custom duties. It began a campaign to promote Puerto Rican coffee in the U.S. See, Chiles, op.cit., p. 52.

149) M. Negrón Portillo, "El liderato anexionista...," p. 370-71. In this group were Antonio Mattei Lluveras, Domingo Mariani, Mateo Fajardo, and Francisco Mejia, all known annexationists.

150) See, Gervasio García, Primeros fermentos; Gervasio García and A. G. Quintero-Rivera, Desafío y solidaridad: Breve historia del movimiento obrero puertorriqueño (Rio Piedras, P.R.: Ediciones Huracán, 1982), pp. 13-29; also, Quintero-Rivera, "Socialista y tabaquero...," and "La clase obrera..."

151) Pilar Barbosa, La Comisión Autonomista de 1896 (San Juan: Imprenta Venezuela, 1957), p. 159.

152) Among others, Antonio S. Pedreira, Un hombre del pueblo: José Celso Barbosa (San Juan: Instituto de Cultura Puertorriqueña, 1965), p. 169-170; Bolívar Pagán, op.cit., vol.I, p. 15; Hugo Vissepó Castro, ´´Los partidos políticos en Puerto Rico en los años del 1898 al 1900´´ (M.A. Thesis, Department of History, University of Puerto Rico, 1977).

153) M. Negrón Portillo, Reformismo Liberal..., p. 19.

154) W. Mattos Cintron, op.cit., pp. 48, 181-182, emphasizes the role of coffee growers in the Liberal Party; Quintero-Rivera, Conflictos..., pp. 29-31, characterizes the Liberal Party as responding to the hacendado class as a whole, and the Orthodox Party as one of professionals and artisans.

155) P. Barbosa, La Comisión Autonomista, p. 155.

156) Cruz Monclova, Historia de Puerto Rico, vol.III, part 3, p. 201.

157) J. C. Barbosa, op.cit., p. 136.

158) Op.cit., p. 49.

159) Negron Portillo, "El liderato anexionista...," p. 384.

160) Barbosa´s work has been collected and edited by his daughter and biographer, Pilar, who also shares her father´s ideal. I think that such a manifestation on Barbosa´s part would have been made public if it ever existed. It is interesting to note that there is a lapse from 1897 to 1900 in Pilar´s recollection of her father´s life and work, precisely the transition period between Spanish and American sovereignty.

161) Cruz Monclova, Historia de Puerto Rico, vol.III, part 3, pp. 219-221.

162) J.C. Barbosa, op.cit., p. 241-42. Federico Degetau, member of the Orthodox Autonomist Party and later of the Republican Party, and who for many years was Resident Commissioner of Puerto Rico in Washington, in a letter to the Spanish Prime Minister on the eve of the signing of the

Treaty of Paris, regreted that the trade treaty of 1890 between Spain and the U.S. was never achieved; he stated that ´´very regretable circumstances prevented the realization of that treaty whose observance in this point would have prevented some many misfortunes.´´ In Angel M. Mergal, Federico Degetau: Un orientador de su pueblo (New York: Hispanic Institute, 1944), p. 161.

163) Luis M. Díaz Soler, Rosendo Matienzo Cintrón: Orientador y guardían de una cultura (Rio Piedras, P.R.: Instituto de Literatura Puertorriquena, 1960), vol.I, p. 163-64. Among those signing the document were leaders of the Orthodox Autonomist Party and future members of the Republican Party : Rossy, Matienzo, Gomez Brioso, Luis Sanchez Morales, Santiago Veve, Ulpiano Colom, Jose Guzman Benitez, Agustin Stahl, Manuel Zeno Gandia, Matos Bernier, Juan P. Rosaly, and others.

164) The Orthodox Autonomists were not alone in this regard. The Liberal Party, which later became the Federal Party and spoused statehood, also supported Spain before the invasion. Rosario Natal, op.cit., p. 175, has called this unanimous support of Spain in the eve of its defeat the "patriotic note."

During the First Assembly of the Republican Party held in July 1899, Barbosa rejected accusations of opportunism held against him in terms of his conversion to annexationism; he declared that ´´our sentiment always had as guide the great fatherland of Lincoln; but we never believed that events would precipitate in such a way as to give us so easily the realization of our dreams...´´ In Asamblea Republicana celebrada en San Juan, Puerto Rico, 1 y 2 de julio de 1899 (San Juan: Imprenta de ´El Pais´, 1899), p. 33.

165) Mattos Cintrón op.cit., pp. 49-51; Negrón Portillo, ´´El liderato anexionista...,´´ p. 385.

166) Within the social configuration of the period, racial conflict has not been given due atention. Barbosa, a black man and the son of an artisan, suffered in life not only class prejudice but race discrimination in a very rigidly demarcated society. There was a very clear racial demarcation between the sectors that supported Muñoz Rivera and Barbosa. The latter was strongly support by blacks in Puerto Rico, a fact repetedly noticed in the historical accounts of the period. Barbosa himself devoted many of his writings to the race issue in Puerto Rico, collected in Problemas de razas (San Juan: Imprenta Venezuela, 1937), edited by Pilar Barbosa.

167) Bolívar Pagán, op.cit., vol.I, p. 34-35. In 1923, José Tous Soto, then President of the party, stated that after the Treaty of Paris ´´which showed the intention and will of the American people, of instituting an independent nation of

Cuba, and of retaining Porto Rico as national territory, a great number of Porto Ricans, considering the actual facts and trying to obtain the greatest benefit for their island, formed the Republican Party of Porto Rico...´´ ´´The Republican Party of Porto Rico,´´ in E. Fernandez Garcia, op.cit., p. 201.

168) Quintero-Rivera, ´´Background...,´´ p. 111, and ´´Socialista y tabaquerero...,´´ passim; Centro de Estudios Puertorriqueños, op.cit., p. 72-73; Gervasio García, Primeros fermentos..., p. 7ff.

169) Cruz Monclova, Historia de Puerto Rico, vol.III, part 3, pp. 374-385.

170) Antonio Mirabal, ´´Ponce y los partidos políticos de Puerto Rico,´´ El Día (Ponce), December 18, 1949, pp. 27, 31. The Annexationist Party was proposed by Jose Guzamn Benitez, later a leader of the Republican Party.

171) Sentiment in favor of annexationism increased rapidly; a sign of this was the appearance of several pro-annexationist newspapers. Even La Democracia announced that it would change its name to The Courier. Letters from Ponce read ´´Ponce, Puerto Rico, United States of America´´. See, Rosario Natal, op.cit., pp. 249-50, 263, 242.

172) On August 27, and October 18, 1898; quoted in Díaz Soler, op.cit., p. 163-64. On October 12, 1898, six days before the official cession of Puerto Rico to the United States, the Directory of the Orthodox Autonomist Party announced the dissolution of the party. Ibidem, p. 167. On October 31, 1898, El País, newspaper of the Orthodox Autonomists, editorialized in favor of statehood for Puerto Rico; in Vélez Aquino, op.cit., p. 32.

173) Negron Portillo, "El liderato anexionista...," p. 384-85.

174) ´´When the military control ended and civil government began, party politics reappeared, the two old parties having in the meantime organized under new names. The Republican Party seemed to get closer to the government. They were more responsive to the demands of the situation and exhibited a disposition to be helpful in applying American ideas to the evolution of the social and political conditions of the island... The administration showed an appreciation of this attitude by appointing Republicans to official positions.´´ In Edward S. Wilson, Political Development of Porto Rico (Columbus, Ohio: Fred J. Heer Publishing, 1905), p. 113.

CHAPTER III

THE REPUBLICAN PARTY 1898-1924: ADVENT AND RUPTURE OF ANNEXATIONISM

The American presence in Puerto Rico transformed the island's politics. The penetration and expansion of American capital promoted the consolidation of capitalism in Puerto Rico. The hegemony of the American state and the formation of a colonial state apparatus on the island altered the existing political system, giving rise to new organizations (e.g., the Socialist Party), and redefining the existing political parties. Statehood became the basis for an organized political movement under the Republican Party. The axis sectors of the Republican Party--the sugar, commercial and financial bourgeoisie and the commercial and professional petty-bourgeoisie--were at the crest of the rising capitalist economy, and politically they were the most important support for the colonial regime. The Republican project was a blueprint for the desired transformation of Puerto Rican society following the American model; it presented statehood as the political form for the domination over Puerto Rican society by the axis sectors of the Republican Party, within the American federation. The contradictions that emerged from the expansion of American capital in Puerto Rico and the maintenance of the colonial regime weakened the ties between

the Republican bourgeois and petty-bourgeois sectors and led to the first rupture of the party in 1924.

Part I of this chapter deals with the implantation of the American regime in Puerto Rico during the first three decades of the century. The state structures imposed by the U.S. military government of 1898-1900, the Foraker Act of 1900, and the Jones Act of 1917 created a colonial system aimed at securing American hegemony in Puerto Rico; these structures still determine the economic and political regime on the island.

Part II deals with the social and political conflict of the period. The argument here is that the growth of the Puerto Rican bourgeoisie and petty bourgeoisie under the American regime makes their political organization, the Republican Party, into the strongest supporter of the regime and of statehood. At the same time, the new regime undermined the political and material basis of the dominant creole sector, the coffee hacendados. The latter, along with dissidents from the Republican Party, formed the Union Party, the major opposition to the American regime throughout the period. The expansion of the capitalist economy stimulated the growth of the Puerto Rican working class and its political organization, the Socialist Party, which became a crucial actor in the political conflict of the period. It was the common opposition to the Socialist Party by the most conservative bourgeois sectors of the Union and Republican parties that led them to form the

Alliance; this led to the rupture of the petty bourgeois sectors from the Republican Party and to their alliance with the Socialists.

Part III deals with the Republican party from 1898 to 1924. The party's political behavior must be understood on the basis of what has been termed the Republican project: the total transformation of Puerto Rican society through the absorption of American economic, social, political, and cultural forms. The Republicans also sought to legitimize their hegemony over Puerto Rican society within the framework of the American federation, the "regional fatherland." The differences between the bourgeois and petty bourgeois sectors of the party concerning the maintenance of colonialism, the domination of American capital in the economy, and the alliance with the working class led to the rupture of 1924.

PART I: STATE AND ECONOMY

With the signature of the Paris Treaty in October 1899, Puerto Rico was officially ceded to the United States. Taken by force, with the compliance of sectors of the creole population, this Caribbean island became the "war bounty" of the United States' "splendid little war" of 1898. Cuba, under a protectorate, achieved its formal independence in 1903, while Puerto Rico, the Philippines, and Hawaii remained under the direct administration of the U.S.

government. The Philippines, spurred by a strong nationalist movement, gained its independence in the 1930's; Hawaii was integrated to the United States in 1959 as a state; Puerto Rico still remains a colony of the United States. In 1900, a colonial system was established under the statutes of a civil goverment. This system was reformed in 1917, with the concession of U.S. citizenship to Puerto Ricans and changes in the local legislature, and again in 1952, with the creation of the Estado Libre Asociado (Commonwealth of Puerto Rico), where some autonomist reforms were granted. How this state apparatus was implanted, and the economic and political consequences for the period in question, will be the subject of this section.

From the moment it took control of the island, the policy of the American state was to secure its presence in Puerto Rico.[1] This is evidenced in the actions of the military government during the period of 1898-1900, and of the civil government created under the Foraker Organic Act of 1900. Furthermore, the American state carried out measures required to secure the hegemony of American capital in Puerto Rico and to promote the economic integration of the island to the metropolitan economy.

Insertion of the American State in Puerto Rico

Following the military takeover of Puerto Rico, the American state was faced with the task of replacing the old

state structure of the Spanish regime. The insertion of the American state in Puerto Rico occured in two stages. The first is the insertion proper, from 1898 to 1904, which includes the measures implemented during the military government of 1898 to 1900, the imposition of the colonial government in 1900, and the policies carried out during the first two civilian administrations with the Republican Party in control of the local legislature. The second stage is characterized by the imposition of the Jones Organic Act in 1917, which granted U.S. citizenship to Puerto Ricans and gave control of the local legislature to local political forces; this is the culmination of the process of insertion and the beginning of the process of integration of the colonial state apparatus to the American state.

The period of military government in Puerto Rico from 1898 to 1900 was characterized first of all by the eradication of the political forms inherited from the Spanish regime.[2] The military had absolute powers to govern the island; from the time of the invasion, it imposed new governments in the towns controlled by the military. Towards the end of 1898 the local parliament created under the Autonomist Charter of 1897 was abolished and a military executive council was entrusted with the administration of the island. The local justice system was reformed, as was the educational system, following the policy that "English was required as an important feature of the curriculum." By early 1899, the United States imposed regulations on

immigration to Puerto Rico; the military governor was given the control over the police; the press was controlled; and new regulations were established for education.[3] From mid-1899 to mid-1900 more drastic changes to the governmental structure were made: new reforms to the justice system, including the creation of a quasi U.S. Court of Appeals and the transfer of the court system out of the Department of Justice and into the office of a solicitor general named by the military governor. Within the Executive Branch, the departments of State, Treasury, and Interior were abolished and new bureaus of State, Municipal Affairs, Internal Revenue, and Agriculture were created, all under the office of the Civil Secretary, named by the military governor. The Department of Education was put under the military governor.[4] These reforms reflected a process of centralization towards the military governor, centralization that would be transferred to the civilian governor created under the Foraker Act; the administrative and judicial powers of the municipalities were also transferred to the central government. These measures served as ''preparatory instruments''[5] for the colonial system to be established.

The economic policies implemented by the military government set the basis for the process of economic integration and for the expansion of American capital in Puerto Rico.[6] An important economic reform was the change in the tax structure of the island: taxes on stamps and stamped paper were eliminated to facilitate financial and commercial

transactions; taxes on contracts and transfers on property titles were abolished to ease the buying and selling of contracts. Taxes were imposed on land and agricultural production, including a new tax of 50 percent on land held by absentee owners, the great number of them Spaniards, who had to sell their land. Credit restrictions were imposed in 1899 as a consequence of the monetary instability of the period. Also, an eight-hour work day was decreed for the government sector under the military government, a measure which was soon abolished. In general, the measures implemented by the military government facilitated the transfer of land and property from local ownership to U.S. investors and expedited the penetration of American capital into the island.[7] Thus, under the military government of 1898 to 1900, crucial reforms were implemented which facilitated the entrance of American capital into the island. The military government set the basis for the imposition of a U.S. colonial regime in Puerto Rico under the Foraker Act of 1900.

The Foraker Act

The Foraker Act of 1900 represents the institutionalization of U.S. hegemony in Puerto Rico. It came as a consequence of the decision to submit Puerto Rico to colonial rule:

> The North American people had before them three possible courses of action /with respect to Puerto Rico/: to

> continue with traditional expansionism; to make provisional annexations; or to embrace colonialism. The decision in favor of colonialism was made with the approval of the Foraker Law, which established a civilian government for Puerto Rico.(8)

Once it was decided that Puerto Rico was to remain under the rule of the United States, an "autocratic" government was established in order to secure the U.S. administration of the territory and to restrict the political power of local groups. The centerpiece of the new state structure in Puerto Rico was the control of the local administration by the American Executive. The President of the United States was entrusted with the appointment of the Governor of the island and the six members of his Cabinet. The latter in turn were members of the Upper Chamber of the local legislature made up of eleven members, giving the Governor the majority in this body. The local Executive had two vetoes, one in his person and one in the Cabinet. The House of Delegates, the Lower Chamber of the local legislature, was formed by thirty-five elected members. Together with the other five members of the Upper Chamber, these were the elected representatives of the population. A greater limitation was imposed on the local representatives: they were given powers to legislate on "all matters of a legislative character not locally inapplicable," while Congress "reserves the power to annul or modify" any law approved by the local legislature. The position of Resident Commissioner was created for the representation of local interests in Congress; this official was later assigned to the House of Representatives, with no

right to vote.[9]

The Foraker Act defined the power of the American government to administer the colony and restricted the political power of local groups. One of the qualities of this "autocratic bureaucracy of the Prussian type" was its administrative "efficiency," as described by one of its participants, W. F. Willoughby, Professor of Public Administration:

> (I) had practical experience with such a system while serving as Treasurer and later as Secretary of State of Porto Rico. From the standpoint of the insular government that Island may be deemed to have an autocratic one. The Governor and the heads of all the executive owe their appointments to the President of the United States and held office at his pleasure. The result was that they were in a position where they could administer the affairs of their offices free from all political and personal pressure on the part of the inhabitants of the island. Due to this and not to any special capacity on the part of such officers, the administration of the civil affairs of that island was the most efficient of any with which the writer has ever come in contact.(10)

The reforms of the judicial branch turned it into an ''enclave within the judicial system of the metropolis and subordinated to it.''[11] The members of the Supreme Court of Puerto Rico were named by the President of the United States, while the judges of the local District Courts were appointed by the governor. The U.S. District Court for Puerto Rico was created; its judges were named by the President with the Senate's consent. The appeals of this court as well as those of the local Supreme Court were taken to the U.S. Supreme Court.[12]

The powers of the municipal governments were greatly

curtailed the Foraker Act. They lost power over the police, taxes, schools, public works, loans, and health; these powers were given to the central government. This had great political repercussions, for the municipal governments were the political bastion of the hacendados, for whom ''municipal autonomy was the last refuge of the personality of our people.''[13]

The Foraker Act undermined the economic power of the dominant sector of the Puerto Rican elite, the coffee hacendados, by including Puerto Rico within the tariff system of the United States. This decision came after a long debate in Congress, centering on the issue of tariffs. Democrats and Republicans were in agreement on the kind of government desired for Puerto Rico. Their differences were on the economic relations with the island: the Democrats favored a policy of free trade, with no tariffs, while the Republicans were opposed to this. A group of Republicans, including President McKinley, favored free trade for Puerto Rico. Two factors prevented the Republicans from supporting this position: the protectionist rhetoric dominant in the party at the time, and the Philippines. To legislate in favor of free trade for Puerto Rico meant doing the same for the Philippines, with the possibility that cheap manufactures would flood the United States (because of the "open door" policy in the Orient at the time). Sectors within the American government, like Secretary of War Elihu Root, favored a free trade policy for Puerto Rico, for if

the island ''is prosperous and has abundance of the vital necessities, it will be easily governed.''[14]

The different economic groups in the U.S. with interests in Puerto Rico also were divided over the issue of free trade for the island. On the one hand, there were the beet sugar producers, tobacco growers, and the labor movement, who feared competition from cheap Puerto Rican products and labor. The Association of Beet Sugar Producers, the Association of Tobacco Growers of New England, the League of Domestic Products, and the American Federation of Labor were opposed to free trade for Puerto Rico.[15] In favor of free trade were the Eastern merchants (the Chamber of Commerce of New York, the Merchants Association of New York, the Council of Commerce and Transportation of New York), the group of agricultural machinery manufacturers and consumer goods manufacturers, sectors linked to fishing and wood in New England, Southern rice growers, and wheat farmers of the Northwest. The sugar producers of the East supported free trade; they saw in Puerto Rican sugar a source of cheap raw material.[16] The victory of the agricultural sector over the manufacturing and commercial secctor was a pyrrhic one: a tariff of fifteen percent on trade between Puerto Rico and the United States was imposed, but only until 1902. The imposition of the tariff had greater consequences for Puerto Rican politics: measures to give U.S. citizenship to the Puerto Ricans and to extend the U.S. Constitution to Puerto Rico were denied.

The tariff had grave consequences for some social groups in Puerto Rico. Merchandise coming to Puerto Rico from other countries was taxed by the U.S. government, and Puerto Rican exports were taxed by other countries as U.S. products. Puerto Rican coffee was the most affected commodity, for its European and Cuban markets were closed, while it had no possibility of getting into the American market. The U.S. Maritime Trade law was also imposed, stipulating that all trade with Puerto Rico was to be carried in U.S. ships and all shipping prices established by the U.S. government.

The measures implemented in the first year after the U.S. invasion of Puerto Rico facilitated the entrance and reproduction of American capital in Puerto Rico. Federal tax laws were not applied to Puerto Rico, which meant that American capital in Puerto Rico did not pay federal taxes. Custom duties of Puerto Rican exports to the U.S. were prohibited. As a result of pressure from the Progressives, Congress approved the so-called 500 Acres Law in 1900, restricting the amount of land held by any agricultural corporation. However, due to pressure from American sugar interests, no mechanism was provided to enforce the law.

The Foraker Act set the parameters for the state form in Puerto Rico. The colonial state apparatus in Puerto Rico was subordinated to the U.S. federal state; while it is increasingly integrated to the latter, complete integration is only possible with statehood. If local groups want to

promote changes or reforms, they have to do this within the structures of the American state. The colonial state apparatus has little autonomy from the U.S. state, though since 1952 it does has some autonomy for the management of local affairs. This situation implies that there can be a relative autonomy of the colonial state apparatus with respect to local dominant groups but never with respect to the U.S. state and its dominant groups.[17]

The Foraker Act set the basis for the integration of the colonial state apparatus to the American state. U.S. state institutions were extended to Puerto Rico, though in a disarticulated form. The Executive, Legislative, and Judicial branches, and the military operate in Puerto Rico; but for example, not all branches of the Executive were transferred to the island; all laws of Congress are applicable to Puerto Rico, but all are not extended. Puerto Ricans did not participate in the election of the Executive, not even in the selection of the members of the local Supreme Court, and have no representatives in the Congress. Ironically, the greatest level of integration was achieved after local autonomy was granted in the 1950's; but this integration was accomplished in a contradictory way: Puerto Ricans, were integrated as individuals into the American state through U.S. citizenship, while Puerto Rico, as a political-judicial entity, was not recognized as part of that state. Puerto Ricans were U.S. citizens, i.e., members of a state, but Puerto Rico was a "non-integrated

territory." This contradictory situation was realized through the Jones Act of 1917 and the so-called Insular Cases of the U.S. Supreme Court.

The Jones Act

The Jones Act conceded U.S. citizenship to Puerto Ricans and reformed the colonial legislature. These measures should be considered amendments to the colonial state structure rather than reforms to it. The Jones Act secured the economic and political hegemony of U.S. as institutionalized in the Foraker Act, but also granted some of the demands of local groups. After 1904, the dominant political force in Puerto Rico was the Union Party, the political organization of the hacendados, whose program called for independence under a protectorate. Since 1913, when the party excluded statehood as an alternative, its pro-independence rhetoric increased. The immediate reason for the concession of citizenship was to stop any claim for independence by Puerto Ricans:

> By bestowing citizenship upon the inhabitants of the island, Congress proclaimed the future of Puerto Rico to be something other than national independence and thereby sought to resolve the question how the United States would deal with this part of its empire. Accordingly, the citizenship granted was not complete; it was never intended to confer the Puerto Ricans 'any rights that the American people (did) not want them to have.'(18)

Another reason for granting citizenship was the imminent entrance of the United States into the First World War.[19] As

citizens, the Puerto Ricans had to serve in the U.S. armed forces.

The other important measure of the Jones Act was the reform of the local legislature. Two chambers were created, their representatives elected by the local population. The control of the Governor over the legislature was abolished. But Congress retained the power to annul any local legislation; and both the Governor and the President had veto powers.[20] In a word, local political forces were granted greater power over the legislature, but the structural limitations to their power were retained. The local executive was given the right to name the members of his Cabinet, except two. In practice this made it possible for local groups to influence the local Executive. The two members of the Cabinet named by the President were the Commissioner of Education and the Attorney General. The U.S. Executive thereby controlled the ideological and judicial institutions and kept them away from the pressure of local groups.

The Jones Act granted a "Bill of Rights" that included what T. H. Marshall calls "civil rights," but not "political" or "social" rights. Civil rights are the rights to liberty, freedom of speech, thought, and faith, the right to own property, to make valid contracts, and the right to justice[21]; that is, individual rights rather than "national" rights

That Puerto Rico was not to be an integral part of the

United States was expressed in the so-called Insular Cases, the U.S. Supreme Court's decisions on the "status" of Puerto Rico. The Court determined in 1901 in De Lima v. Bidwell that by virtue of the Treaty of Paris, Puerto Rico was a possession of the United States, so the American tarriff system could be imposed on the island. In Downes v. Bidwell in the same year, the Supreme Court ruled that Puerto Rico was not a foreign power, nor a part of the U.S. The doctrine of "non-incorporation" was established in Balzac v. People of Puerto Rico in 1922, where the distinction between incorporated territories (Alaska, Hawaii) and non-incorporated territories (Puerto Rico) is proclaimed. The former territories were part of the United States, the latter was not; only in incorporated territories could the U.S. Constitution be applied and statehood be granted.[22] In short, it was established that Puerto Ricans as individuals were members of the American state but that Puerto Rico as an entity was not part of the American federation.

To sum up the argument in this section, the policies of the American government during its first two decades in Puerto Rico were aimed at securing its presence in the newly acquired territory. The military government of 1898 to 1900 implemented a series of governmental and economic reforms to eradicate the vestiges of the Spanish state in Puerto Rico and to facilitate the swift expansion of American capital in the island. The military government prepared the grounds for the colonial system that was created under the Foraker Act

in 1900. The Foraker Act promoted new state and economic structures, building the colonial system that was to exist for the rest of the century. The Jones Act of 1917 made Puerto Ricans American citizens, while it excluded Puerto Rico from the American federation. The consequences of these policies are crucial for the development of Puerto Rico: colonialism and citizenship still remain at the center of political conflict of the island. But this period also saw crucial economic transformations, spurred by these policies: the expansion of a capitalist economy under the hegemony of American capital and the economic integration of Puerto Rico to the United States.

Consolidation of the Capitalist Economy and Economic Integration

The consolidation of the capitalist economy in Puerto Rico paralleled the consolidation the American state on the island.[23] If the political-judicial structures of the American state in Puerto Rico limited the access to state power of those creole groups dominant under the Spanish regime, the economic structure that emerged after 1898 destroyed or rearranged their socio-economic basis. The economic transformation of Puerto Rico during the first three decades after the invasion was as drastic as its political transformation.

The first three decades of the twentieth century saw

the consolidation of the capitalist economy in Puerto Rico, characterized by the penetration and expansion of U.S. capital and integration to the U.S. economy. This was the "golden age" of sugar in Puerto Rico, that is, of the agro-exporting model based on the production of sugar for export to the U.S. market. The sugar economy came to a crisis in the 1930´s and finally collapsed in the 1950´s. Until then, it was the dominant economic force in Puerto Rico, and thus the main determinant of statehood politics.

The consolidation of the sugar economy in Puerto Rico was drastic and swift, transforming all economic and social institutions and structures. This process was made possible by state measures to secure its development. Harvey Perloff, a student of this economic period, describes it as follows:

> The first twenty-eight years of American rule were marked, above all else, by the rapid development of the sugar industry, through private investment--a development which served as a lever for the entire economy, with investment spilling over into other areas of agriculture and small-scale manufacture. While the United States government insisted on being paternalistic in political matters, the development of resources of the island was left to private enterprise, in accordance with prevalent American economic philosophy. But it should be noted that the government´s economic role was far from negligible, since it provided the foundations for the economic development. Government measures like the extension of tariff protection to Puerto Rico made the production of sugar and tobacco highly profitable. Capital, in large volume, was attracted to the island as a result, and Puerto Rico, whose economic potential had been scarcely tapped, revealed sources of agricultural wealth hitherto unsuspected. Moreover, the insular government, which, during the first eighteen of the twenty-eight years at least, was controlled by mainlanders, provided essential development capital in the form of a wide variety of public works. About $45,000,000 of loan funds in addition to tax revenues amounting perhaps one-tenth this sum, were spent by the government upon roads, school houses, municipal

> utilities, and combined irrigation and power plants--helping to lay the foundations for economic expansion.(24)

But the inclusion of Puerto Rico within the tariff system of the United States and the provision of infrastructure were not the only state measures that favored American capital: the change of currency and its devaluation; the freeze in credit; the decree of a law fixing the price for land; the new taxes; the laws favoring corporative capital; and even the 500 acres law--all these favored American capital and its rapid expansion and domination over the economy in Puerto Rico.

The consolidation of the sugar economy in Puerto Rico during this period was drastic and absolute, as shown by changes in export figures and in the pattern of land under cultivation. As shown in Table 3.1, by the early 1900's sugar was the main export of Puerto Rico. In 1895 coffee had been the main export, with 60 percent of the total, followed by sugar with 26 percent and tobacco with 4 percent; by 1901, sugar represented 55 percent of the total exports, with coffee having 20 percent and tobacco 8 percent of the exports. By 1911 sugar increased its share of exports to 61 percent of the total, but tobacco surpassed coffee with 17 percent and 13 percent respectively. By 1931, sugar represented 55 percent of total exports, tobacco 48 percent, and coffee a mere .55 percent. These changes in agricultural production and exports were reflected in a change in the pattern of land cultivation. In 1899, coffee represented 41

percent of the land under cultivation, with sugar 15 percent and tobacco 1 percent. In 1909, the respective figures were 34, 27, and 4 percent. By 1919, sugar already dominated land under cultivation, with 34.5 percent, coffee with 29 percent, and tobacco with 6 percent (See Table 3.2).

The changes in the pattern of land under cultivation were accompanied by a change in the pattern of landholding, characterized by the centralization of agricultural property in the hands of large corporations. A look at Tables 3.3. and 3.4 confirms this pattern. On the one hand, there is an absolute and relative decline in the number of farms over 500 acres, while, on the other hand, there is an absolute and relative increase in their control of land. In 1920, .9 percent of all the farms over 500 acres controlled 32 percent of the total land under cultivation; by 1930, .7 percent controlled 34 percent of the total. At the same time there is an absolute and relative decrease in the number of farms between 100-499 acres and in the land under their control. Big farms simply absorbed medium-size farms.

This centralization of land was linked to the sugar industry and was the result of a process of centralization in the ownership of sugar land and in the production of sugar. The cultivation of sugar cane and the production of sugar came under the control of absentee corporations, mostly American, and particularly by four of these: the United Porto Rican, the Fajardo, the Aguirre, and the South Porto Rico corporations. In 1895, manufactured sugar was

produced by 500 centrals and mills; by 1930, this production was carried out by 42 centrals.[25] In 1929, the total land under cultivation was 568,000 acres, of which 42 percent was devoted to sugar cane. Out of this, 196,735 acres, or 78.4 percent, were owned or controlled by absentee corporations; 170,675 acres, or 68 percent of the land devoted to sugar cane cultivation, was owned or was rented by the four corporations mentioned above. That is, four American corporations controlled 30 percent of all the land under cultivation. By the end of the 1920's the U.S. sugar corporations controlled 40 percent of the agricultural wealth and 10 percent of the estimated total wealth of Puerto Rico. These corporations produced 50 percent of the sugar cane and milled more than 58 percent of the total sugar harvest.[26]

The economic control of U.S. capital was not restricted to the sugar industry. The Brookings Institution's economic study of 1930 revealed that foreign investments in Puerto Rico reached $176 million. Of this, $70 million was corporate capital invested in Puerto Rico and $43.9 million in financial investments with the insular and municipal governments of Puerto Rico. (See Table 3.5) The study estimated that the total wealth of Puerto Rico was around $650 million, which means that some 20 percent of the wealth of the island was in foreign hands. "These figures gain added significance from the fact that the share belonging to foreigners represents active, productive

capital; whereas the share belonging to Porto Ricans includes personal property as well as productive capital." Out of the $70 million in corporate capital, $40 million was invested in sugar, $14.5 million in miscellaneous investments (including public utilities), $10 million in tobacco, $3.5 million in banks, and $2 million in fruits.[27] The control of foreign capital over the economy of Puerto Rico was described by the Diffies in the following way: ''Sugar is 60 percent absentee-controlled; fruit is 31 percent, or more; tobacco is 85 percent; banks are 60 percent; railroads, 60 percent, or more; public utilities, 50 percent; and steamship lines, approximately 100 percent.''[28] The position of U.S. capital in the economy of Puerto Rico by 1930 was impressive: 80 to 85 percent of the tobacco business was in the hands of U.S. corporations; these owned nearly two-thirds of all land devoted to fruit cultivation; four U.S.-owned companies monopolized the utilities (gas, light, railroad, and telephone) in San Juan and Ponce, the two main cities of the Island; three foreign banks, including the National City Bank of New York, owned 50 percent of all bank resources; four U.S. shipping companies monopolized the shipping trade.[29]

The penetration and domination of the economy of Puerto Rico by U.S. capital was part of the process of economic integration of the island to the United States. This process was promoted by a number of measures imposed by the American state, as was the inclusion of Puerto Rico

within the tariff system of the United States. The immediate effect of this policy was the commercial integration of Puerto Rico to the United States. Already by 1901 the United States controlled 71.7 percent of the foreign trade of Puerto Rico; by 1920, this figure would reach 90 percent, the level where it would remain for many decades. Table 3.6 shows that throughout this period there was an increase in Puerto Rico´s exports and imports, with the former surpassing the latter. This increase in imports and exports was followed by a parallel growth in trade between Puerto Rico and the United States. The increase in Puerto Rico´s foreign trade meant a greater integration of trade with the United States. Table 3.7 shows that by the end of the 1920´s Puerto Rico had already lost its access to other markets, particularly those of Europe (including Spain) and Cuba. This meant the loss of the traditional markets for Puerto Rican coffee.

The imposition of the U.S. tariff facilitated the entrance of American capital and set the basis for the transformation of the economy of the island. The tariff favored the sale of U.S. products in the island and production in Puerto Rico for the American market. Sugar was the main beneficiary of this situation. Sugar produced in Puerto Rico could not compete with Cuban sugar in the American market due to its higher cost of production; the tariff meant that Puerto Rican sugar would be cheaper than the Cuban sugar in the U.S. market. The sugar industry in

Puerto Rico, master of the economy for four decades, could not exist without the protection of the tariff.[30] The tariff was in essence a subsidy to American capital, which controlled the industry. According to official estimates, from 1924 to 1935 the value of the sugar sent from Puerto Rico to the United States amounted to $570 million, of which some $287 million, or 50 percent, was due to the tariff. Of the latter figure, $129 million, or 45 percent of the benefits of the tariff, went directly to investors. Of all sugar contracts, only 25 received 75 percent of all benefits from the tariff. ''In short, they (absentee owners) receive the largest proportions of the tariff benefit but they hardly share the penalties it imposes.''[31]

The tariff benefited not only the sugar producers but all products made to be sold in the American market and U.S. products sold on the island. By 1929, tobacco and textiles, produced mostly by U.S. companies, represented 15.7 and 18.8 percent of all exports, respectively.[32] American commercial capital also took advantage of the tariff to expand on the Island. ''Much of the import trade of Porto Rico... is handled directly by American producers through either manufacturing or selling branches.''[33] The production and import of fertilizers was controlled by three U.S. subsidiaries; manufactured consumer goods were monopolized by manufacturing companies or commercial houses from the U.S.; oil was dominated by two American and two British companies; staples like rice, flour, grains, fish, etc.,

were handled by U.S. commercial houses.[34] Puerto Rico also functioned as a "warehousing and transhipping center" of U.S. products in the Caribbean. "American firms naturally select Porto Rico rather than a British or Dutch colony for the location of their Caribbean sales offices, not only because of geographical convenience but because they are able to conduct business under the American laws and the jurisdiction of the Federal Courts." It has been estimated that Puerto Rico's re-export trade between 1924-1928 was $18 million.[35]

American finance capital also expanded in Puerto Rico during this period, linked to the rise in production, mostly of sugar, and trade with the United States. In 1898, the banking resources of Puerto Rico totalled $6.3 million; this figure increased to $10.8 million by 1908, $32 million by 1918, and reached $87.4 million by 1929.[36] The expansion of the banking system in Puerto Rico was linked to the sugar industry: financing the harvest, manufacturing, and transportation of sugar.[37] Some 60 percent of capital in commercial banks was foreign. Four foreign banks (the National City Bank of New York, Chase National Bank of the City of New York, Bank of Nova Scotia, and the Royal Bank of Canada) controlled 50.2 percent of the commercial banking resources of Puerto Rico; some 95 percent of its capital was owned outside of the island.[38] On the other hand, local banks, whose number reached fourteen by this period, were "pressured" to become linked to foreign banks and to the

U.S. financial system; they ''are very conscious of the fact that if they are to remain effective instruments in the economic life of the Island, they have no alternative other than to link themselves up in one way or another with mainland institutions.''[39] Already by the first decades of the twentieth century the increasing integration of the financial system of Puerto Rico to that of the United States is evident:

> This increasing participation of "outside" banking and credit institutions and also of outside capital within the Island, the close economic ties developed with the States, the many necessary banking interrelationships which have developed between Insular and mainland banks, not to mention a powerful factor as a common monetary medium, provide unmistakable evidence of an overgrowing tendency of the Island's financial organization to become operated as an integral part of the financial system of the United States.(40)

The presence of the American state in Puerto Rico provided the basis for the expansion and dominant position of American capital in Puerto Rico and facilitated the economic integration of the island to the U.S. economy. But we do not need conspirative or deterministic theories to explain this relation. Even though the actions of some colonial governors and bureaucrats may have favored particular capitals, this cannot explain the drastic and rapid expansion of U.S. capital in the island, much less the economic integration which nobody foresaw or planned. The American state did protect its capitals from the competition of those of advanced capitalist countries. American capital, free from any competition from other advanced capitals and finding no challenge at the local level, penetrated and expanded very

rapidly in Puerto Rico, transforming the social and economic structures of the Island.

The colonial state apparatus also implemented measures favoring U.S. capital in P.R., particularly the sugar industry. Several such measures were implemented during the first two civilian governments of 1900 and 1904, when the House of Delegates was controlled by the Republican Party. The measure most openly debated was the Hollander Law, which created a tax system that favored foreign capital. This law imposed a local tax of one percent on landed and chattel property. Those most affected were the creole landholders, who were already in a very weak economic situation; the freeze in credit imposed by the military goverment already prevented them from financing their harvests. The new law meant that these landholders had to pay proportionally the same taxes as the newly arrived corporations. ''Having no capital for cultivation, many landowners were not able to pay such taxes and their properties were seized by the government and put up for sale at auctions. Between 1901 and 1903 more than 600 cases of embargo were authorized by the colonial authorities.''[41] Most of this land, already devaluated, went to the hands of sugar corporations. In 1902 the local legislature approved a corporative law that facilitated the incorporation in Puerto Rico of foreign capital. The end result of both laws was described in the following manner:

> ...during its first session on January 31, 1901 the Puerto Rican legislature approved an internal revenue

> system composed of a property tax, excise taxes on various products and an inheritance and gift tax. This revenue system was regressive, weighing heavily on lower and middle income groups and on local manufacturers and small business propietors and was favorable to corporations, insurance companies, utilities and banks. Absentee owners, who by this time were mostly Americans, were able to evade equitable taxation and thus evade contribution to the public finances of the island. Also under this set-up, during its second session on March 1, 1902, the Puerto Rican Legislature approved a corporation law modeled after the New Jersey Corporation law. This law was very flexible allowing mergers, combinations, trusts, and holding companies. It also facilitated and protected absentee ownership.(42)

That these laws copied those already existing in the United States suggests that not only the American state and capital, but also local sectors grouped around the Republican Party, wanted to create a capitalist framework in Puerto Rico.

Other measures benefited the sugar industry directly. A 12 1/2 percent tax was imposed on any corporation whose income exceeded $10,000. ''The 12 1/2 percent rate is, therefore, falling equally on the large sugar companies with incomes running into the millions and on the Porto Rican capitalist with an income of only $10,000.''[43] Also implemented was an individual tax rate for non-residents of 6 percent. ''In connection with the individual income tax, absentee owners enjoy a more favorable rate than resident Puerto Ricans and have opportunities for evasion the latter do not possess.''[44] These measures had the following consequences for the tax structure of the Puerto Rican government: while from 1920 to 1927 the U.S. government obtained 42 to 59 percent of its revenues from income and

profit taxes, in Puerto Rico for the year 1927-28 revenues from these sources amounted only to 13.7 percent; while in the U.S. the revenues from consumption, excise and other taxes on gross income amounted to 41 to 58 percent, in Puerto Rico tax collection from these sources was 86.3 percent; whereas in the U.S. excise taxes never exceeded 28 percent of the total tax collection, in Puerto Rico they represented 54 percent.[45] Furthermore, the property of the sugar industry was under-assessed to a very large extent. ''In the case of the three largest mills the under-assessment for the last ten years (1931-1941) is over $75,000,000 and has averaged around $7,500,000 per annum.''[46] For the year 1928-29, sugar land was valued at over $500 an acre; it was assessed at an average of $268. Official reports concluded that sugar land was more heavily under-assessed than any other land under cultivation. While sugar wealth represented 36 percent of all taxable wealth, it paid only 23 percent of all government revenues.[47]

There were other measures implemented by the state in Puerto Rico that surpassed the legal framework in providing benefits to the sugar industry. Early in the century the federal government opened an agricultural experimental station in the town of Mayaguez, which, among other activities, researched and developed new techniques for the cultivation of sugar. Also created was the School of Agriculture of the University of Puerto Rico in Mayaguez, out of which came the technical cadres to supply the needs

of the sugar corporations.[48] Under the Jones Act of 1917, the Department of Agriculture and Labor was created, whose budget for the late 1920´s reached a half million dollars. Among its main functions was to stimulate the growth of revenue-producing export crops; that is, to provide the sugar corporations with the research and techniques necessary to increase their production of sugar.[49] The local government also subsidized the sugar industry through the provision of infrastructure and other services. Out of the $25 million public debt of the insular government, nearly 72 percent was incurred in projects which directly or indirectly benefitted the sugar industry: roads, irrigation projects, bay constructions, farm improvements, and the experimental station.[50] These measures do not include the non-enforcement of the 500 Acres law, which stipulated that no corporation could own land in excess of 500 acres. Official estimates show that in 1935 the twenty-five largest centrals controlled some 309,462 acres, with the smallest central controlling some 3,000 acres.[51]

Thus, the early decades of the twentieth century experienced the expansion of capitalism in Puerto Rico under the hegemony of American capital and the economic integration of the island to the United States. Supported by the policies of the state, American capital came to control agriculture, finance, and commerce. The center of the new capitalist economy and the major area of investment was the sugar industry. The latter not only dominated the imports

and exports of the island, but transformed radically the pattern of ownership of land and of land cultivation in agriculture in favor of the production of sugar, heavily controlled by four American corporations. The formation of a colonial government and the expansion of a capitalist economy under the hegemony of American capital determined the transformations of the class structure and the character of the political conflict during this period in Puerto Rico.

PART II. SOCIAL AND POLITICAL CONFLICT

The first three decades of the twentieth century evidenced the consolidation of capitalism in Puerto Rico, characterized by the dominant position of U.S. capital in the economy and the increasing integration of the latter to the U.S. economy. This had tremendous consequences for the class structure of Puerto Rico, including: the consolidation of a Puerto Rican bourgeoisie linked to the sugar industry, commerce, and finance; the consolidation of a professional and commercial petty-bourgeoisie; the weakening of the hacendado class, particularly the coffee growers; and the development of a working class. This in turn transformed the politics of the island. The most important sectors of the Puerto Rican bourgeoisie and petty bourgeoisie joined the Republican Party, the strongest supporter of the economic and political interests of the United States in Puerto Rico.

The creole landowners, led by the coffee hacendados, joined the Union Party to defend against U.S. policies in Puerto Rico. The working class, organized in the Socialist Party since 1916, became the determining factor of Puerto Rican politics during the 1920's. All these sectors and their respective political parties embraced annexationism one way or another during this period.

The Puerto Rican Bourgeoisie

During the nineteenth century, the Puerto Rican bourgeoisie suffered from the limitations imposed by the by Spanish colonial regime. The arrival of the American state, the expansion of U.S. capital, and the increasing economic integration of Puerto Rico to the U.S. set the basis for their development as a class. Some sectors of the bourgeoisie had emerged during the Spanish regime, linked primarily to the sugar industry (central owners), trade, and the incipient creole banking institutions. These became consolidated as a class during the American regime.[52] Other sectors emerged with the expansion of capitalism during the first three decades of the century. This explains the tendency of this class to support annexationism and the Republican Party, for only statehood made possible their economic and political reproduction.

The sugar bourgeoisie, comprising central owners and big planters ("colonos"), represented the main sector of the

Puerto Rican bourgeoisie during the first four decades of the twentieth century. The sugar centrals were owned by powerful local interests, some of them incorporated, others in partnerships, who controlled large tracks of land and manufactured sugar independently of the sugar corporations. Many of the central owners began their operations during the latter part of the nineteenth century.[53] The "colonos" were independent producers of sugar cane who sold their crops to the centrals for processing. These groups had considerable economic power. It was estimated that by 1918 the local capital investment in farms over 500 acres was $47.5 million, of which $23 million was concentrated in 18 firms.[54] By 1934-35, non-American mill-owners, mostly Puerto Ricans, controlled 28 percent of the land devoted to sugar cane and produced 33.3 percent of the sugar; sugar planters controlled 48.7 percent of the land devoted to sugar cane and produced 35.5 percent of the sugar.[55]

The farm administrators, who were more dependent on foreign or local corporate capital and on the expansion of the sugar industry, expanded along with this sugar bourgeoisie of central owners and planters. From 1910 to 1930, while the number of farms decreased, those operated by administrators increased almost threefold, from 1,170 to 3,374. Farm administrators represented 6.4 percent of all farm operators but farmed 34 percent of all land; the importance of this fact is that ''a large proportion of farms operated by managers are sugar-cane plantations

controlled by corporations as partnerships.''[56] By 1934-35, the four American sugar corporations leased 69,518 cuerdas or 42 percent of the land under their control,[57] most of it farmed by administrators. Many of these administrators were former landholders who, beaten by the economic transformations of the early decades, were forced to sell their land and work for the corporations.

These sectors benefited immensely from the expansion of the sugar industry in Puerto Rico. Since the free access to the North American market was the basis of their economic expansion, they would favor any measure that would secure the permanence of this status. The presence of the American state in Puerto Rico not only secured for this sugar bourgeoisie the continued access to the U.S. market, but also assured them the continuation and expansion of the capitalist economy on which they depended. This meant more facilities for the trading of their products, greater facilities for financing and credit, and greater access to advanced technology. All this was linked to the presence of U.S. capital on the island, particularly in sugar. These sectors also benefited from the services and aid that the state (federal and local) provided to the sugar industry.[58] This sugar bourgeoisie, although it was not the leading sector of the Republican Party during this period, did set the basis for the party's program in its defense of statehood and of the sugar industry in Puerto Rico. The rupture of the party in 1924 revolved around the

contradictions produced by this program.

The expansion of the capitalist economy in Puerto Rico, revolving around the sugar industry, stimulated the development of commerce. Puerto Rico's foreign trade increased from $19 million in 1901 to $183 million by 1930. This expansion in commerce was achieved through the increasing integration of trade to the U.S. market, from 71 percent in 1901 to 91.7 percent by 1930. The preponderance of agricultural products in Puerto Rico's trade was absolute: already in 1901 they represented 80 percent of all exports, with sugar accounting for 55 percent; by 1929, the respective figures were 63 and 43 percent, with tobacco representing 15.7 percent of all agricultural exports.[59] Following the pattern established during the nineteenth century, the island depended on imports for its supply of food, a pattern that became more acute with the expansion of land devoted to sugar cane. Already by 1901 food imports represented 50 percent of the total, a figure which declined to 35 percent by 1929. The expansion of the sugar industry also increased the need for construction materials, transportation equipment (including railroads), machinery and supplies for manufacturing and agriculture; these imports increased from 18 percent in 1901 to 40 percent in 1929. Apparel and home equipment represented 31 percent of imports in 1901 and 1929. As Table 3.8 shows, Puerto Rico exported agricultural products and imported manufactured goods. By this period, Puerto Rico was already the ninth

market for imports of the United States.[60]

The expansion of trade brought with it the expansion of the merchants, large and small. The big Puerto Rican merchants imported foodstuffs and manufactured goods and exported agricultural products, mainly sugar and fruits. Local merchants depended on the U.S. market to buy their merchandise as well as to sell their products. These bourgeois and petty-bourgeois merchant sectors moved quickly to the Republican Party, to such an extent that Thomas Mathews considered them the main sector of the party during this period. ''As commercial relations with the United States grew, this group grew in numbers and influence.''[61]

Another consequence of the expansion of the sugar economy was the development of a Puerto Rican banking sector, closely linked to local sugar and commercial capital. The president of the Banco Crédito y Ahorro Ponceño (founded in 1895), Lucas P. Valdivieso, was linked to sugar and commerce. The Banco de Ponce was founded in 1917 by Pedro J. Rosaly and other local merchants responding to the need for financing and to the war boom in the sugar industry. In 1922 the Roig Commercial Bank of Humacao was founded by Antonio Roig, owner of the Ejemplo Central.[63] Just as local merchant capital expanded in areas not contested by American capital, so local banking was restricted to areas not penetrated by foreign capital. Local banks during this period, according to Di Venuti,

> are proper sources for short-term credits for financing current business, of production credits for agriculture

> and industry, of personal loans, and of mortage credit for private building (principally through participation in the Federal Housing Administration). Whenever commercial banks, such as those in this group, make loans for capital purposes or extend long-term mortage credits, they are engaging in functions not properly considered within the area of sound commercial banking.(64)

The local banking sector depended on the expansion of the capitalist economy in Puerto Rico, promoted by the expansion of U.S. capital in the economy, mainly in the sugar industry. That is why they defended the permanence of U.S. capital and the American state in Puerto Rico. Politically, they tended to support the Republican Party; Valdivieso, Roig, and Rosaly, among others, were prominent leaders of the Republicans.

The Puerto Rican bourgeoisie at this time can best be characterized as "competitive capital," based in manufacturing, trade, and banking for the local market, and subordinated economically and politically to American capital. Its development and reproduction is closely linked to the presence of American capital and, thus, of the American state in Puerto Rico. The Puerto Rican bourgeoisie has historically been annexationist and it has traditionally nurtured the statehood movement. The bulk of the bourgeoisie during this period was in the Republican Party.[65] Even when this was not the case, as with the central owners and sugar planters in the Union Party, they were conservative bulwarks and lived on the frontiers of Republican annexationism.[66]

Another consequence of the expansion of the capitalist economy during this period was the growth of the middle

sectors, the professionals and the commercial petty-bourgeoisie. This sector, particularly the professionals, provided the bulk of the Republican leadership. The professionals dominated the leadership of the annexationist sectors and of radical Autonomism during the nineteenth century. The growth of the capitalist economy brought with it the expansion of the services and professions (lawyers, doctors, teachers, engineers, administrators, accountants, etc.). The growth of the capitalist economy provided this sector with the space for their social reproduction: a money economy, need for more services, literacy, urbanization, health, etc. This was true for independent professionals as well as those linked to private business, either through contracts or a wage relation. Many of these professionals became linked to capital as stockholders, members of the board, general managers, etc. This professional sector benefited also from the expansion of the state, not only with regard to bureaucratic jobs but, more important, from the increasing state intervention in areas like justice, treasury, education, health, public works, etc. Great numbers of these middle sectors grouped around the Republican Party, providing the bulk of its leadership. Quintero-Rivera has determined the specific weight of this group in the Republican Party, which between 1904 and 1920 provided 56.4 percent of its leadership.[67] Our analysis of the Republican leadership for the first four decades of the twentieth century showed the same results (Table 4).

Nevertheless, we emphasize the relations of this sector with private business, and especially with the state. The fact that the Republican Party was characterized as a ''party of patronage,''[68] without being a governing party after 1904, reflects the importance of the ties between the Republicans and the state in Puerto Rico.

Thus, the expansion of the capitalist economy set the basis for the emergence of a Puerto Rican bourgeoisie in the sugar industry, in commerce, and in finance; and for the expansion of the professional and commercial petty bourgeoisie. The American state and capital in Puerto Rico secured for these sectors the conditions for their reproduction and growth; and so they became the main supporters of the American regime on the island and of annexationism, grouping in the Republican Party. The same economic and political transformations that benefited these sectors adversely affected the creole landowners, particularly the coffee hacendados, who were undermined by the new American regime.

The Decline of the Hacendados

The consolidation and expansion of the capitalist economy in Puerto Rico meant not only the growth of the sugar economy, trade, banking, and the professions, but also the displacement of the preponderant economic sector at the end of the nineteenth century, the hacienda. Contrary to

other experiences where the capitalist mode of production links itself with other forms of production, in Puerto Rico precapitalist forms of production like the hacienda were displaced.[69] The interest of U.S. capital in Puerto Rico was not to exploit the production of raw material under pre-capitalist relations of production, which could have happened in coffee, but rather the accumulation of capital through the production of sugar and tobacco, trade, and finance. The model of capital accumulation during this period, which would end by the early 1950´s, was an agro-exporting model based on the production and export of sugar.[70] Capital was accumulated through capitalist relations of production, not through the exploitation on pre-capitalist forms. The expansion of American capital in Puerto Rico, particularly in the sugar industry, and the decay of the coffee industry and the hacienda, sets the basis for the social and political conflict of this period. Of ´´the four principal agricultural industries of the Island, coffee alone is primarily Porto Rican in its management and ownership´´[71]; this fact helps explain the politics of the period. Puerto Rican landowners, led by the coffee hacendados, beaten by the expansion of American capital on the island, took up the defense of the fatherland, as represented in the coffee hacienda.[72]

The expansion of the capitalist economy during this period meant the displacement of large numbers of landowners, the most important of them being the coffee

hacendados. Towards the end of the nineteenth century coffee was the main product of Puerto Rico's economy, both in terms of exports and in land devoted to its cultivation. The hacienda was the productive unit of the coffee industry. Although the hacienda was influenced by the world capitalist economy (through the world market), its predominant relations of production were pre-capitalist (e.g., the "agrego," indebtedness, paternalism). By the end of the nineteenth century, the creole landowning sector became the leading group in Puerto Rican politics through the Autonomist movement; within this group the coffee hacendados were the predominant sector. Though the hacendados as a class could not achieve hegemony over Puerto Rican society, they did win a series of political victories that strengthened their social position (e.g., the Autonomist government of 1897). The creole landowners, including the coffee hacendados, could only hope that the "Great Republic of the North" would satisfy their social, economic, and political aspirations.[73]

The economic demands of the creole landowners, including the coffee hacendados, to the new goverment were aimed at strengthening their economic position. Their main demands were free trade, the change of currency at $.50 per Spanish peso (instead of the 75 percent demanded by other groups), availability of credit, and the modernization of the economy through American capital.[74] The main goal of Puerto Rican landowners, including the coffee hacendados,

was to gain access to the U.S. market. With the change of sovereignty, and with the possible concession of a territorial status to Puerto Rico as a path to statehood, the coffee growers foresaw their entrance to the American market and their displacement of Brazilian coffee once the U.S. adopted tariffs to protect Puerto Rican coffee. They also foresaw the defense of Puerto Rican coffee in the commercial treaties of the United States with other countries.[75] Their demand for a change in currency at 50 percent grew out of the chronic debts they had incurred with Spanish merchants. If the change in currency was set at a higher percentage, like the 75 percent that merchants and bankers were demanding, this would have increased their debt, and their economic situation would have deteriorated because of their lack of liquid capital. This, coupled with the monopoly of money and goods by the merchants and bankers, would increase the indebtedness of farmers to the latter.[76] The demand for more credit was also essential to coffee growers, particularly medium and small growers, who were indebted to Spanish merchants who restricted credit. They demanded that ''agricultural banks be established by American corporations to loan money at low rates and for long terms on mortages.''[77] They also asked for a government loan to be used in infrastructural improvements; aid to the local treasury and the municipalities, which were both bankrupt; and aid to improve the critical economic situation of farmers, particularly those in coffee.[78] These measures,

together with the entrance of American capital and technology, would further the modernization of the Puerto Rican economy and facilitate the growth of the coffee industry.[79]

Along with these economic measures, Puerto Rican landowners demanded "self-government" as a transitory step towards statehood. Luis Muñoz Rivera, the main leader of the Federal Party, the political organization which represented the interests of the creole landowners, particularly coffee growers,[78] proposed the concession of a territorial government that would prepare Puerto Rico for eventual statehood: ''To conclude, Porto Rico aspires to statehood and accepts as a transitory condition that of a territory.''[81]

The positive reception of the American regime by the coffee hacendados changed drastically after the measures implemented by the U.S. government during the first years after the invasion. The economic policies implemented by the American government further undermined the economic situation of the hacendados. The imposition of the U.S. tariff on was a mortal blow to coffee growers; it closed their traditional markets in Europe and Cuba, and at the same time it did not recognize Puerto Rican coffee as an American product with the right to be protected in the American market. The change in currency to $.60 per peso and the freeze in credit forced many landholders either to sell land to finance their harvest or to remain in a precarious

economic condition. The need to sell land became aggravated when a fixed price for land, below the real market value, was imposed along with a tax on landownership, and not on production; both of these measures forced the landowners to sell more land.[80] The precarious economic condition of the coffee hacendados is reflected in the fact that coffee ceased to be the main export product of Puerto Rico (less than one percent by 1929) and the decrease in land devoted to coffee cultivation (from 41 percent in 1899 to 25 percent in 1929).

That sector of the creole landholders most hurt by the new regime, the coffee hacendados, became organized around the Union Party, the dominant electoral party from 1904 to 1924. It was founded in 1904 out of a union of the Federal Party and a dissident section of the Republican Party. The Federal Party was founded in October 1899 from what used to be the Liberal Party, headed by Muñoz Rivera, the leading party during the Autonomist government of 1897. The federal partysupportedregional autonomy under the American federal structure. According to their program, the United States "was a State of States, a Republic of Republics. One of those States, one of those Republics Puerto Rico should be in the future." Ultimately they demanded statehood for Puerto Rico; but as a transitory formula, the organization of the Island as a Territory with autonomy in local affairs; the imposition of the U.S. Constitution in Puerto Rico; free trade and the change in currency to the U.S. dollar;

measures to benefit agriculture, including financial institutions; and municipal autonomy in the areas of education and justice.[83] These demands reflect what would be their political watchword for decades to come: regional autonomy would have to be built upon regional identity. This appropiation of ethno-national symbols was necessary for the socio-political program of this sector, in contrast to the Republicans.

The economic and political measures implemented by the new regime after the invasion adversely affected those sectors within the Federal Party. The political position of the party changed from one of accommodation to one of opposition to the regime. They opposed most of the measures imposed by the military government, by the Foraker Act, and the laws passed by the civilian governments under the Republican Party. Muñoz Rivera called the Foraker Act ''a law unworthy of the United States, which imposes it, and of Puerto Rico, which tolerates it. There is not the slightest hint of a democratic thought in it.''[85] Already in 1901, Governor Allen, the colonial administrator at the time, stated that ''while the Republican Party accepts in good faith the American domination of the Island, frankly, the same thing cannot be said of its political adversaries.''[86] The Federal Party was simply reacting to the attacks on the social and political basis of the sectors that it represented: the economic measures that adversely affected landowners, particularly coffee hacendados; the loss of

municipal power, the hacendados' source of political strength, to the insular government; and finally, the colonial government that usurped whatever power they had had under the Autonomist government with Spain.[87]

The Social Basis of the Union and Republican Parties

The Union Party was formed in 1904 from the bulk of the Federal Party and a group of Republican landowners and professsionals who were in opposition to the new measures imposed by the American government and the policies pursued by the Republican Party.[88] Their program was one of defense of the economic and political interests of the creole landholders. The party's declaration of principles stated that the party was created as "an association for the defense of the rights of the people of Puerto Rico." Point three of the party's program clearly indicated that the party represented the interests of the creole landowners, particularly the coffee hacendados:

> We declare that the Puerto Rican people aspire unanimously to "self-government" in its fatherland, the recognition of the full right it has to protect the products of the island by searching for or opening new markets for them, markets which it has lost, or that it be granted the right to gain these markets in agreement with the United States.

Point five of the platform, the most debated issue of all, stated that the "self-government" demanded by the party could be obtained either through statehood or through independence "under the protectorate of the United States."

Point six asked the government of the United States to ´´define once and for all the status of the people of Puerto Rico´´ and to grant the requested ´´self-government´´ to the Island.[89] This was a defensive program, asking the United States for the protection of the economic and political interests of the creole sectors in the party. It also responded to the variety of economic and social interests grouped within the Union Party, from the professionals to the small landowners, the coffee hacendados, and sugar central owners and sugar planters. This latter sector, represented by Jorge Bird Arias and Eduardo Giorgetti, was the most conservative and pro-annexationist sector of the party. The Union Party could not surpass the material conditions that gave life to it: ´´What it aspired to was merely some control over the social development of the country, which is understandable considering the material weakness and pluralism of the Unionists.´´[90]

There were clear differences between the Republican Party and the Federal/Union Party that went beyond the ideological and programmatic demarcations. The Federal Party presented itself as the party of the "leading classes of the country" representing "the great regional interests" against the "vile populace," against the ´´scoria of the suburbs.´´[91] In turn, the Republican Party presented itself as the party of the popular masses. The difference between the parties was also based on race. Already in the municipal elections of 1899 the social differences between the two

parties was evident:

> Most of the white people, including merchants and professional men, the people of social position and mild memories of Spain voted the Federal ticket. The negroes and colored people generally, the poor and unfortunate, the crowded denizens of the cities, and a large contingent of the men who best remembered Spanish cruelty and wanted to stamp out every vestige of it, voted the Republican ticket.(92)

Rowe indicated that the Republican Party "appealed to the more radical element in the native population"; it "was organized with a view to bring to its support the elements hitherto neglected, the poorer whites and the negroes." With regard to the Federal Party he stated:

> To it belonged the more conservative elements of the Puerto Rican population. Its greatest weakness, however, lies in the Bourbon tendencies of its members. Their horror of negro domination, coupled with the fear of the results of a further extension of the suffrage to the poorer whites, has largely determined their attitude toward public affairs.(93)

The Republican Party maintained this image as a popular party for most of the period under consideration, while the Union Party presented itself as the party of the big economic interests. Another difference between the parties was their position towards the United States. These differences in social basis and position with regard to the United States were characterized in the following way in 1914 by an American analyst:

> In a broad way the insular Republicans are the smaller businessmen, the resident Americans, and the coloured population and the party as a whole claims to be pro-American. The Unionist Party, on the other hand, consists of the wealthy Porto Ricans, the resident Spaniards, and the large business interests. A large proportion of this party are white men, and the party as a whole is considered anti-American. Swinging first one

> way and then the other and divided between the two parties, is the great bulk of the population--the mestizo and mulatto people, the peons and the working class of the island.(94)

This image of the Republican Party derived from the outstanding position within its leadership of the professionals, the most articulate and progressive sector of the party, together with the support received from the black population (Barbosa was a black man) and from the working class. This image would change by the early 1920's, with a series of events that broke the Republican unity: the death of Barbosa, the formation and consolidation of the Socialist Party, and the rupture between the professionals and the sugar bourgeoisie, among other factors, split the party and brought out the contradictions within it.

Thus, the economic and political structures of the American regime in Puerto Rico during the first three decades of the century undermined the economic and political basis of the Puerto Ricans landowners, particularly the coffee hacendados. The hacendados's initial support of the American regime was transformed into adamant opposition after the imposition of the colonial regime. Those sectors opposed to the American regime, including a dissident section of the Republican Party, formed the Union Party in 1904, the political organization that became dominant in Puerto Rican politics for several decades. The growth of the working class and of its political organization, the Socialist Party, led the "historical enemies," the Union and

Republican parties, to join forces against a common enemy: "the red menace." But a faction of the Republicans, adamantly opposed to allying with the Unionists, allied instead with the Socialists. Thus, by the mid-1920's, Puerto Rican politics had turned into a politics of coalitions.

The Politics of Coalitions: The Unionist-Republican Alliance

The politics of the Union Party reflected the material basis of the sectors that were grouped within it--social sectors in decline. Moreover, it was a party full of contradictions. Its most radical sector was the coffee hacendados and those professionals alienated from the economic transformations in Puerto Rico. In opposition to these groups was the sugar sector, imposing a conservative and pro-annexationist note in the party. Though the Union Party was the dominant party from 1904 to 1924, the party's actions are best characterized by its defensive politics. Even though they dominated the elective posts of the legislature, the limitations imposed by the colonial structure prevented them from exercising any real power. An example of this is the so-called "appropiation crisis" of 1909, when the U.S. Executive imposed its will over the Unionist demands and further restricted colonial rights.[95] The defensive posture of the Unionists produced a contradictory policy towards the U.S., sometimes of conciliation, other times of opposition. By the early 1910's the party

espoused a program with nationalist overtones, oppposing the colonial government and the penetration of American capital in the Island; they defended the Puerto Rican "ethos," i.e., Puerto Rican customs, culture, and language, against the invasion of a foreign and dominant culture.[96] The culmination of this process came in 1913 with the "independentist cry" of the Union Party, when statehood was eliminated and independence remained as the only political alternative in the party´s program. But their support for independence came out of weakness, not of strength; it was defensive, not offensive. Moreover, the powerful sugar sector of the party, conservative and pro-annexationist, was opposed to it. Part of this conservative sector left the party and joined the Republican Party. But the most influential group of the conservatives remained within the party and forced a change in the party´s platform in support of "self-government," the political position that most adequately represented the diverse social sectors of the party. The Union Party ´´represented some classes and social sectors that showed in its majority a relative material weakness before a metropolis increasingly powerful and a situation of increasing ´disunity´ in the country. The Unionist, then, remained unfit to embrace radical ideologies, remaining trapped in the political haggling and accommodation.´´[97]

The Union Party presented a policy of conciliation not only towards the regime but also towards its "historical

enemy," the Republican Party. In 1914 the Union Party proposed an alliance with the Republicans, whose purpose was ´´the urgent attainment of a popular system of government, which entrusted to the Puerto Ricans the administration of their own affairs, in all levels of local life.´´[98] The Republicans opposed this alliance, not seeing the necessity of a Puerto Rican front against the American regime. Confronted with the impossibility of a front against the regime, and with no power to implement their demands, the Unionists became conciliatory towards the government. With some reservations, they gave their support to the Jones Act.[99] In 1922 they supported the Campbell Bill, which proposed the creation of a Free Associated State for Puerto Rico, i.e., an autonomous government for the Island.[100] Considering a number of factors (the growth of the Socialist party and the unwillingness of the U.S. government to grant independence), the support given by the Union Party to the Campbell Bill implied the recognition by the party that the only means to obtain some control over local affairs was through an accommodation to the interests of the United States and by accepting any concessions. ´´It meant burying what once were hegemonic aspirations of its main class, in the struggle to preserve only parts of their interests.´´[101]

The defensive posture of the Union Party during this period culminated in the the "Alliance" with a group from the Republican Party. The Unionist´s support for the Campbell Bill made possible this political alliance by

eliminating independence from the party´s program and forcing out of the party the pro-independence sector; the latter founded the Nationalist Party in 1922. This made possible a programmatic accord of a very wide and ambiguous nature that incorporated the basic demands of both parties. The manifesto signed by the president of the Union Party, Antonio R. Barceló, and of the Republican Party, José Tous Soto, declared that: ´´The two historical parties of Puerto Rico, after great and painful divergencies, have found, at last, a point of convergence, a common idea to join their aspirations, the ´self-government´ for Puerto Rico that constitutes our own sovereignty within the sovereignty of the United States.´´[102] The latter notion was a compromise with respect to the status position of both parties, for both statehood and autonomy were interpreted as falling under the "sovereignty within the sovereignty" concept. It was also agreed not to demand the application of the U.S. Constitution to Puerto Rico (a Republican demand) because it would mean a fiscal burden to the Island. The issue of political status was put aside to prevent "the separation of the Puerto Rican family into opposing factions," so both parties could "devote our forces, initiatives, and actions to the study and solution of the social and economic problems." The economic program included opposition large landholdings and the promotion of "the reemergence of small property," and of new markets for Puerto Rican coffee; the restoration of the fiscal system to increase the funds of

the public trasury "without unreasonably taxing capital and favoring, if possible, the small industries,... creating small property-owners, supporting agriculture and industries of the soil"; supported "the expeditions of workers to the continent"; demanded the entrance of Puerto Rico to the Federal Reserve system; and demanded credit for the ''small businessman.''[103] The Alliance program achieved the reunification of the bulk of the creole bourgeoisie in a common platform.

The principal reason for the Alliance was the "red menace": the consolidation and growth of the Socialist Party (SP). The SP was founded in 1916 and in the following year's elections it received 14 percent of the votes; this figure increased to 23.7 percent in 1920. The Union Party (UP) had seen its electoral support dwindle during the last years; confronted with the possibility of an alliance between the Socialists and the Republicans, and its concomitant loss of the colonial legislature, it decided to make the political agreement with its "historical enemies." The Republican Party (RP), whose electoral strength was diminished by the formation of the SP, sought a political agreement that could return them to power in local government. To this end, the RP tried to reach some agreements with the Socialists; in 1920 both parties agreed to an electoral alliance in Ponce under the Popular Party. But the basis of the Alliance was an accord between the bourgeois sectors of both parties. Once the conservative sector, grouped around the sugar

central owners, gained control of the UP, they were in a position to ally with the bourgeoisie in the RP. The conservative sector in the UP was pro-statehood, and once the Alliance was dissolved they remained with the Republicans. The bourgeoisie of both parties formed what at the time was known as the fuerzas vivas (the live forces).[104] The basis of the accord was opposition the working class and its party:

> This projected coalition [between the Socialist and Republican Parties]... alarmed greatly the capitalists who dominated the upper councils of both Unionists and Republican Parties. Bankers, sugar cane estate owners, corporation lawyers were extremely influential in the directorate of the Republican Party and they were a class actively opposed to labor movements in general, and feared the thought of a workingman's party coming to power.(105)

The Alliance not only sought to reunite the bourgeois sectors of both parties but also to gain the support of the creole landowners, particularly the coffee hacendados who were so important in the UP. In a sense, the economic program of the Alliance was aimed at them: the "solution to the social and economic problems" refers to this sector's economic situation. The promotion of "small property," the opening of new markets for coffee, the demand for state subsidies in "agriculture and soil industries," the demand for credit; all these were demands to favor th creole landowners. This is the period where coffee's share of Puerto Rico's exports fell dramatically, from 19 percent in 1914 to 2.5 percent in 1928.[106] The period is also critical for landowners in general. The number of small and medium

size farms, and the amount of land under their control declined drastically during the 1920's.[107] The situation for tobacco growers deteriorated also. The price of tobacco fell after 1920, resulting in an increase in debts for these farmers. 80 percent of tobacco farmers depended on middlemen for credit and marketing; they had to pay higher interest rates for loans and received less money for their product; 80 percent of the tobacco grown was bought by the Puerto Rico-American Tobacco Company, who determined the price of tobacco.[108] The situation deteriorated with the change from cigars to cigarettes in the American market, the only market for Puerto Rican tobacco. Cigars represented the bulk of tobacco exports from Puerto Rico; the value of these exports decreased from $25.1 million in 1919 to $5.7 million in 1932.[109] Furthermore, a significant number of creole sugar growers and producers were not able to recuperate from the crisis of 1920. The sugar sector was hit by a fall in world sugar prices which destroyed some sugar central owners and planters; in 1920 the export of 419,388 tons of sugar was worth $98.924 million; in 1929, 471,244 tons of sugar sold for $35.2 million.[110] The crisis for creole sugar growers was reflected in the expansion in the amount of land controlled (by ownership or rent), and the quantity of sugar produced, by the four American sugar corporations.[111] The Alliance was an attempt to resolve the economic crisis for these sectors at the same time that they joined forces against the working class.

The formation of the Alliance by the Union Party and a sector of the Republican Party represents the unification of the Puerto Rican landowning and bourgeois classes in a common program. Although the social basis of the leading sectors of both parties represented different and conflicting interests, they had one common interest: their opposition to the working class and its party.

The Working Class and Puerto Rican Politics

The organized labor movement emerged at the end of the nineteenth century, from the artisans and other workers in the main urban centers of the island, particularly in tobacco manufacturing. The main activities of the labor movement, during this period, of repression by the Spanish regime, centered around the formation of artisan clubs, mutual aid societies, and cooperatives.[112] It was not until the Autonomist government was established that workers received the right to vote, and they showed their political position by supporting the Orthodox Autonomists, the most radical political party at that time. A group of labor leaders grouped around the working class newspaper Ensayo Obrero, predecessor to the Free Federation of Labor (FLT) and the Socialist Party, gave their support to Barbosa´s party and suffered the persecution of the Liberal government of Muñoz Rivera.[113] The Puerto Rican labor movement supported the United States presence on the Island, which

they considered a precondition for the advancement of the working class and the labor movement. Santiago Iglesias, President of the FLT and of the SP, declared the following in 1899 before the Carroll Commission:

> Are we annexationists? Yes, if fully convinced that so being will not prejudice our country. We are annexationist because the American Republic encloses in its breast and has already put into practical government an administration so equitable, so just, and so scientific that there is no idealist in this country who can even in theory better its government.(114)

The annexationist posture of the workers´ movement in Puerto Rico was a response to the social conditions of the period; it was not simply the result of an intellectual-ideological attraction.[115] The United States represented an advanced democratic system where the working class had achieved a political and organizational space. The American state represented a defense, against the creole dominant sectors, of the rights and freedoms to which the Puerto Rican working class aspired.[116] Rights already achieved by the American working class, like the eight-hour work day and the right to organize, were attacked constantly by the creole dominant sectors and had to be defended by the American state.[117] The constitutional framework that the American state provided, together with the gains of the American working class, were the best protection for the Puerto Rican working class. As Iglesias declared: "We are convinced that the guarantees, rights, liberties, and progress of the Puerto Rican working class depend in great part on the influence and power which they given by the American Federation of

Labor, the American people, and the national Congress." The best protection for the Puerto Rican working class was provided by its ties to the American working class: ''For the working people of Puerto Rico to be sure that they would not be persecuted, they should be closely linked to the army of workers of the Nation, as represented in the American Federation of Labor.''[118]

The most advanced sectors of the working class took the opportunity provided by the new regime and organized the Regional Federation of Labor in October 1898. The latter became divided immediately on the basis of political affiliations. A sector of the Federation wanted to give its support in the municipal elections of 1899 to the Republican Party; this was opposed by those demanding the labor movement's autonomy from the existing political parties. This latter group abandoned the Regional Federation and formed the Free Federation of Labor (Federación Libre de Trabajadores, FLT) and the Socialist Workers Party, at the same time.[119] The Regional Federation remained linked to the Republicans. In 1901 the FLT affiliated with the AFL, which at the time supported the independence of the labor movement from political parties. This policy could not be maintained in Puerto Rico and during the following years the FLT made alliances with the Federal and later with the Union Party. The basis of these alliances was the structural weakness of the working class and of the labor movement during this period and the need to join the Federals/Unionists to

confront a common enemy: the Republican Party.[120] The latter had joined the colonial government and had launched a brutal repression against the FLT and the Federals.[121]

The alliance with the Federals/Unionists did not last long, as a result of class contradictions between the two organizations. During the life of the alliance with the Federals, the FLT supported the program of the crole landowners, including the demand for "self-government," and even campaigned for the entrance of Puerto Rican coffee to the U.S. market at AFL conventions.[122] The rupture in their political alliance came from differences over several issues, including conflicts over legislative bills.[123] The main cause of the rupture was the contrary positions on the sugar strikes of 1905 and 1906, where the Unionist leadership supported the claims of the sugar sector.[124] The labor movement grew hostile to the Union Party and the creole landowners; these were identified as their political and class enemies. Against the attacks from the Unionists, the labor movement maintained the defense of the rights of the working class and its organizations by the American state. An important sector of the FLT leadership, and later of the SP, developed an anti-independence sentiment which identified independence as a movement favoring the interests of the creole dominant classes.[125] Along with this, the Socialists elaborated a different conception of the "fatherland," the "socialist fatherland," in contrast to the patriotic nationalism of the landowners. This inter-

nationalism, together with their defense of the American state in Puerto Rico, fostered an annexationist sentiment in sectors of the Puerto Rican working class and its leadership.[126]

Once the electoral alliance with the Union Party was broken and after the failed electoral attempts, the FLT changed its strategy of seeking electoral agreements with the traditional parties and adopted a policy of concentrating on the organization of the working class, of strengthening the FLT. The period leading up to the formation of the SP in 1917 was one of great transformations in the economy and in the relations of production; these changes affected the political organization of the working class. The first two decades of the century saw the consolidation and expansion of a capitalist economy based on the production of sugar. The proletarianization of the peasant masses, a process that started in the last decades of the nineteenth century, accelerated during this period. The growth of the sugar plantation proletarianized thousands of peasants; the Puerto Rican working class developed as an agricultural proletariat on the sugar plantations. Together with this there was a growth in the urban industrial working class, linked to sugar, tobacco, and textile manufacturing; and the demise of the hacienda economy caused by the macro-economic changes after the invasion and the increasing migration of peasants and hacienda workers to the sugar plantations.[127]

Both the working class and its principal organization, the FLT, grew during this period. The main working class sectors that organized in trade-unions were the plantation proletariat and the workers in the tobacco manufacturing centers, the latter with a longer trade-union history. The result of this process of growth and trade-union organization is what Quintero-Rivera calls "the growth of the economic struggle." The increase in the number of strikes led by the FLT, particularly among the tobacco and sugar plantation workers, contributed to the formation of the SP.[128] The growing organization and militancy of the working class and their separation from the existing political parties provided the conditions for the creation of a political instrument of the working class.[129] The Socialist Party emerged as the result of the development of the FLT and its strengthening. The SP not only came out of the organization of the FLT, but its political support came from the areas of organizational strength of the FLT. The electoral support of the SP came from sugar plantation workers and from the tobacco manufacturing centers.[130]

The political posture of the SP rested on two policies: the political autonomy of the SP from other political parties, focusing on the social concerns of the working class over the political status issue; and the search for partial social reforms from the state apparatus. These policies have to be understood within the internal context of the SP. At the moment of its foundation, the

party was divided into two factions: a radical one which postulated the immediate transformation of society; and a reformist faction, which sought gradual social change through the use of the state. Linked to these differences, there are two positions in the SP with regard to the political status issue: one favored taking a position in the political status controversy, supporting independence; the other favored a policy of leaving the status issue out of working class politics. The latter position, which corresponded to the reformist faction, became the SP´s policy as the latter gained control of the party and its program. This faction also tended to favor statehood for Puerto Rico.[131] The reformist faction had a particular view of the state and of the position of the working class towards it: the state was defined as a neutral instrument that had been taken over and vitiated by the capitalists. The role of the working class was to capture and renovate the state through the electoral process, transforming it from within to favor the interests of the working class. According to Santiago Iglesias, the main exponent of this reformist current, it was the task of the workers, through their use of the vote, to determined whether the capitalists or the workers were to make the laws of the country. He asked the working class to elect "judges, legislators, assemblymen, mayors, secretaries, so that the spirit of labor would permeate all spheres, running like a renovating sap through all the branches of the social tree." The

"capitalist political tree" had to be changed from within by the "sense of social justice" of the working class through the use of ''the power of your own votes.''[132]

The formation of the Coalition in 1924, an electoral alliance between the Socialist and the Pure Republican parties, the latter a dissident faction of the RP opposed to the party's alliance with the Unionists, was based organizationally and ideologically on these predominant notions within the SP. The Coalition was a response to several processes in the economy. Quintero-Rivera has described those processes which, beginning in the 1920's and extending into the 1930's, harmed the working class: rising unemployment, an increase in the cost of living (i.e., a decline in wages), and the alienation of growing sectors of the working class and the peasants from the productive process.[133] The crisis of coffee and tobacco production threw into the job market large segments of the working class and peasants. There was rising unemployment also in the sugar industry, due to the collapse of local sugar growers and producers and to the transformation of sugar plantations, where new technology raising productivity and reducing the need for labor was introduced. Spurred by the electoral growth of the party, the SP decided to participate actively in the political process of the Island. Its policy of remaining autonomous from other political parties was subordinated to the interest of penetrating the state apparatus through the electoral process. To this end, the SP

attempted to make an electoral agreement with the Republican Party, whose platform, which included labor proposals acceptable to the SP, was closer to the party than that of the Unionists. Moreover, the Union Party had actively opposed the SP since its foundation.[134] In 1920, the SP and the RP tried to make an electoral pact, and even though this was not achieved at the national level, it was achieved at the local level (in the towns of Fajardo and Ponce). In 1924, while the Socialists and the Republicans were discussing once again the possibility of an electoral pact, the Alliance was realized. The most conservative sector of the RP, afraid of making alliances with the Socialists, allied with the Unionists; the liberal sector of the RP made the Coalition with the Socialists.

For the SP, the making of the Coalition was a defensive action: at the economic level, the SP hoped tp ameliorate the critical conditions of the working class.[135] At the political level, the Coalition was an attempt to resist the attacks from the "live forces" that had joined in the Alliance. The SP sought to implement two goals with its participation in the Coalition: to counter the offensive of the bourgeoisie joined in the Alliance, and to enable the SP to penetrate the state apparatus through the electoral process.[136] The second goal was achieved in 1932 when the Coalition won the elections; ironically this was achieved with the support of the Republican sugar bourgeoisie, who had joined the other Republican faction in the Republican

Union Party. The consequences of this alliance were devastating for both political organizations; this will be be discussed in the next chapter.

To sum up, the expansion of the capitalist economy under the hegemony of American capital transformed social structure, and--along with the colonial regime imposed by the American state--the nature of the political conflict in Puerto Rico. The emergent sugar, commercial, and financial bourgeoisie, and the growing professional and commercial petty bourgeoisie, became the leading sectors of the Republican Party and the major supporters of the United States presence in Puerto Rico. The landowning class, led by the coffee hacendados, whose economic and political position was undermined by the American regime, headed the opposition to that regime through the Union Party. The bourgeois/sugar sectors of both parties, with the support of the landowners, formed the Alliance against the working class and its party, the SP. The professional sector of the Republican Party, opposed to the pact with the Unionist, formed an alliance with the Socialists in the Coalition. This rupture in the Republican Party had tremendous consequences for the statehood party: it represented the first rupture between the leading sectors of the party and of its "Republican project," the ideological and programmatic centerpiece of the Republicans. The evolution of the Republican Party, until its rupture in 1924, is the subject of Part III.

PART III: THE REPUBLICAN PARTY: INSERTION AND CRISIS

The statehood movement functioned as a mechanism of support for the implantation of the U.S. power structure in the Island. The Republican Party, as the main supporter of statehood between 1899 and 1924, both responded to and promoted the new state and economic institutions of the Island. The axis sectors of the Republican Party (the sugar, commercial, and financial bourgeoisie and the professional and commercial petty bourgeoisie) provided the support for the new colonial structure. The contradictions arising from the new economic and political structures during the first decades slowly undermined the alliance between the bourgeois and petty bourgeois sectors of the Republican Party, leading to the rupture of the party in 1924. The Republican crisis of 1924 was the precursor to the crisis of the statehood movement during the 1930's and 1940's.

Insertion of the Republicans in the New Structures

The Republican Party, founded July 4, 1899, emerged from the Orthodox Autonomist Party. Its program proposed the "definitive and sincere annexation" of Puerto Rico to the United States; it demanded recognition of Puerto Rico as an organized territory as a step towards statehood, and stated its goal to "intervene in insular affairs and in national

affairs"; it also promised "fidelity to our new nationality." Among its demands were the need for a civilian government for the Island, universal suffrage, civil liberties, English instruction, fiscal reform, free trade, change in currency to the U.S. dollar, aid to agriculture, and the transfer of the American judicial system to the island.[137] Other issues debated in the first Republican Assembly were left out of the program: divorce, the eight-hour workday, co-ed education, and specific issues on the reform of the tax system.[138] In general terms, the Republican program was similar to that of the Federal party. But the Republicans placed a greater emphasis on the "Americanization" of the Island, desiring a more rapid assimilation of the institutions, customs, culture, and political democratic forms of the United States. Both parties conceive statehood as an autonomous status within the American federation. As in the period of the Spanish regime, regional autonomy (this time under statehood within the U.S. federation) represented the aspiration of the creole dominant sectors to economic and political power on the Island.

The Republican and the Federal Parties were clearly differentiated in terms of the social composition of their leadership and popular support, as discussed in the previous section. Moreover, the political-ideological differences of these classes came to the forefront as the new economic and political structures began to be debated in Puerto Rico and

in Washington. Initially the two parties' demands were similar: territorial government as a transitory form on the road to statehood, free trade, availability of credit, change in currency, subsidies to agriculture, etc. However, the Republican representatives were prominent in the Puerto Rican delegations representing trade and finance interests, while the Federals tended to represent the agricultural interests, particularly those of coffee. Furthermore, the Republicans proposed a tutorial regime by the U.S. government over Puerto Rico while the Puerto Ricans were educated in democratic forms, in self-government, and for statehood; the Federals, on the other hand, demanded the immediate concession of self-government and autonomy.[139] Differences between the two parties emerged with the imposition of the Foraker Act in 1900. The Federal Party, whose supporters were adversely affected by the new economic and political structures, began to oppose the new regime. The Republicans, whose supporters saw in the new regime the opportunity to become the local dominant class, supported the colonial regime.[140] Thus, the Republican Party became the principal supporter of the new state apparatus in Puerto Rico.

The Republican Party, with the support of the U.S. government, controlled the colonial government during the early years of the century. The Republicans obtained the majority of the Puerto Rican posts in the Executive Council, the upper chamber of the legislature, whose members were

named by the U.S. President. From 1900 to 1917 the Republicans held the majority of the Puerto Rican posts in the Council, even though after 1904 the Union Party was the dominant electoral party. Furthermore, from 1900 to 1904 the Republicans were the only party to be represented in the legislature. By law, a new electoral distribution for the island was required for the 1900 elections. The Republican members of the Executive Council, supported by the American members of the Council and the Governor, proposed an electoral redistribution bill known as the "Jorobado" (the "hump-backed") which openly favored the Republicans. The bill was approved despite opposition by the two Federal members of the Council, who quit afterwards. The Federal Party abstained from participating in the 1900 elections, giving the Republican Party an absolute victory and control of the colonial legislature. The Republican Party strengthened its control over the colonial government when the Federal vacancies in the Executive Council were filled with Republicans.[141] The Republicans became the creole representatives of the American state in the colonial government. The importance of having the Republicans in the colonial government was noticed at the time; as an American observer concluded, the lack of opposition

> proved a real advantage during the first and second sessions of the Legislative Assembly. The work of bringing the institutions of the island into closer harmony with the American system was one of which necessarily fell to the American members of the Administration. The initiative had to be taken by them, and it was necessary for the successful issue of this

> work that they should receive the unqualified support of a party whose faith in American institutions was born of an unquestioned faith in the principles of our government. The presence of an opposition party would have led to long and perhaps bitter wranglings which would certainly have delayed much-needed legislation.(142)

The first two civilian governments under the American regime, dominated by the Republicans in the Legislature and in the Council, promoted the transfer of American political-judicial institutions to Puerto Rico. Under the first civilian government of 1900-1902, 36 laws were approved ''which amount to a virtual reconstruction of the legal code of the island.''[143] Under the first civilian government, of 133 bills submitted by the Republican controlled House, only 14 were approved; while of the 28 bills submitted by the American-dominated Council, 22 were approved. Under the second civilian government of 1902-1904, 37 of 115 bills submitted by the House were approved, while 15 of 28 bills submitted by the Council became law.[144] The imposition of the political and economic regime of the United States was facilitated by the Republican presence in the government. The new measures included, at the legal level: the trial by jury, the injunction, a sentence law, civil rights (freedom of the press, thought, speech, meeting), the "quo warranto" procedure; and the establishment of a penal, political, and judicial code. The insular fiscal system was restructured, including a tax on property and corporative laws modeled on the U.S. code. Other laws approved included: the restructuring of the

public school system based on American teaching methods, the approval of English and Spanish as the official languages of Puerto Rico; the electoral law; the protection of workers' organizations; the municipal law; and the creation of an insular, as against municipal, police. Also approved was a law giving the U.S. government some land, and the right to obtain more land, needed for defense matters.[145] The laws approved in the economic area served to consolidate capitalist social relations and to facilitate the penetration and expansion of American capital on the Island.[146] The new laws also undermined the economic and political power of the hacendados, already in open opposition to the new regime, and thus facilitated the consolidation of the American state and the expansion of American capital in Puerto Rico.[147] Even though the Republican Party was ousted from its control of the House in 1904 by the Union Party, its legislative and administrative actions were an important factor in the implantation of the new regime.[148]

The First Republican Rupture

The electoral triumph of the Union Party in 1904 was the result of opposition to the policies of the American government and its local allies; this led to the first rupture in the Republican Party. The Republican Party, based on an alliance between bourgeois and petty bourgeois

sectors, was able to attract the support of landowners and workers during its early years. The ideology of the Republican Party, including its statehood program, was the product of its professional sector.[149] The first dissident movement in the party emerged from among the professionals and landowners. The Republican dissidence was headed by Rosendo Matienzo Cintrón and was supported by some municipal committees of the party, particularly those from Ponce and Mayaguez. This dissident sector was opposed to the United States regime on the Island by the and to the actions of the Republican Party in the government. In 1902, after his proposal was rejected by the Republican Assembly, Matienzo Cintrón publicly proposed the creation of the Puerto Rican American Union. Among its goals were: the regeneration of the political life of Puerto Rico under the unification of all parties; total political autonomy; free elections; the popular election of both legislative chambers; and the rejection of the new fiscal system (rejection of the Hollander law). His proposal was supported by the Federal Party but again was rejected by the Republicans. After the rejection of Matienzo Cintrón´s, the dissident Republicans left the party; they were instrumental in the formation of the Puerto Rican Union Party.[150] The Republican dissidence included an important sector of the party´s professionals, many of them outstanding ideologues of annexationism like Matienzo Cintrón, Henna, Federico Degetau (then Resident Commissioner), Manuel Zeno Gandía (then a Republican

Delegate), and others.[151]

Along with opposition to the American regime in Puerto Rico, the Republican dissidents criticized the Party's actions in government. For example, they criticized the Penal Code as "foreign" to the juridical reality of the country. They also criticized the "Americanization" of Puerto Rican society being promoted by the party. A joint resolution to the Executive Council, demanding a territorial form of government and the popular election of the upper chamber, was rejected. Of the laws which were approved, two of them--the Hollander Law imposing a one percent tax on property, and the government loan--alienated the landowning sector from the Republican Party. For several years a government loan bill for agriculture had been rejected by the American members of government; in 1904 the House submited a bill demanding aid for agriculture. The Executive Council, with the exception of the five Republican members, approved another bill allocating funds for public works. For the first time, both Republicans and Federals joined in supporting a bill against the impasse within the Executive Council.[152] This caused many sectors of the population to become antagonistic towards the American government and the colonial regime, including many landowners who abandoned the Republican Party.

Another issue that divided the Republican Party was its incorporation to the national Republican Party. The dissidents argued that this incorporation would undermine

the "regional" character of the local party. The Republican Assembly of 1902 decided in favor of incorporating to the National party "with the hope of being protected by the Republican Party of the United States"; it was claimed that the party ''had influenced decidedly and vigorously in the legislation of the country, helping the Republican administration.''[153] The interest of the Republicans in the incorporation lay in the "protection" that the National Party could offer the local party. The local Republicans knew their own strength and that of their adversary, and acknowledged that they would not be able to control the legislature for much longer. They were also interested in the local patronage that the Republican administration could provide. The Evening Star summarized the activities of the local Republican delegation to the Republican National Convention in Chicago in 1904 as "going to demand more powers and jobs for Puerto Ricans." The National Party, initially opposed to the incorporation, finally agreed to it knowing that they depended on local Republicans for the administration of the Island.[154]

The identification of the Puerto Rican Republicans with the national Republicans has traditionally been explained in terms of the racial issue: the national Republican Party was the party of Lincoln, of liberty and freedom. Being a black man, and depending upon the support of the island's black population, it was logical for Barbosa to support the Republicans and to oppose the Democratic

Party, which supported of racism and the KKK in the South.[155] The identification of the local Republicans with the National Republicans based on the racial issue is of secondary importance. Of greater relevance is the fact that the Republican Party was the party in power at the time of the invasion. More important, the Republican Party was the imperialist party in the United States at the time; it was the National Republicans who probably would support the annexation of Puerto Rico to the United States. The reality, nevertheless, was different, and it furthered the crisis in the Republican camp. The local Republican Party became identified with the party that imposed American colonialism in Puerto Rico. While the Democratic Party in its 1900 program attacked the colonial regime imposed on the Island and its annexation without incorporation or citizenship, the national Republican Party exalted the civil service it had established in Puerto Rico and the greater share in local government patronage it had given to the natives. While in its 1904 program the Democratic Party supported the incorporation of Puerto Rico to the United States, the Republican Party simply stated that it had established a civilian government in Puerto Rico and that the island enjoys ''peace, liberty, order, and prosperity.''[156] The support by local Republicans of the colonial government and of the party in the U.S. which had promoted it, created dissatisfaction within the ranks of the party. Federico Degetau, then Resident Commissioner in Washington and an

important ideologue of the party, described the incorporation to the national Republican Party as an ´´abdication on our part of all those convictions that we upheld as our principles in the constitution of our Puerto Rican Republican Party.´´[157] For Degetau, who led the opposition to incorporation, the national Republican Party represented the opposite of all their ideals; that party had denied Puerto Ricans self-government, American citizenship, and even the incorporation of the local Republican program (i.e., statehood) in the National program. Degetau tenaciously opposed incorporation on the basis that ´´it had been the Democrats who have been more favorable to the recognition of the rights of the Island.´´[158] He argued that incorporation represented a process of "Americanization" of Puerto Rican politics that was contrary to the interests of the population; that incorporation ´´consisted of the aborted attempt to strip our party of its flag, of its name, and of its regional character.´´[159] Finally, Degetau echoed the complaints of the Republican landowners by accusing the National Republicans of imposing a tariff that discriminated against the interests of Puerto Rican coffee growers and favored other products.[160] The separation of important sectors of professionals and landowners from the Republican Party, who were disillusioned with the colonial regime and the politics of the party, represented the first crisis of Puerto Rican annexationism; it was instrumental in the creation of the Union Party and the electoral defeat of the

the Republicans in 1904. But even after the Republicans lost their position in the Legislature, they continued to function in the government through the Executive Council and the state apparatus.

The function of the Executive Council, the Cabinet of the Governor and the upper chamber of the colonial legislature, was to limit local claims against the United States. Actually, the limitations imposed on the colonial government were sufficient for this purpose, as shown in the "legislative crisis" of 1909. The policy of the American government throughout this period, and since, has been to fill the posts under its control (federal government, military, the Supreme Court of Puerto Rico, etc.) with annexationists. During the period of the Foraker Act (1900-1917), the Puerto Rican slots in the Executive Council were filled with Republicans. Barbosa, for example, was a member of the Council throughout its existence. When the Union Party came to dominate the House of Delegates after 1904, the Executive Council functioned as a curb on Unionist demands. A study of the legislative process between 1905 and 1914 concluded that of 1,007 bills submitted by the House to the Executive Council, the Council approved only 356, or 35 percent; on the other hand, 245 of the 376 bills submitted by the Council to the House, or 66 percent, were approved. The study concluded that the great majority of bills which the Council did not approve were measures to protect the interests of those sectors represented by the Union Party,

particularly the hacendados. The study argued that ´´the attitude of the Council towards the bills from the House was negative; the Council obstructed those bills that claimed to further the interests of the hacendados.´´[161]

After its electoral defeat in 1904, the Republican Party took a secondary position in Puerto Rican politics, with the Unionists controlling the House during the next two decades. It was not until 1924, when a sector of the Republicans made an alliance with the Unionists, that they once again enjoyed the fruits of an electoral victory. Nevertheless, even when they were out of power, the Republicans were the favorite candidates for posts filled by the American government. Although they were not incorporated to the national party from 1913 to 1919, the Puerto Rican Republicans celebrated the national party´s victories as their own, because of the expected patronage. But the repeated electoral defeats, the slow disintegration of the party, and the change in leadership had their effects on the party, by turning it into a ´´party of patronage.´´[162]

To sum up, the Republican Party became a mechanism of support for the implantation of the United States regime in Puerto Rico. The participation of the Republicans in the colonial government facilitated the transfer of the structures of the American regime to Puerto Rico. This in itself was a source of dissidence in the party. A group of Republicans, mostly landowners and professionals, were opposed to the colonial government imposed by the United

States and to the policies of the Republican Party in government. These sectors fled the Republican Party; and they were instrumental in the foundation of the Union Party, the main opposition to the American regime in Puerto Rico. Nevertheless, the Republican Party remained the main supporter of statehood and of the U.S. presence on the island for the next two decades. The basis for the policies of the Republican Party lay in the program put forward by the axis sectors of the party: the Republican project.

The Republican Project

The Republican Party during this period is traditionally viewed as the party of patronage, of servile collaboration to the American regime, of insatiable political opportunism, of repression (the "Republican mobs"), of being anti-Puerto Rican and obstinate assimilationists. All these characterizations reflect something of the Republican phenomenon; but as a matter of fact, some of these characterizations apply to the Unionists as well. They are inadequate for understanding the real nature of the Republican Party and of annexationism during this period. Often subordinate classes are seen as having the capacity to transform history (through alternative and historical projects), while the same capacity is denied to the bourgeoisie and allied classes. It is essential to understand that the Puerto Rican bourgeoisie, with

considerable economic, political, and social power, and joined to an intellectually outstanding petty bourgeoisie, did indeed have a coherent historical project, what we have called the Republican project. The basis of this project was the total transformation of Puerto Rican society; a transformation that was to be realized through the absorption of the economic, social, political, and cultural forms of the United States.

Americanization

The centerpiece of the Republican project was the program of "Americanization." The Republican Party saw itself as the vehicle for the Americanization of the Island. Barbosa, the principal leader and ideologue of the party and of annexationism, was known in American circles as ''The Rock of Americanization.''[163] Nevertheless, the annexationist program cannot be reduced its support for cultural assimilation, though this figures prominently in the program of Americanization. By Americanization is understood an historical program at all levels: social, political, economic, legal, as well as cultural. The Republicans were not alone in advocating Americanization. For example, before founding the Federal Party, Muñoz Rivera called for the Americanization of Puerto Rico.[164] But the Americanization proposed by the Federal/Unionist leader was not supported by the social classes comprising his party,

and had to be abandoned in favor of a pseudo-nationalistic program. The program of Americanization is an essential part of the Republican project. In 1908, Barbosa defined the politics of the Republican Party as: ´´Auxiliary to the American government in Puerto Rico, protecting U.S. policy furthering the transformation of the the socio-political conditions of the country.´´[165] This is precisely what Americanization meant for the Republican Party: to transform Puerto Rican society.

The Republican program of Americanization of was based on the promotion of U.S. economic, social, and political institutions in Puerto Rico. The economic and political system of the United States had been the model for the Puerto Rican autonomists and radicals during the nineteenth century. Before Spanish absolutism and mercantilism, American democracy and capitalism were undoubtedly strong alternatives. "Puerto Rico Americanizes and moves along without looking back, horrified, forgiving the injuries of the past, waiting for the benefits of the future.´´[166] Americanization was based on the reality of the island´s annexation to the United States and, thus, on the need to accommodate Puerto Rican society to the American model. As Barbosa argued, the Republican Party believed

> that by being linked to the American people by geographical accidents, by commercial ties, and, finally, by intransigent laws of history, we should make a great effort ... to breathe in the spirit redemption of that great people. (167)

Americanization was necessary to absorb and internalize the

political and economic achievements of the United States.

> We frankly confess that we are for the Americanization of the island. Of course, we do not aspire to that pseudo-Americanization... but to an Americanization that embraces everything good that has made the American people great and powerful....
>
> We defend the Americanization of the island because we wish that our future government be grounded in the same democratic institutions in which that great Republic was founded and that our country assimilates all that has made the American people great and powerful.(168)

Given the irreversible fact of annexation and the need to absorb American institutions, Americanization was necessary "to coexist at the side of the vigorous race that inhabits the continent.''[169]

The Republican support for Americanization was predicated on the belief in the superiority of American society and the Anglo-Saxon race. According to Barbosa, the Anglo-Saxon race created governments of liberty that were rooted in the people: ''This is the Anglo-Saxon politics, which produces such wonderful results that there are no better governments than those of the people belonging to that race.''[170] Puerto Rico, of a Latin and "tropical" background, should embrace the Anglo-Saxon "spirit." During the Republican Assembly of 1904, the Americanization of Puerto Ricans with the participation of the North Americans was proposed in the following way:

> the American so that his national spirit influences this insular country producing the beneficial results that it has achieved in the continent; and the Puerto Rican so that this spirit becomes fixed in the locality, strengthening all that which is higher to the local interests...(171)

This notion stimulated in the Republican Party an

Americanization policy which was contradictory, particularly at the cultural level. For example, while it controlled the House, the party appoved a law making English the official language of Puerto Rico and promoting its use as the language of instruction in the public school system. This policy resulted in a series of conflicts, both political (with the nationalist sector of the Union Party) and pedagogical.[172] Cultural Americanization, including the propagation of English, was crucial for the Republican program and the annexationist process, because there was opposition in the U.S. to annexing populations foreign to the culture and race of the country. Spanish and English, "Calderon and Shakespeare" can coexist "in the minds of Puerto Ricans" but, argued Barbosa, ''it matters to us, and is more convenient to us, to learn about Shakespeare than to neglect him.''[173]

But the issue of Americanization surpassed the question of culture and became linked to the adaptation to the "economic forces" of the United States. According to an annexationist of the period, Puerto Rico was thought to be at a lower socio-economic level than the United States, among other reasons because of its racial-cultural background. There were no industries in Puerto Rico because of the lack of a "capitalist ethic" in the Anglo-Saxon tradition: ''Here there is no one who knows anything about occupations and industries.''[174] There was a need to facilitate the entrance of American economic institutions

that would promote the economic development of the island. Already in 1899 Barbosa had stated what eventually became the economic policy of the Republican Party: ''to stimulate the introduction of capital in the form of banks, societies, companies, etc... for the undertaking of new enterprises, bringing the one factor which is necessary for our prosperity, namely, capital.''[175] We have already discussed the policies of the Republicans during the period 1900-1904, when they controlled the legislature: they promoted the conditions needed for the entrance of American capital; for example, the Republican program of 1902 sought to amend the 500 Acres Law ''in order to allow (American sugar) corporations to own up to 5,000 acres.''[176] They believed the expansion of American capital in Puerto Rico would aid in the economic development of the island; it was necessary, then, to promote its expansion.[177] As the Union Party increased its political opposition to the colonial government and to the expansion of American capital in Puerto Rico, the Republican Party became the defender of American capital.

> The Republican Party is the only political party in Puerto Rico that is genuinely friendly toward Americans and the interests and rights of Americans in this country...
>
> These men realize that Americans have made large investments in Puerto Rico and they know, too, that there is more capital from similar sources ready to be invested here, once it can be shown that those so industriuosly engaged in attempts to weaken the ties that now bind this island to the United States, have been crushed. And knowing these things, and believing that the American money that is now invested here is entitled to protection... they have not hesitated to

> stand up and combat the machinations of the enemies of American rule in Puerto Rico...(178)

Economic Americanization and support for the colonial regime went hand in hand in the Republican program.

Independence

The transformation of Puerto Rican society entailed the absorption of all American "forms"; thus the program of Americanization had as its logical outcome the incorporation of Puerto Rico to the American federation. The Republican statehood program had to be developed on the march, for statehood did not figure in U.S. plans for Puerto Rico. The Foraker Act, which stated the goals of the United States for Puerto Rico, was the first blow for the Republicans in their dream of statehood. The Republican policy of supporting the American regime in Puerto Rico created a contradictory situation for the party with regard to statehood: on the one hand, the American government reiterated that it did not support statehood for Puerto Rico; on the other hand, the party that supported the American regime on the island had a program whose main demand was statehood. This contradiction will reappear time and time again within the statehood movement; it has been a source of conflicts between the annexationists and the American government throughout the twentieth century.

The first issue to be elaborated in the statehood

program was the viability of statehood, as against the other status alternative at the time: independence. The argument for rejecting independence has moulded the annexationist program up to the present. The rejection of independence was based on the argument that Puerto Rico lacked the elements necessary to be an independent country, for reasons ranging from its territorial size, small and backward population, lack of natural and technological resources to its incapacity for self-government, the tradition of the "Latin blood" towards non-democratic forms of governments, the need in the modern world to form large societies, and the lack of power to defend itself militarily. Already in the Republican program of 1899 it was stated ''that it is not convenient for our country to be independent because of its small territory and bad political education.''[179] Barbosa liked to talk about the conditions of the modern world that demand "the constitution of large social groups that can create an equilibrium to keep order and peace." There is also the need for a country to be big in economic terms and strong in military terms. To conclude, Barbosa argued that

> it is necessary to agree that the island of Puerto Rico is not in a condition to be an independent republic, strong and vigourous by itself. In this situation, Puerto Rico needs the outside aid that gives it the strength and the consistency that it unfortunately lacks.(180)

That this was merely an intellectual construction was to become clear later on, when the Republicans adopted independence as an alternative to colonialism.

Along with the above-mentioned argument for rejecting independence, the early annexationists developed a more coherent argument based on the inevitability of annexation, which they argued was necessary both for the United States and for Puerto Rico. On the one hand, Puerto Rico needed the United States for its defense; on the other hand, the United States ''represents the natural market for the insular products.''[181] Furthermore, the presence of the United States was the only guarantee of the democratic system in Puerto Rico.[182] At the same time, the United States needed Puerto Rico as a strategic bastion in Latin America and as a market for its products. Federico Degetau summarized this argument in the following way:

> The Puerto Rican people have clearly understood that by its geographical position, as well as by its history, the Island is, in fact, an integral part of the American Union...
>
> The United States cannot fully perform the duties imposed upon it by the Monroe Doctrine, any more that it can completely guarantee its own safety, without what John Adams termed its "natural appendage."(183)

Although they rejected independence and defended the inevitability of annexation, the Republicans did not became anti-nationalist.

The National Question: Statehood as the "Regional Fatherland"

The Republicans modified the traditional conception of independence and tried to incorporate it to statehood

through the conception of statehood as independence, or the "regional fatherland." This conception, shared by the nineteenth century Autonomists, sought to establish the economic and political parameters of the creole dominant sectors at the same time that it linked this to the ethnic-cultural variables of the population. The dominant sectors of the Republican Party sought to delienate their power in Puerto Rico while supporting the idea of a Puerto Rican personality within the American federation.

The concept of a "regional fatherland" was initially presented in the Republican Assembly of 1899 and later expanded. According to Degetau:

> American patriotism has the twin conception of the profound love for the native region as the basis of the profound love and respect for the general State, its institutions, and its laws... only by maintaining the personality of our region, freely developed in the midst of that Union of States that constitutes the American Federal Republic, shall we organize our fatherland worthily to live the life of right and Justice.(184)

Also elaborated was the notion that the "fatherland" is something more than "national" (i.e., to the ethnic and cultural personality of a people); it includes the institutions and the way of life of a population. In that same Assembly, Manuel F. Rossy stated that ''the fatherland is the realization of right: the exercise of liberty; the establishment of justice.''[185] Afterwards, Barbosa declared: ''The fatherland is not only the land where you were born. Our liberties and rights are fatherland too.''[186] The Puerto Rican personality, whose existence was questioned by some

Republicans (Barbosa once characterized it as "in gestation"), would be protected under the "regional fatherland." Puerto Rican patriotism was not thought to be incompatible with American patriotism, for ''neither the New Yorker, nor the Marylander, nor the Texan had to sacrifice any of their local patriotism when they became part of the American nation.''[187] In this way, the Republicans tried to counter the Unionist accusations that they were too pro-American and anti-Puerto Rican; Barbosa criticized the Unionists for thinking they had the ''exclusive possession of patriotism.''[188]

The main element within the conception of the "regional fatherland" was the notion that Puerto Rico would have autonomy, if not independence, in its local affairs within statehood. This conception reflected the prevailing view of the American federal system, which was viewed more as a confederation than as a federation: the United States was a "Republic of Republics, a States of States." This view of federalism was shared by Republicans and Federals/Unionists, which may explain their attraction to annexationism. Within this conception, American federalism "has produced the extraordinary progress and stengthening of the Republic." Furthermore, it is because of federalism "that the regional sentiment is never in conflict with the national sentiment." The "regional fatherland" was rooted in the federal structure of the American state; it preserved the Puerto Rican personality.[189] But the "regional

fatherland" meant more: it represented the aspiration of the axis sectors of the Republican Party to become the regionally dominant group under the aegis of the American state. Statehood as independence meant the total control of local affairs within the North American federation:

> As a state, Puerto Rico will be the master of its own destiny and Puerto Ricans will resolve freely and independently all their local problems; with no more ties that those that exist among the several states that form the American Union with the federal government.(190)
>
> This is how the (Republican) party organizes the sentiment of independence with the organization of a real independent republic for the locality and a union with the rest of the nation, forming a consistent whole, strong and powerful for the great transformations of our future life...(191)
>
> We are regionalists, separatists, independentists but we are regionalists, separatists, independentists in the same way as the nations or states that form the people of the United States of America.
> We wish to be one with the autonomous peoples who united are called the United States of America, together with them in the federation, with the same powers, the same rights and constitutional duties...(192)

Thus independence, with control over local affairs, was linked to statehood in the Republican program. For three decades, independence and statehood existed side by side as political alternatives for the Republicans; it was during the crisis of annexationism during the 1940´s, when the movement lost all semblance of popular support, that independence was abandoned as an alternative for the statehood movement.

The Breaking of the Republican Project

The Republican project was based on the restructurating of Puerto Rican society through the development of a capitalist economy, linked to the American economy and governed by a democratic political regime protected by and integrated to the American state. The Republican´s support for the economic and political regime imposed by the Foraker Act, and the measures implemented by the American government favoring the expansion of American capital and the maintenance of the colonial regime, undermined the attempt to keep the "Republican family" united; that support led to the first rupture of the party in 1904, when a large number of professionals and landowners left the party. The Republican economic program remained unchanged for more than a decade afterwards, demanding only cosmetic reforms to the colonial regime. Before its electoral defeats at the hands of the Union Party, the Republican Party presented itself as a united and principled organization. But reality was different. The party was rife with contradictions among its axis sectors and between these and the American regime. These contradictions finally erupted in the rupture between the Republican bourgeois and petty bourgeois sectors. The Republican project was beginning to crumble.

The first great obstacle to the Republican project was placed by the American state itself when it imposed the colonial government, precluding statehood. Though this did

not immediately affect the relations between the party and the American government, it did limit the possibilities of the Republican project. On the one hand, the principal Republican aspiration was dashed; on the other hand, the colonial regime limited the economic and political autonomy they wanted. This situation led to a timid Republican policy of asking the colonial regime for reforms, while dropping the demand for statehood; meanwhile the party promoted the widest collaboration with the American government. In its 1899 program, before the Foraker Act was approved, the Republicans demanded annexation, with the transitory form of a territorial government. After the Foraker Act, the main demand of the Republican Party was the organization of Puerto Rico as a territory of the United States, and not statehood. The first Republican demand to the colonial government, in 1902, was the separation between the Executive and the Legislative branches in the colonial government. In 1906 the Republicans demanded self-government and U.S. citizenship for Puerto Ricans. These were the bulk of the Republican demands before the Jones Act of 1917. They were linked, of course, to the aspiration for statehood; indeed, the demand for self-government was so important for the Republican project that it became the focus of opposition to the American regime in Puerto Rico.

It was primarily the professional sector within the party which criticized the colonial regime during this period. It was this sector which had elaborated the

Republican project as a "national" one and which feared its collapse. This fear wasas grounded in the electoral successes of the Union Party and the increasing collaboration between the Unionists and the American government, including the latter´s consideration of a number of reforms presented by the Unionists. The Republican Party declined politically to the extent that even Republican Administrations in the United States sought the collaboration of the Unionists to facilitate the governing of the territory. The triumph of the Democrats in 1912, closer to the Union Party and to its demands, led the Republicans to alter their course of action. In 1913 the Puerto Rican Republican Party disincorporated itself from the national party. Among its reasons was the national party´s opposition to a bill granting Puerto Ricans American citizenship, and publicly opposing statehood for Puerto Rico. The local Republicans argued that ´´it has been clearly shown that the national Republican Party, because of its colonial tendencies and purposes, is antagonistic to, and the enemy of, the high ideals that the Puerto Rican Republican Party pursues.´´[193] The local Republicans´ allusion to the "colonial purposes" of the national Republicans shows that they were redefining their policies towarrds both the national party and the American government. Thus begins the Republican opposition the colonial regime.

The Republican Reaction Against Colonialism and the "Foreigners"

The most strident attack by the Republican Party against the colonial regime came in response to the Jones Act. The Jones Act reflected the interest of the Wilson Administration to reform the colonial regime in Puerto Rico, and to concede some of the Unionist demands.[194] The Republican Party opposed the bill, which it considered a Unionist project and a reform of the colonial regime:

> It would be incomprehensible, if not as a supreme mockery, that after twenty years, more or less, of dominating a country with a special transitory legislation, spent, according to the authorities, in training the people in the practice of self-government, that the powerful in the Capitol in Washington decided to organize Puerto Rico as an American colony, with restrictions greater than those it has today.(195)

> We will never accept American tutelage with a permanent character, nor in good will we can accept the idea of... becoming "in eternum" a dependency, a colony, a factory where we should forever suffer the dominion of a foreign people.(196)

The Republican Party opposed the reforms demanded by the Unionists and claimed that to attain self-government ''there are only two roads: one, statehood; the other, the independent republic. The Republicans seek and desire the first alternative, preferably over the second one.''[197] They characterized the Jones Act as "organizing the possesion, the dependency, the dominion as an American colony"; of restricting self-government and of merely reforming the existing colonial government.[198] Nevertheless, the

Republicans supported the Act on the basis of one of the measures included: the granting of U.S. citizenship to Puerto Ricans. While the Jones Act did not grant self-government to Puerto Rico--a very important element in the Republican project--it paved the way to statehood by incorporating Puerto Ricans into the American state as citizens. Even though the citizenship granted carried no promise of future statehood, the Republicans took this as a victory for the party: ''At last the Republicans have triumphed. A part of our platform, program, or political creed has been accomplished.''[199] But the Republican opposition to the colonial regime continued. The Republican Assembly of 1917 stated that the party supported the Jones Act as a step towards self-government, and they demanded from Congress "the recognition of the promise to admit Puerto Rico as a state of the Union" and, until statehood was granted, that Puerto Rico be declared an incorporated territory of the United States. The Assembly concluded: ''We protest any colonial plan, and we declare that if the people of the United States do not want to admit us into the family of States, they do not have any other alternative than granting us independence.''[200] The Republican project was thus redefined.

But perhaps the greatest obstacle to the Republican project was economic: the domination of the economy by "foreigners" ("hijos ajenos"). Barbosa warned of the dangers involved in the control of the economy by the "hijos

ajenos." In a 1910 article dealing with the issue of land tenure, Barbosa put forward a conciliatory position with regard to the absentee corporations: large capital is necessary to promote economic development, but it should not take over the whole economy:

> But the real danger is in those industrial corporations if they are not checked, investigated, and repelled in time.
>
> With a great industrial push in the south of the Island... and with others the in north, east, and west in a territory of 3,660 square miles, it is unquestionable that there is a grave danger that, with that territory possesed by a half dozen industrial enterprises, sugar, tobacco, and later, coffee, could be controlled by those large corporations; small landowners could be turned into servants...(201)

But it was not until 1918, after the Jones Act was approved, that Barbosa launched his harshest critique of the economic domination of foreign capital. In the last of his articles on the "hijos ajenos," he tells the historical account of "La Torre del Viejo"; as a lesson to be carefully studied, Barbosa concluded:

> It is necessary to unite all sympathies, all efforts of our friends, towards a common goal:... to save our children from economic slavery, so that, not being sharecroppers ("agregados") anymore, they can become owners and administrators of their own land; obtaining thus, the influence, the wealth, and the control over their country, and the respect and consideration of the foreigners ("hijos ajenos") to whom we give hospitality for many years.
>
> Let it be perfectly clear that this campaign is not one of hatred nor prejudice nor exclusivism. We do not pretend that Puerto Rico should live a life of isolation, alone, without any other of the constitutive elements of the community than the Puerto Ricans, not at all...
>
> We want Puerto Ricans to be in Puerto Rico a factor as important as are the French in France, the English in England, the Spaniards in Spain... (who) predominate and control everything in their respective countries, giving

> to all the production of their fatherland a national character. It is necessary to end in Puerto Rico the current situation where only a small number of Puerto Ricans, escapees of the colonial shipwreck, have real influence, wealth, and prestige; and, on the other hand, a foreign colony remains the richest and most influential and occupies the most outstanding position in our country; and the Puerto Rican entity fades away in all that relates to economic life; and the majority of its inhabitants continue in the economic slavery, submitted to the power of money of the foreigners, whose wealth make them the most powerful and influential as in the past. Under the American flag, at the political level, we share the same liberties, the same rights and powers of any American citizen, but, at the economic level, we have advanced very little, and you cannot be the owner of a country it you do not own its wealth...
>
> If we are to have our own fatherland, if our children are to be free and happy in their land, they must be the owners and masters of the wealth of their land. There is no political independence without economic independence...(202)

What are the reasons, according to Barbosa, for this economic domination of the country by foreigners?

> It is due in great part to the fact that we have lived dreaming and constantly pursuing an ideal... of making a free fatherland for our children, without realizing that while we were engaged in this duty of high patriotism, the others, the foreigners, those who did not care for our present and future status, took the opportunity of the new dawn to monopolize the industries, the trade, and the land, and they took possession of the country...

The solution Barbosa proposed to this situation is to

> stop considering for a while the political problem, as the most important and fundamental, and to devote all our energies to solve the economic problem.
>
> People of Puerto Rico, work without rest for a single purpose, for a single objective: to recuperate our land and to be masters in our own country.(203)

The Republican project was thus broken. The "foreigners" controlled the economic life of the country and the "children of the country" ("hijos del pais") had lost all political power. And all this was due to the "pursuing of an

ideal." Statehood presented itself now in contradiction to the fundamental element of the Republican project: control of Puerto Rican society.

Social Peace and the Workers Question

The Republican project was haunted by a greater problem, one that endangered not only the realization of the project but the social fiber of Puerto Rican society: "the struggle between capital and labor". The Republican project required social peace; it needed a united front of all Puerto Ricans, but this was now menaced by the division created by the social struggles on the island. The Republican Program of 1920, in the section entitled "The Synthesis of Our Program," proposed as the main objective of the party

> the economic, moral, and intellectual development of all elements and forces of the Puerto Rican people, creating social peace and the equal dignity and just compensation of capital and labor, making Puerto Ricans owners of the land and industries of our Fatherland, and the People itself arbitrator of the production, circulation, and equitable distribution of its wealth, so that it could be also the owner of its own political destiny...(204)

In the Republican Program of 1923, the call for social peace between capital and labor is more urgent:

> The current struggle between Capital and Labor demands, more than ever before, that all parties of the country supportwith all frankness, and with no reserve, the measures proposed to regulate the relations between these factors of production.

The 1923 program concluded: ´´Between Capital and Labor

should exist relations of harmony, of peace, and of mutual trust and respect.''[205] The maintenance of social peace became the main problem for the Republicans at the beginning of the 1920's. This presented a dilemma: either the Republicans could ally with the Union Party against labor, i.e., the Socialist Party; or they could ally with the Socialists. Under the leadership of Barbosa, the Republicans opted for the second alternative.

The search for a stable relationship between capital and labor was the basis for the Republican quest for an electoral agreement with the Socialists between 1920 and 1924; it reflected the petty bourgeoisie's domination of the party's organization and ideology. According to Barbosa, both capital and labor had to make concessions: capital had to abandon its goal of totally dominating labor; and labor had to modify its goal of totally transforming society. But capital had to make the first concession, for it had been its economic and political regime that had promoted the economic and political organization of the working class:

> The errors committed by the capitalists, their unjust persecution of workers, the lack of equity and justice on the part of the authorities,... made the workers movement to grow and acquire considerable strength; after the economic issue came the political one, and the worker understood that he should have direct representation in the legislature and in the municipalities; thus was created the Socialist Party, which has shown great strength in these elections, and which, undoubtedly, will occupy a principal place in the politics of the country.(206)

The maintenance of social peace had to be secured through the promotion of unity between capital and labor:

> It has to be acknowledged that the workers movement is a powerful economic, industrial, and agricultural movement, and which will make its way more rapidly as greater obstacles are put in its way. To prevent its growth it necessary to... take into consideration the needs of workers...
>
> It is necessary also to study how to improve relations; to assure that between the capitalist and the worker there exists trust, harmony, and friendship...(207)

It was necessary to share the government with labor, and to make labor a participant in the Republican project:

> It is necessary to recognize the fact and to guide the workers to be prepared so that in a not so distant future they could take the reins of government. The better prepared they are to govern the country, the better will be the new political era that will come soon.(208)

Collaboration with the Socialists was thus legitimized not only in political terms but also in ideological terms, as part of the Republican project.

Under the leadership of Barbosa the Republican Party pursued an alliance with the Socialist Party. The Republican project required the support of the working class to stop the advance of the Union Party. Furthermore, the working class support which the Republicans enjoyed during the first decade and a half of the century, had been decimated by the creation of the Socialist Party. The Socialist Party gained most of its electoral support from the Republican Party (see Table 3.10). This situation hurt the party's popular image, it affected the Republican program in so far as a workers platform was no longer needed for the party. This was the situation which the professional sector of the party, already in conflict with the bourgeois sector, wanted to

rectify. The professional sector elaborated a policy to incorporate the working class and the labor movement into the party: ''You are not justified in forming a class party. The American Federation of Labor on the continent provides you with the path to follow.''[209] The Republicans expected the working class to restrict its actions to the area of economic reforms and trade-union activity and politically to support the party closest to its program, the Republican Party.

The Republican project thus represented the historical project of the leading sectors of the Republican Party to transform Puerto Rican society. The transfer of American economic, social, political, and cultural institutions to Puerto Rica was the mechanism to secure this goal. The "regional fatherland"--independence within the American federation--was conceptualized as the means to secure for the leading sectors of the Republican Party hegemony over Puerto Rican society within the framework of political integration to the United States. But the Republican project was faced with contradictory elements arising from the U.S. regime in Puerto Rico, which undermined the ccapacity of the leading Republican sectors to exercise hegemony over the island. The maintenance of the colonial regime by the United States and the control by "hijos ajenos" over the "sources of wealth" led the leading sectors of the Republican Party to oppose the American regime. Another factor undermining the Republican project was the "struggle between capital and

labor"; the petty bourgeois sector of the party sought a compromise and political alliance with the Socialists in order to secure the required social peace. The breaking of the Republican project and the attempt to secure social peace through an alliance with the working class led to a rupture, in 1924, between the bourgoeiois and petty bourgeois sectors of the party

Crisis and Rupture of Republicanism: The Formation of the Alliance and the Coalition

By the early 1920´s, the fissures in the Republican project were evident: statehood, which promised the Republicans the self-government needed to assure their dominion over Puerto Rican society, was discarded by the American government; the desired dominion over Puerto Rican society was at the same time threatened by the control over the "sources of wealth" by the "hijos ajenos" and by the political subordination coming out of the colonial regime; finally, the struggle between capital and labor threatened to destroy the social structure itself, making any historical project irrelevant. The reaction of the leading sectors in the Republican party to this situation was to provoked the first grave fisure within the party; this rupture marks the beginning of the crisis of annexationism which lasted for more than two decades. The sector headed by the Republican bourgeoisie made a political alliance with

the Union Party based on the quest for self-government and opposition to the Socialist Party. The petty bourgeois sector abandoned the party and concerted an alliance with the Socialists based on the quest for social peace. The Republican rupture of 1924 was thus the result of the reaction of these two social sectors to the "red menace"; it also reflected the final collapse of the Republican project, the first statehood project in Puerto Rico.

Under the leadership of Barbosa, who died in 1923, the Republican Party evaded any political alliance with the Union Party and, after 1919, pursued an agreement with the Socialists. Though no agreement was reached at the national level, there were local pacts between the Republicans and the Socialists, and coalition governments were achieved in the towns of Ponce (under the Popular Party), Arecibo, and Fajardo.[210] In 1924, José Tous Soto, the new president of the Republican Party and lawyer for the sugar corporations, renewed talks with the Socialists.[211] These talks exacerbated the the contradictions within the party, finally leading to the rupture of 1924. The immediate cause of the rupture was the introduction in Washington of a bill liberalizing the colonial regime in Puerto Rico, and granting the popular election of the governor.[212] Tous Soto and a Republican delegation went to Washington to lobby for the bill. The American supporters of the bill presented the Puerto Rican delegation with several conditions needed for the bill to be approved. They asked the Republicans to join

the Unionists in a broad front for "the defense of the interests of Puerto Rico"; and they suggested the unification of the two parties.[213] They made clear that the liberalization of the regime did not involve any change in the current political status of the island. John Weeks, then Secretary of War, categorically told the Republicans: ''If this issue of liberalizing the regime makes you hold onto the alternative of statehood, I will not support this bill. Puerto Rico should not be a state nor can it be a state in the American Union.''[214] Finally, the Americans made it clear to the Republicans, that they would not support any reform which led to the participation of the Socialists in the colonial government; that is, they would not support any coalition with the Socialists. According to Tous Soto, "after having been oriented in Washington, after weighing the responsibility of a heterogeneous coalition which has brought such bitter results wherever it has been made," the Republicans agreed that the pact with the Socialists was not possible, for ''the mere possibility of the pact may determine that Congress could abstain from granting the People of Puerto Rico the right to elect their own Executive; because it would fear the election of a radical element.''[215] In their return trip, Barceló, president of the Union Party, and Tous Soto, agreed on the basis for the Alliance. Thus the bourgeois sector of the Republican Party, headed by its president, found support in Washington to join the bourgeois sector of the Union Party and to oppose a

possible pact with the Socialists.[216] The Republican petty bourgeois sector, opposed to the alliance with its "historical enemies," decided to ally with the Socialists. In this way, two essential elements of the Republican project-- the search for self-government, and the search for social peace between capital and labor--were separated from each other. The Republicans dropped their demand for statehood in order to achieve the Alliance. The Republican project, the first statehood project, which had given life to the Republican Party, was broken. Four decades were to pass before another statehood project appeared, represented by Luis Ferré.

Statehood became another issue of conflict in the Republican party in the making of the alliances with other parties. The two parties to the Alliance agreed that their unifiying political principle would be the "the full sovereignty of Puerto Rico within the sovereignty of the United States". The autonomist position of the Unionists and the statehood position of the Republicans coexisted within the Alliance, though statehood was subordinated within the pronouncements of Tous Soto. The demands for the immediate application of the U.S. Constitution to Puerto Rico and for the incorporation of Puerto Rico were left out, based on the argument that Puerto Rico was not economically prepared for statehood. The traditional demand of the Republican Party for the immediate incorporation of Puerto Rico as a transitory step to statehood was thus rejected. According to

Tous Soto,

> when we are economically prepared for the extension of the Constitution, we shall be economically prepared also for statehood. Then we shall demand statehood and with it will come the Constitution and incorporation... Incorporation without statehood... does not give us any right, any liberty, any guarantee... It is not necessary to go through the pain of the Incorporated Territory to get to statehood.(217)

Tous Soto argued that Puerto Ricans were in no position to demand statehood given their political division on this issue, and because the U.S. government´s opposition to statehood. For Tous Soto, statehood

> is a bitter road if circumstances do not help us, as they did in Texas and California. To climb this hill, defeating all obstacles like distance, language, race, customs, and prejudice, we need the union of all wills for the common effort.(218)

Tous Soto gave self-government priority over other issues, including statehood. If the United States does not want to grant statehood, as the political form to guarantee Puerto Ricans control over local affairs, then there is no alternative but independence:

> The Republicans are only a fraction of the People and we will never realize our ideal if we do not first make it the ideal of all the People... If after the people of Puerto Rico are prepared for statehood, they nock at the doors of the National Home and find them sytematically closed by prejudice, our only dignified road will be to form our own and free home.(219)

If self-government could not be achieved under statehood, then it would be realized under independence.

The Republican fissure came during the "stormy" Republican Assembly of May 4, 1924 in Mayaguez, where the proposal for the Alliance was debated. Tous Soto defended

the pact with the Unionists, while the opposition was headed by Rafael Martínez Nadal. The proposal in favor of the Alliance won by a margin of 130 to 55.[220] The petty bourgeois sector (the so-called "Barbosista" Old Guard), headed by Martínez Nadal, assembled immediately after the meeting and formed the Pure Republican Party.[221] Martinez Nadal characterized the participation of the Republican Party in the Alliance as "an imposition of Mister Jose Tous Soto and of American vested interests." He later characterized Tous Soto as: ´´A man at the service of the corporations in Puerto Rico, who treacherously stabbed to death (statehood and the Republican Party).´´[222] Manuel F. Rossy, long time associate of Barbosa and former president of the party, emphasized the contradictions of the Alliance, at least for his group:

> The electoral pact with the Unionists, our natural and continuous adversaries, will be a disaster. Aside from the great disparity between these collectivities, not only at the political level, but at the economic level as well, it would be a great calamity for the Republicans to sanction the conflicting policy of a party who is anxiously searching for someone to support its dismal procedures...(223)

The Pure Republicans made an electoral alliance with the Socialists based on a minimum program that included the goal of permanent union with the United States. The ideal of statehood, supported by the dominant sector within the Socialist Party, was an important factor in the making of the Coalition between the Pure Republicans and the Socialists.[224] The Coalition became an important force in

Puerto Rican politics during the 1930's, controlling the legislature throughout that period. But the Coalition was a different organization by then; the Republican bourgeoisie had joined their petty bourgeois counterparts, giving the alliance between the Socialists and Republicans a new character.

To sum up, the Republican project, the first statehood project in Puerto Rico, collapsed with the rupture of the Republican Party in 1924. The U.S. colonial regime on the island and the hegemony of the "hijos ajenos" over the local economy were the main impediments to the realization of the Republican project. The rupture of 1924 came as a consequence of the contrasting views of the leading sectors of the Republican Party with regard to the alliance with the working class and its party, the Socialist Party. The bourgeois sector of the party, led by the sugar bourgeoisie, formed the Alliance with the Union Party based on the search for self-government; the Republican petty bourgeois sector joined the Socialists in the Coalition, seeking the maintenace of social peace on the island. The social and political differences within the Alliance undermined the pact of the local bourgeoisie and landowners; the "Republican family" was united once again in 1932 under the Republican Union Party. Although the latter remained a member of the Coalition, the conflicts between the bourgeoisie and the working class undermined not only their political alliance but the internal workings of both parties

as well. Even though the Republicans were reunited, the differences between the main sectors of the party were not mitigated, and the crisis of annexationism that began with the rupture of 1924 lasted for over a decade.

CONCLUSION

The first three decades of the twentieth century saw the consolidation of the United States colonial regime and the capitalist economy in Puerto Rico. The colonial regime secured the hegemony of the American state in Puerto Rico; as part of this process Puerto Ricans were granted U.S. citizenship. The colonial regime restricted the political space of those sectors which had been dominant in the nineteenth century: the creole landowners, particularly the coffee hacendados. Capitalism expanded in Puerto Rico under the economic hegemony of American capital, particularly in the dominant sugar industry, and in the context of the economic integration of the island to the United States. The new economic and political structures imposed by the American state and capital benefited the main social sectors of the Republican Party, the sugar, commercial, and financial bourgeoisie, and the commercial and professional petty bourgeoisie. The economic and political basis of the new regime provided the Republicans with a popular base of support among workers, blacks, and the poor. The Republican Party became the main source of support for the new American

regime on the island. Its program and actions within the colonial state apparatus were aimed at strengthening the presence of the American state and capital in Puerto Rico. The Republican project gave meaning to the party´s actions and programs at the time. Its the goal was the total transformation of Puerto Rican society following American social, economic, and political institutions. It defined statehood within the concept of the "regional fatherland" and legitimized the attempt to win control over the local affairs of the island. The breakdown of the Republican project came as the result of the limitations imposed by the colonial structure and the economic domination of American capital. The Republican Party ruptured in 1924, when the party´s leading sectors disagreed about the alliance with the Socialist Party. The bourgeois sector of the Republican Party made the Alliance with the Union Party, while the petty bourgeoisie allied with the Socialists in the Coalition. This represented the beginning of the crisis of annexationism; this crisis lasted for over two decades, until the emergence of a new statehood project. This will be the subject of our next chapter.

NOTES TO CHAPTER III

1) For a review of the main theories concerning the causes of the Spanish-American War, see Philip S. Foner, The Spanish-Cuban-American War and the Birth of American Imperialism, 1895-1902 (New York: Monthly Review, 1972), vol.I, chapter XIV.

2) See, Edgardo L. Martinez Nazario, "Estudio historico-teorico sobre el desarrollo administrativo del sector publico en Puerto Rico" (M.A. Thesis, School of Public Administration, University of Puerto Rico, 1971), pp. 25 and 34. Also, Consuelo Maldonado, "Developments in the Puerto Rican Political-Administrative, Fiscal, and Commercial Structures During 1898-1900: The Impact and Implications of the Economic, Fiscal and Political Administrative Theories of the American Military Government" (Ph.D. Dissertation, Graduate School of Public Administration, Syracuse University, 1974), p. 117.

3) Edward J. Berbusse, The United States in Puerto Rico, 1898-1900 (Chapel Hill, N.C.:University of North Carolina Press, 1966), p. 82-83; also pp. 91-96.

4) Ibidem, pp. 100-109.

5) Ibidem, p. 109.

6) C. Maldonado, op.cit., pp. 2, 117.

7) Berbusse, op.cit., pp. 82, 91, and 93; C. Maldonado, op.cit., pp. 157-163.

8) Lyman J. Gould, La ley Foraker: Raíces de la política colonial de los Estados Unidos (Rio Piedras, P.R.: Editorial Universitaria, 1975), p. 11

9) For the Foraker Act, see Commonwealth of Puerto Rico, Documents on the Constitutional History of Puerto Rico (Washington, D.C.: Office of the Commonwealth of Puerto Rico in Washington, 1964), pp. 64-80; quote from p. 74-75. To be quoted as Constitutional History.

10) Quoted in E. Martinez, op.cit., p. 41-42. Emphasis added.

11) Carmen Ramos de Santiago, El gobierno de Puerto Rico (Rio Piedras, P.R.: Editorial Universitaria, 1970), p. 66.

12) Constitutional History, pp. 75-78.

13) María D. Luque de Sánchez, La ocupación norteamericana y la ley Foraker (Rio Piedras, P.R.: Editorial Universitaria, 1980), p. 145-46. Quote is from an Editorial from La

Democracia, January 1901.

14) Gould, op.cit., p. 119.

15) Ibidem, p. 106; Luque de Sánchez, op.cit., pp. 116-119.

16) Gould, op.cit. pp. 104-111.

17) On the nature of the state in Puerto Rico, see Kelvin Santiago, "Algunos aspectos de la integracion de Puerto Rico al interior del Estado metropolitano: Los origenes de la nueva estructura estatal colonial (1898-1929)," paper presented at the XIV Latin American Congress of Sociology, held in San Juan, Puerto Rico, October 1981; Emilio Gonzalez Diaz, "El Estado y las clases dominantes en la situacion colonial," paper delivered at the XII Latin American Congress of Sociology, held in Quito, Ecuador, November 1977; Miriam Muniz Varela, "La formacion social de transicion al capitalismo en Puerto Rico, 1880-1920" (Ph.D. Dissertation, Facultad de Ciencias Politicas y Sociales, Universidad Autonoma de Mexico, 1982), p.213-240. The concept of relative autonomy has been applied to the rise of populism in the 1930´s by Juan Jose Baldrich, "Class and State: The Origins of Populism in Puerto Rico, 1934-52" (Ph.D. Dissertation, Department of Sociology, Yale University, 1981).

18) José A. Cabranes, Citizenship and the American Empire: Notes on the Legislative History of the United States Citizenship of Puerto Ricans (New Haven: Yale University Press, 1979), p. 6. The quoted remarks are from Senator Foraker, in 1900, on the issue of Puerto Rico. Truman R. Clark argues that U.S. citizenship was granted to restrain the independence fervor; in Puerto Rico and the United States, 1917-1933 (Pittsburgh: University of Pittsburgh Press, 1975), p. 23.

19) Clark, ibidem, p. 24.

20) For the text of the Jones Act of 1917, see Constitutional History, pp. 81-112.

21) T. H. Marshall as discussed by Reinhard Bendix, Nation-Building and Citizenship (New York: Wiley, 1969), p. 76.

22) The Insular Cases are included in Constitutional History, pp. 117-120, 120-131, and 140-149.

23) Victor L. Castillo, "La acumulacion de capital en Puerto Rico: 1960-1975" (Ph.D. Dissertation, Facultad de Economia, Universidad Autonoma de Mexico, 1981), pp. 12-17, and passim; also, M. Muniz, op.cit.

24) Harvey S. Perloff, Puerto Rico's Economic Future (Chicago: University of Chicago Press, 1950; reprinted by Arno Press, New York, 1975), p. 27.

25) Bailey W. and Justine W. Diffie, Porto Rico: A Broken Pledge (New York: Vanguard Press, 1931), p. 46.

26) Ibidem, p. 52-53.

27) Victor S. Clark et al, Porto Rico and Its Economic Problems (Washington, D.C.: Brookings Institution, 1930), p. 418.

28) Diffie, op.cit., p. 135.

29) Ibidem, pp.95, 100, 107-111, 116-117, and 127.

30) Arthur Gayer, Paul T. Hormam, and Earle K. James, The Sugar Economy of Puerto Rico (New York: Columbia University Press, 1938), p. 37.

31) Esteban A. Bird, Report on the Sugar Industry in Relation to the Social and Economic System of Puerto Rico. Senate of Puerto Rico, 15th Legislative Assembly, Senate Document no.1 (San Juan: Bureau of Supplies, Printing, and Transportation, 1941), pp. 87-90.

32) Clark, op.cit., p. 404.

33) Ibidem, p. 437.

34) Ibidem, pp. 436-439.

35) Ibidem, p. 440-41.

36) Ibidem, p. 376.

37) Thomas C. Cochran, The Puerto Rican Businessman: A Study in Cultural Change (Philadelphia: University of Pennsylvania Press, 1959), pp.28, 37. Also on the relationship between banking and sugar see Stephen J. Randall, ''The Development of Canadian Business in Puerto Rico,'' Revista/Review Interamericana 7:1 (Spring 1977), p. 12.

38) Clark, op.cit., p. 377.

39) Biagio di Venuti, Money and Banking in Puerto Rico (Rio Piedras, P.R.: University of Puerto Rico Press, 1950), p. 26.

40) Ibidem, p. 25.

41) Angel G. Quintero-Rivera, "Background to the Emergence of Imperialist Capitalism in Puerto Rico," in Adalberto

Lopez and James Petras, eds., Puerto Rico and the Puerto Ricans (New York: Wiley, 1974), p. 109.

42) Consuelo Maldonado, op.cit., p. 18-19.

43) Diffie, op.cit., p. 131.

44) Esteban Bird, op.cit., p. 108.

45) Diffie, op.cit., p. 130.

46) E. Bird, op.cit., p. 102.

47) Ibidem, pp. 105-107.

48) Isabel Picó de Hernández, ''Los estudiantes universitarios y el proceso político puertorriqueño (1930-1948)'' (Ph. D. Dissertation, Department of Political Science, Harvard University, 1974), p. 147-48.

49) Clark, op.cit., p. 481.

50) Ibidem, p. 316-17.

51) E. Bird, op.cit., p. 132.

52) See, M. Muñiz, op.cit., chapter V; also, Andrés Ramos Mattei, ''Las inversiones norteamericanas en Puerto Rico y la ley Foraker, 1898-1900,'' Caribbean Studies 14:3 (October 1974), pp. 56-68.

53) For the development of the Seralles family in the sugar industry since the nineteenth century see, Rogelio Ramos Vivas, ''La Central Mercedita: Uno de los puntales mas vigorosos de nuestra economia,'' El Día (Ponce), December 18, 1949, p.6 and 8. Ramos argues that Seralles took "all the advantages that the new government system, after the change of sovereignty of the island, gave our sugar industry." (p.6)

54) M. Muñiz, op.cit., p. 197.

55) Gayer et al, op.cit., p.78.

56) E. Bird, op.cit., p. 63-64.

57) Ibidem, p. 131.

58) Clark, op.cit., p. 481.

59) Gayer et al, op.cit., pp. 25, 28-29.

60) Ibidem, p. 33.

61) Thomas Mathews, Puerto Rican Politics and the New Deal (Gainesville: University of Florida Press, 1960), p. 15.

62) For the opposition in Ponce to the penetration of the Bank of Nova Scotia in the area in 1922, showing the links between the local sugar, banking, and commercial bourgeoisie and their conflicts with foreign capital see Randall, op.cit., p. 10.

63) Cochran, op.cit., p. 37-38.

64) Di Venuti, op.cit., p. 54-55.

65) Quintero-Rivera, Conflictos de clase y política en Puerto Rico (Rio Piedras, P.R.: Editorial Huracan, 1976), p. 58 and 62; M. Muniz, op.cit., p. 203.

66) After the alternative of statehood was eliminated from the party's platform in 1913, its pro-annexationist sector abandoned the Union Party; this favored greatly the electoral showing of the Republicans in 1914. See, Bolívar Pagán, Historia de los partidos políticos puertorriqueños (Barelona: M. Pareja, 1972), vol.I. p. 163-64; Luis A. Velez Aquino, "Puerto Rican Press Reaction to the Shift from Spanish to United States Sovereignty, 1898-1917" (Ph. D. Dissertation, Department of Education (Teacher's College), Columbia University, New York, 1968), p. 118. After Munoz Rivera's death the independence fervor augmented in the Union Party, and once again there was an exodus of pro-annexationist Unionists to the Republican Party. See Daniel H. O'Leary, "The Development of Political Parties in Puerto Rico Under American Occupation" (Ph.D. Dissertation, Boston College, Graduate School, 1936), p. 60.

67) Quintero-Rivera, Conflictos..., p. 62.

68) Ibidem, p. 69. This has been a constant in the life of the Republicans. During the 1950's, the Statehood Republican Party was characterized as a ''patronage party'' by Robert Anderson, Gobierno y partidos políticos en Puerto Rico (Madrid: Editorial Tecnos, 1970), p. 100-101.

69) M. Muñiz, op.cit., pp. 188-190.

70) V. Castillo, op.cit., pp. 120 and ff.

71) Victor Clark, op.cit., p.418-419.

72) See the several essays in Angel G. Quintero-Rivera, José Luis González, Ricardo Campos and Juan Flores, Puerto Rico: Identidad nacional y clases sociales (Rio Piedras, P.R.: Editorial Huracan, 1979). Also, Picó de Hernández, op.cit., p.101.

73) Mariano Negrón Portillo, Reformismo liberal, reformismo conservador: Dos etapas del autonomismo puertorriqueño (1895-1914); La prensa en el análisis social--´La Democracia de Puerto Rico´ (Rio Piedras, P.R.: Centro de Investigaciones Sociales, University of Puerto Rico, 1981), pp. 22-26.

74) Henry K. Carrol, Report on the Island of Porto Rico (Wash., D.C.: Government Printing Office, 1899; reprinted by Arno Press, New York, 1975), pp. 74, 106, 766 and ff.

75) Luque de Sánchez, op.cit., p. 108.

76) Ibidem, pp. 66-68.

77) Carroll, op.cit., p. 106.

78) Luque de Sánchez, op.cit., p. 107-108.

79) See, for example, the Memorial presented to the Carroll Commission by the Mayaguez area coffee growers, in Carroll, op.cit., p. 106.

80) Luque de Sánchez, op.cit., p. 109.

81) Carroll, op.cit., p. 234.

82) Quintero-Rivera, "Background...," p. 116-118.

83) Bolívar Pagán, op.cit., pp. 45-48.

84) Negron Portillo, op.cit., pp. 34, 40-43; Luque de Sanchez, op.cit., chapter V; and B. Pagan, op.cit., chapter IV.

85) B. Pagan, op.cit., p. 82.

86) Ibidem, p. 78.

87) See the letter sent by Munoz Rivera to President McKinley in 1901, in ibidem, pp. 81-84. See also, Edward S. Wilson, Political Development of Porto Rico (Columbus, Ohio: Fred J. Heer Publishing, 1905), p. 72.

88) The dissident movement within the Republican Party and the events that led to the formation of the Union Party is discussed by Luis M. Díaz Soler, Rosendo Matienzo Cintrón: Orientador y guardian de una cultura (Rio Piedras, P.R.: Instituto de Literatura Puertorriquena, University of Puerto Rico, 1960), vol.I, pp. 218-300. Also, Negrón Portillo, op.cit., p. 46; and Angel G. Quintero-Rivera, ´´El Partido Socialista y la lucha politica triangular de las primeras decadas bajo la dominacion norteamericana,´´ Revista de Ciencias Sociales 19:1 (March 1975), p. 54.

89) B. Pagán, op.cit., p. 112.

90) Negrón Portillo, op.cit., p. 47.

91) Ibidem, p. 36.

92) E. Wilson, op.cit., p.77-78. According to O´Leary, the Federal Party "attracted the merchants and professional classes as well as the groups in power under Spanish rule who were not too well pleased with the change in sovereignty." The Republican Party, on the other hand, ´´pitched its appeal chiefly to the more radical elements in the population, to the poorer whites and the city workers. It had a large following among the negro and the mulatto population.´´ Op.cit., p. 12.

Aaron Ramos explains the blacks´ support for statehood as follows: "As U.S. rule increasingly undermined the political hegemony of the white creole classes (among which racist attitudes were widespread), the Puerto Rican black population saw in the new situation the opening of avenues for social and political mobility. The fact that Barbosa was black may explain in part black support for the "Partido Republicano." In ´´The Development of Annexationist Politics in Twentieth Century Puerto Rico,´´ in Adalberto Lopez, ed., The Puerto Ricans (Cambridge, Mass.: Schenkman, 1980), p. 261.

In analysing black´s support for statehood the element of class should be included. For example, in his 1899 report, Carroll indicated the strong relationship between class and race in some social sectors, particularly in the working class; see Carroll, op.cit., p. 51. As will be discussed later, the Republican Party, until the formation of the Socialist Party in 1916, received wide support from the working class, which in terms of the blacks´ support for statehood raises the issue of which variable is more determining, race or class.

93) Leo S. Rowe, The United States and Puerto Rico (New York: Longmans, Green and Co., 1904; reprinted by Arno Press, New York, 1975), p. 247-48.

94) A. Hyatt Verrill, Porto Rico: Past and Present (New York: Dodd, Mead and Co., 1914), p. 134.

95) One of the few powers that the Puerto Rican Legislature enjoyed was that of the ratification of the insular budget. In 1909, the House of Delegates, totally controlled by the Union Party, refused to approve the budget until some reforms were made to the Foraker Act providing the island with some degree of autonomy. President Taft urged Congress to approve the Olmsted Ammendment; it ammended the Foraker Act so that if new budget is not approved, the past budget will remain in force. See, B. Pagan, op.cit., pp. 127-143.

The Olmsted Ammendment gave the President the power to designate which U.S. agency was to have the authority over Puerto Rican affairs. President Taft chose the Bureau of Insular Afairs of the War Department, "the nearest thing the United States ever had to a colonial office." Truman Clark, op.cit., p. 12.

96) Negrón Portillo, op.cit., pp. 54, 60-64.

97) Ibidem, p. 67.

98) B. Pagán, op.cit., p. 159.

99) Ibidem, pp.173-181.

100) Ibidem, p.211-212. See also, Ricardo A. Cruz Garcia, "Impacto de la americanizacion en el Partido Union de Puerto Rico, 1920-1922" (M.A. Thesis, Department of History, University of Puerto Rico, 1977), chapter V.

101) Quintero-Rivera, "El Partido Socialista...," p. 87.

102) B. Pagán, op.cit., p. 230.

103) Ibidem, p. 231-32.

104) The most nitid example of this kind of organization was the Association of Sugar Producers of Porto Rico, which grouped the Puerto Rican sugar bourgeoisie and included in its misdt well-known Unionist leaders like Ramon Aboy Benitez, Jose Ruiz Soler, Eduardo Giorgetti, Jorge Bird Arias along with Republican leaders as Lucas P. Valdivieso, Mateo Fajardo, Eduardo J. Gonzalez, Jaime Sifre, and others. The so-called "fuerzas vivas" were made of the Association of Sugar Producers, the Chamber of Commerce, and the Farmers Association. On the "fuerzas vivas" see, Nilsa Rivera Colon, "Los pleitos electorales Socialistas en Fajardo: 1920 y 1924" (M.A. Thesis, Department of History, University of Puerto Rico, 1981), chapter V. Also, Ramon Aboy Benitez and Jose Ruiz Soler, ´´The Association of Sugar Producers of Porto Rico,´´ in E. Fernandez Garcia, ed., El Libro Azul de Puerto Rico (San Juan: El Libro Azul Publishing, 1923), pp. 565-581. According to Knowlton Mixer, the Association of Sugar Producers was founded in 1909 "to meet the menace to the sugar industry involved in the proposed removal of the United States tariff on sugar," what clearly indicates its political position. Porto Rico: History and Conditions (New York: Macmillan Co., 1926), p. 135.

105) O´Leary, op.cit., p.86-87. Pilar Barbosa, daughter and biographer of the Republican leader and historian of the statehood movement explains the Alliance as follows: ´´The Republicans that moved to the Alliance were mostly conservatives that feared the triumph of the Socialists... The two

groups solved their respective major problems: the fear of the party in government (the Union Party) of loosing the elections of 1924 and the fear of all the ´fuerzas vivas´... before the menace of the Red Socialists, the ´Bolsheviks´ then.´´ Pilar Barbosa de Rosario, La política en dos tiempos (Np: Editorial Jose C. Barbosa, 1978?), p. 92-93.

The issue of the role played by the sugar mill-owners within the leadership of both parties is dealt with by Angel G. Quintero-Rivera, "Economia y politica en Puerto Rico (1900-1934): Algunos elementos regional-estructurales del crecimiento azucarero y el analisis de la politica obrera." Paper delivered at the "New Approaches to Puerto Rican History" Conference, held at Lehman College, New York, April 1-2, 1982, particularly pp. 3, 49-51.

106) Gayer, op.cit., p. 29.

107) Ibidem, p. 24. The number of farms between 100-499 acres decreased from 3,047 in 1920 to 2,825 to 1930; the total land under their control decreased from 600,500 acres in 1920 to 341,873 acres in 1930.

108) Laird W. Bergad, ´´Agrarian History of Puerto Rico, 1870-1930,´´ Latin American Research Review 13:3 (1978), p.82; Mixer, op.cit., p. 140.

109) Ibidem, p. 112.

110) T. Clark, op.cit., p. 107.

111) See, Quintero-Rivera, "Economia y politica...." In 1926, the Eastern Sugar Associates, a Maryland Trust, was organized; it was the last of the four U.S. sugar corporations to do so. By 1935 it had acquired five centrals and operated a total of 54,691 acres, owned and leased. E. Bird, op.cit., p. 131. According to Gayer, ´´Acreage operated by managers has thus increased at the expense of that operated by owners and tenants.´´ Op.cit., p. 23-24.

112) See, Angel G. Quintero-Rivera, ´´Socialista y tabaquero: La proletarización de los artesanos,´´ Sin Nombre 8:4 (January-March 1978), pp. 100-137; and his "El Partido Socialista...." Also, Gervasio Garci{DISH}´a and A. G. Quintero-Rivera, Desafío y solidaridad: Breve historia del movimiento obrero puertorriqueño (Rio Piedras, P.R.: Ediciones Huracan, 1982), chapter I.

113) Garcia and Quintero-Rivera, ibidem, p. 29.

114) Carroll, op.cit., p. 799.

115) For a critique of the notion that the SP´s politics were due to Iglesias´ collaborationist behavior see, Gervasio L. Garcia, "Los origenes del movimiento obrero en

Puerto Rico: mitos y problemas," paper delivered at the "New Approaches to Puerto Rican History" Conference, held at Lehman College, New York, April 1-2, 1982. Also, Quintero-Rivera, Conflictos..., p. 117-118.

116) In his declaration to the Carrol Commission, Santiago Iglesias indicated the goals of the working class with respect to the United States: ´´Everything is reduced to the desire to better as much as possible the moral and material conditions of workers in general. The conditions which we desire to obtain from the people and the Government of the United States are absolute liberty and equality for all our citizens...´´ Carroll, op.cit., p. 757.

117) On the relation of the Puerto Rican labor movement and the Socialist Party to the United States presence in Puerto Rico see, Angel G. Quintero-Rivera, ´´La dominacion imperialista del Estado en Puerto Rico y la politica obrera (1900-1934),´´ Revista Mexicana de Sociologia 40:3 (July-September 1978), pp.1119-1139.

118) Santiago Iglesias Pantín, Luchas emancipadoras (San Juan: Imprenta Venezuela, 1962), vol.I, p. 132.

119) Garcia and Quintero-Rivera, op.cit., p. 35.

120) Ibidem, pp. 50-52.

121) This included the mobilization of the so-called "Republican mobs," groups of marginals pushed out from the haciendas and trying to survive in the cities, became best known for their acts of violence and vandalism. Their actions were somehow canalized by the Republican Party against the Federal Party and workers organizations, with the acceptance of the American government. See, Quintero-Rivera, "El Partido Socialista...," p. 55-56; and Negron Portillo, op.cit., p. 35-36.

122) Garcia and Quintero-Rivera, op.cit., p. 55.

123) Quintero-Rivera, "El Partido Socialista...," pp. 57-59. Also the essay by Campos and Flores in Quintero-Rivera et al, op.cit., pp. 84-87.

124) Ibidem, p. 59-60; Garcia and Quintero-Rivera, op.cit., p. 53.

125) See the attack against the Union Party and its independence rhetoric in "The Tyranny of the House of Delegates of Porto Rico," in A. G. Quintero-Rivera, ed., Lucha obrera en Puerto Rico (Rio Piedras, P.R.: CEREP, 1972), p. 52.

126) On the conception of the "Socialist fatherland" and its

relation to the annexationist tendencies in the workers movement see Quintero-Rivera, "El Partido Socialista...," pp.63-70; Garcia and Quintero-Rivera, op.cit., pp. 32-34.

127) Angel G. Quintero-Rivera, ´´La clase obrera y el proceso político en Puerto Rico,´´ part 1, Revista de Ciencias Sociales 18:1-2 (March-June 1974), pp. 145-198.

128) Quintero-Rivera, "El Partido Socialista...," pp. 60-63.

129) See the Program of the Socialist Party in Quintero-Rivera, Lucha obrera, particularly p. 90-91.

130) Quintero-Rivera, "El Partido Socialista...," pp. 76-80; and Conflictos, pp. 117-127.

131) With regard to the internal divisions of the Socialist Party see, Quintero-Rivera, Lucha obrera, pp. 72-94.

132) Santiago Iglesias, op.cit., p. 272-273. See also the 1919 Socialist Program in Quintero-Rivera, Lucha obrera, p. 94.

133) Angel G. Quintero-Rivera, ´´La clase obrera y el proceso político puertorriqueño,´´ part IV, Revista de Ciencias Sociales 19:3 (1975), pp. 263-298.

134) For the conflicts, electoral and otherwise, between the Socialists and the Unionists see, Nilsa Rivera Colon, op.cit., pp. 38-45, 60-78.

135) Quintero-Rivera, "La clase obrera...." See the interesting comments on the SP by former Socialist Luis Muñoz Marín in Memorias: 1898-1940 (San Juan: Inter American University Press, 1982), p. 50.

136) See the rationalization for the Coalition by SP vice-president Blas Oliveras in the "Introduction" to Epifanio Fiz Jímenez, El racket del Capitolio (Gobierno de la Coalición Repúblico-Socialista) entre los años 1932 al 1940 (San Juan: Editorial Esther, 1944), p. 10-11.

137) The Republican Program appears on Bolívar Pagán, op.cit., pp. 34-37. On the formation of the Republican Party see, Antonio Mirabal ´´Ponce y los partidos politicos de Puerto Rico,´´ El Día (Ponce), December 18, 1949, pp. 27, 31-32; and Roberto H. Todd, Patriotas puertorriqueños (Madrid: Ediciones Iberoamericanas, 1965), p. 72-73.

138) Republican Party, Asamblea Republicana celebrada en San Juan, Puerto Rico, 1 y 2 de julio de 1899 (San Juan: Imprenta de "El Pais," 1899), pp. 10-25. The biggest debate in the Assembly was over the issue of the eight-hour workday, with Barbosa arguing in favor of "freedom of

trade," i.e., against it, and Matienzo Cintro{DISH}´n in favor.

139) Luque de Sánchez, op.cit., pp. 94-108; Gould, op.cit., pp. 75-80.

140) In the 1899 Republican Assembly, Matienzo Cintron declared: ´´The development of the Republican Party is due to its celerity in understanding the magnitude of events and to its resolution to aid to their fastest and easiest realization.´´ In Asamblea Republicana, p. 27-28.

141) B. Pagan, op.cit., p. 73-74. Also Todd, op.cit., p. 81.

142) Rowe, op.cit., p. 254.

143) Editorial from The Nation, 1901, quoted in Luque de Sánchez, op.cit., p. 153.

144) Ibidem, pp. 152, 159.

145) Ibidem, pp. 152-158; B. Pagán, op.cit., p. 77.

146) As was discussed earlier, one of the most important changes in the legal code during the Republican´s control of the House was the introduction of the corporate system. The importance of this change was emphasized by Rowe in 1904: ´´In neither the Spanish civil code nor in the code of commerce do we find the corporate idea carried out with the degree of elaboration characteristic of the American law, and it was therefore a matter of importance to the industrial future of the island that this branch of the civil law be made to harmonize with our American system. The progress of the island depends upon the influx of American capital...´´ Op.cit., p. 163.

147) Quintero-Rivera, Conflictos..., pp.39-49, has analyzed how the changes in the government bureaucracy, suffrage, education, and the promotion of Protestantism implemented by the American government and the Republicans weakened the structural political and economical basis of the hacendado class.

148) In his Annual Report of 1902 Governor Hunt indicated: ´´The Republicans have, as a rule, actively helped to forward the aims of the government and are responsible for the important laws now on the statute book.´´ United States War Department, Annual Report of the Governor of Puerto Rico, 1902-1903 (Wash., D.C.: Government Printing Office, 1903), p. 13.

149) Aaron Ramos, op.cit., p. 259.

150) The division in the Republican Party is discussed in Díaz Soler, op.cit., pp .218-254. The ´´scandalous´´

Republican Assembly of 1904 was reviewed by Julio Medina Gonzalez, El escándalo o Revista de la Asamblea celebrada en en teatro de Ponce por el Partido Republicano de Puerto Rico, en los dias 25, 26 y 27 de abril del año 1904 (Mayaguez, P.R.: Tipografia La Voz de la Patria, 1904?).

151) Quintero-Rivera, Conflictos..., pp. 60-62; Negron Portillo, op.cit., p. 46. It is interesting to note that around this time the names of prominent nineteenth century "radical" annexationists (e.g., SP-PRC) do not appear, with some exceptions, in the Republican leadership. One reason for this might be that this group, with more ideological fervor to the United States, grew disillusioned with the American regime in the Island and left the Republican Party, as was the case of Henna.

152) Luque de Sánchez, op.cit., pp. 147-163.

153) Partido Republicano, Informe de los delegados del Partido Republicano de Puerto Rico ante la Convención Nacional Republicana celebrada en Chicago el 21 de junio de 1904 (San Juan: Tipografia 'El Pais,' 1904), pp. 6-9.

154) Ibidem, p. 23. On the afiliation of the Republican Party of Puerto Rico to the National Republican Party as a way of obtaining patronage see, "Jerome Fishman, The Rise and Development of the Political Party in Puerto Rico Under Spanish and American Rule and the Historical Significance of the Subsequent Emergence and Growth of the Popular Party" (Ph.D. Dissertation, Department of History, New York University, 1962), p. 53-54.

155) E.g., Pilar Barbosa, op.cit., pp. 31-33.

156) Reece B. Bothwell, ed., Puerto Rico: Cien años de lucha política (Rio Piedras, P.R.: Editorial Universitaria, 1979), vol.IV, pp. 1478-1481.

157) Ibidem, vol.II, p. 209.

158) Angel M. Mergal, Federico Degetau: un orientador de su pueblo (New York: Hispanic Institute, 1944), p. 178-179.

159) Bothwell, op.cit., vol.II, p. 212.

160) Ibidem, p. 215. The issue of the protection of coffee was one of the most hotly debated in the 1904 Assembly; see, J. Medina, op.cit., p. 33.

161) Mariano Negrón Portillo, ''Conflictos legislativos en Puerto Rico, 1905-1914,'' La Toga 10:1 (April 1978), pp. 25-27.

162) T. Clark, op.cit., p. 78-79. According to Clark, the

politics of patronage in Puerto Rico during this period had some structural reasons, i.e., with no real opportunity to engage in governmental activities or to use power, "it was tempting and easy for them to see politics as simply contests for the spoils of patronage." In ´´Educating the Natives in Self-Government: Puerto Rico and the United States, 1900-1933,´´ Pacific Historical Review 42:2 (May 1973), p. 233.

Patronage became so important to the Republican Party that in its 1920 by-laws there is an article (number 39) specifically dealing with the party´s patronage policy. See, Partido Republicano Puertorriqueño, Constitucion y plataforma del Partido Republicano Puertorriqueño, aprobada en la Asamblea Extraordinaria celebrada en San Juan los dias 4 y 5 de abril de 1920 (San Juan: Tipografia Times Publishing, 1920), p. 10. The article appears again in the 1923 Republican by-laws.

163) José A. Gautier Dapena, ´´Nacimiento de los partidos políticos bajo la soberanía de los Estados Unidos: programas y tendencias,´´ Historia 3:2 (October 1953), p. 171.

164) B. Pagan, op.cit., pp. 38-42.

165) José Celso Barbosa, Orientando al pueblo, 1900-1921, edited and introduced by Pilar Barbosa (San Juan: Imprenta Venezuela, 1939), p. 59. Emphasis added.

166) Ibidem, p. 49.

167) Ibidem, p. 53.

168) Ibidem, pp. 33 and 163.

169) Ibidem, p. 34.

170) Ibidem, p. 85. For this kind of view see also, Claudio Capo, Republica independiente o Estado federal? (San Juan: np, 1921), pp. 33 and 77.

171) J. Medina, op.cit., p. 5.

172) With the rise of nationalistic fervor in the Union Party, the use of English as the teaching language became the center of attack in their defense of the Puerto Rican culture and Spanish language. The controversy over the use of English as the teaching language extended over three decades, See, Aida Negrón de Montilla, Americanization in Puerto Rico and the Public School System, 1900-1930 (Rio Piedras: Editorial Edil, 1971).

173) J. C. Barbosa, op.cit., p. 33-34.

174) Capó, op.cit., p. 82.

175) In Carroll, op.cit., p. 115.

176) Bothwell, op.cit., vol.I, pt.1, p. 277.

177) J. C. Barbosa, op.cit., p. 251.

178) El Tiempo, 1912, as quoted in Velez Aquino, op.cit., p. 112-113.

179) B. Pagán, op.cit., p. 34.

180) J. C. Barbosa, op.cit., p. 83-84. The same point is made by Capó, op.cit., p. 97, who argues that power is vital to exist in the modern world and if Puerto Rico can get it only in association with other countries, "would not we be insane to reject the best of partners imaginable?"

181) Federico Degetau, Pequeño resumen de sus obras en favor de la ciudadania y el estado para Puerto Rico, edited by Ana Degetau (Madrid: np., 1916), p. 18.

182) J. C. Barbosa, op.cit., p. 163.

183) Federico Degetau, The Political Status of Porto Rico (Wash., D.C.: Globe Printing Co., 1902), p. 16. Also, Degetau, op.cit., p. 17; J. C. Barbosa, op.cit., p. 89; Capó, op.cit., pp. 78, 93-94.

184) Asamblea Republicana, op.cit., p. 29.

185) Ibidem, p. 32.

186) J. C. Barbosa, op.cit., p. 37.

187) Ibidem, p. 34-35.

188) Ibidem, p. 54.

189) Ibidem, p. 42.

190) Ibidem, p. 110.

191) Ibidem, p. 87.

192) J. C. Barbosa, in El Tiempo, 1916, reprinted in Avance, July 16-31, 1975, p.57. Barbosa also maintained that federalism, by bestowing upon the states power over all local matters, would protect Puerto Rico from the economic and political racism as practiced in the American South. His polemics on politics and race are compiled in Problema de razas, edited and introduced by Pilar Barbosa (San Juan: Imprenta Venezuela, 1937).

The misperception on the nature of American federalism by

the Puerto Rican political leadership was acutely noted early in the century; in 1904 Rowe stated: ´´The natives could not ... be made to see that the American system, instead of being the extremely decentralized government of the early years of the century, was becoming one in which the central government sets the standards of efficiency and holds the local authorities to strict account for the maintenance of those standards.´´ Rowe, op.cit., p. 155.

193) Bothwell, op.cit., vol.I, pt.1, p.337-338. The National Republican Party would support the "right" of Puerto Rico to become a state in 1960; the Democratic Party did so in 1920. The Puerto Rican Republican Party reincorporated to the National Party in 1920.

194) President Wilson´s declaration in this regard appears in B. Pagán, op.cit., p. 172-173.

195) J. C. Barbosa, Orientando..., p. 117.

196) J. C. Barbosa in Avance, p. 58.

197) B. Pagán, op.cit., p. 155.

198) J. C. Barbosa, Orientando..., pp. 118, 128-129, and 134-136.

199) Ibidem, p. 139.

200) B. Pagan, op.cit., pp. 182-184.

201) J. C. Barbosa, Orientando..., p. 253.

202) Ibidem, pp. 247-249.

204) Bothwell, op.cit., vol.I, pt.1, p. 373-374.

205) Ibidem, p. 415.

206) Interview with Barbosa in Puerto Rico Ilustrado, December 25, 1920, p. 6.

207) Ibidem. On the same issue, see the same views of Manuel F. Rossy, former president of the party and distinguished leader along with Barbosa; in Pilar Barbosa, Manuel F. Rossy y Calderón: Ciudadano cabal (San Juan: Editorial ´La Obra de Jose Celso Barbosa,´ 1981), pp. 33-36, 111.

208) Ibidem.

209) Bothwell, op.cit., vol.I, pt.1, p. 372. The same point was made to the AFL with regards to the participation of the Socialist Party in politics: ´´Do you not believe... that better and more practical results could be obtained by ...

following the same policy as the Federation in the States?´´ In La Respuesta enviada a los Representantes de la Federación Americana del Trabajo (San Juan: Tipografia The Times Publishing, 1920), p. 32.

210) Nilsa Rivera, op.cit., pp. 55-58; Carlos R. Zapata Oliveras, "Situacion politica, economica y administrativa de Ponce durante la incumbencia de Blas Oliveras (enero 1933-enero 1937)" (M.A. Thesis, Department of History, University of Puerto Rico, 1980), p. 42-43.

211) Roberto H. Todd, ´´Como se formaron la Alianza y la Coalición en el año 1924,´´ part 1, El Mundo, May 5, 1940, p. 5.

212) B. Pagán, op.cit., p. 226.

213) Roberto H. Todd, ´´Como se formaron la Alianza y la Coalición en el año 1924,´´ part 2, El Mundo, May 12, 1940, p. 4.

214) Ibidem.

215) Bothwell, op.cit., vol.I, pt.1, p. 436.

216) When the agreement for the Alianza was being concerted, a proposal was presented to include the Socialist Party in the Alianza. The proposal was strongly opposed by Barcelo and, particularly, by Tous Soto. See, Bothwell, op.cit., vol.I, pt.1, p. 445.

With a possibility for a political agreement between the Republicans and Socialists, Luis Sanchez Morales, well-known leader and representative of the bourgeois sector of the Republican Party, declared: ´´I have no repugnance for social reforms, but I do resist to be confused with anarchists and Bolsheviks...´´ In Pilar Barbosa, Manuel F. Rossy, p. 122.

217) Bothwell, op.cit., vol.I, pt.1, p. 433.

218) Ibidem, p. 434.

219) Ibidem.

220) Details on the Assembly appear in Teofilo Maldonado, Rafael Martínez Nadal: su vida (San Juan: Imprenta Venezuela, 1937), pp. 34-42; B. Pagan, op.cit., p. 237-238.

221) T. Maldonado, op.cit., pp. 43-51.

Explaining the rupture in the Republican Party in terms of the "treason" some Republicans committed in allying with their "historical enemies" and "abandoning statehood", on the one side, and an "old guard" keeping up with Barbosa´s teachings, on the other, is rather simplictic and not very

clarifying. This kind of explanation is given by Pilar Barbosa, La política en dos tiempos, p. 94, and Manuel F. Rossy, p. 79-80; also, Fernando J. Geigel, El ideal de un pueblo y los partidos políticos (San Juan: Tipografia Cantero Fernandez, 1940), p. 23-24.

222) T. Maldonado, op.cit., p. 40-41.

223) P. Barbosa, Manuel F. Rossy, p. 153-54.

224) Before the Alianza was concerted, Rossy attacked the pact with the Unionists and defended the possible agreement with the Socialists; he based this on the notion that ''the agreement with the Socialists is reasonable, because the political principles of both parties today are the same... They as well as we are ardent supporters of the Americanization of Puerto Rico... Both of us claim for statehood because it will give Puerto Ricans the opportunity to govern themselves freely...'' In Pilar Barbosa, Manuel F. Rossy, p. 255.

CHAPTER IV

THE CRISIS OF ANNEXATIONISM, 1924-1952

The rupture of the Republican Party in 1924 marked the beginning of the crisis of Republicanism and annexationism that lasted until the 1950´s. The causes of the crisis were not entirely internal to the party; after all, the Republican factions were reunited in 1932 and, along with the Socialists, formed a Coalition government that lasted until 1940. The crisis of Republicanism was the result of structural factors: the collapse of the sugar industry, the reform of the colonial state apparatus, and the dislocation of the party system by the shift in support of crucial social sectors away from the existing parties to the Popular Democratic Party. That is, the crisis of Republicanism was symptomatic of the changes in Puerto Rican society during and after the 1930´s. The collapse of the sugar industry, the rise in political and social turmoil, and the new alliance of social forces in the PDP during this period undermined the basis of Republicanism. As a reaction to these changes, Republicanism transformed the statehood movement from one of total support for the economic and political regime to one of opposition. The statehood movement lost its popular basis of support and came under the hegemony of the most conservative sector of the Puerto Rican bourgeoisie, its sugar sector. Statehood lost the

reformist appeal of its early days and became a symbol of conservative opposition; the statehood program lost the utopian elements that gave life to it and became a defensive program. But by the 1950's the rise of the Puerto Rican industrial bourgeoisie within the statehood movement introduced new elements which were to transform the movement.

Part I of this chapter deals with the crisis and reform of the colonial state apparatus, and the transformation of the sugar economy to an economy based on industrial production for the American market. It will be argued that the inability of the colonial state apparatus to deal with the social and political crisis led to a movement for reform, by the PDP in Puerto Rico and by the United States. The reforms sponsored by the U.S., including the transfer of the New Deal to the island and the policies of the Tugwell Administration, provided for social and political stability but were also crucial for the formation of the Commonwealth in 1952. The Commonwealth legitimized both the hegemony of the United States in Puerto Rico and the power of the leading sectors of the island, grouped around the PDP, to manage the island's internal economic and political affairs. Furthermore, the Commonwealth provided the political shell required to adapt to the collapse of the sugar industry and the new economic model based of the industrialization of the economy with American capital, attracted by state subsidies.

Part II deals with the social and political conflict

of the period. It will be argued that before the crisis of the 1930's the existing political parties and their political alliances (the Alliance and the Coalition) did not have coherent programs for reform, and they could not maintain the support of their social constituencies; this laid the basis for the growth of the PDP. These changes, coupled with the program of reforms implemented by the PDP, undermined the social and political basis of the other parties. Statehood and conservatism became the rallying program for the opposition to the PDP.

Part III deals with the crisis of Republicanism and of statehood from 1924 to 1952, from the rupture of the Republican Party to the formation of the Statehood Republican Party. It will be argued that the crisis of Republicanism and the rise of conservatism were the main factors promoting a transformation in the statehood program, from the idealistic character of the Republican project to the reactionary character of the statehood program after 1924. The crisis of Republicanism resulted from the inability of the Republican petty bourgeoisie and sugar bourgeoisie to adapt to these social and economic transformations and political reforms, and to the continuing political and ideological conflicts between these groups in the statehood movement. The hegemonic political position of the PDP after 1940 propelled the statehood movement, led by the sugar sector, towards a deep conservatism. But although the statehood program became very conservative and defensive,

new elements were introduced to the statehood discourse that remained as part of the statehood program.

PART I: STATE AND ECONOMY

Crisis and Reform of the State in Puerto Rico

During the first three decades of this century the state in Puerto Rico secured the reproduction of capitalism and the predominance of American capital in Puerto Rico and maintained the political structures that assured the hegemony of the American state on the island. To accomplish this it promoted the transformation of the economic system existing prior to the invasion; one of the consequences of this economic transformation was the emergence and/or expansion of social classes linked to the capitalist economy. Politically, the new state apparatus represented the interests of the American state and limited the political power of the dominant social groups on the island. The distribution of socio-political power in Puerto Rico, concentrated in the American state and capital and their local allies, protected the status quo from all opposition, particularly from the hacendados in the Union Party. The 1930's was a period of economic, social and political crisis in the island. The origin of this crisis and its "resolution" needs to be understood within the following framework: the demise of the agro-exporting model of accumulation, and

the ascent of the industrial model; the process of political realignment of classes and social groups that led to the formation of the Popular Democratic Party (PPD) and its neo-populist program, and the PDP´s hold over the colonial state apparatus; and the reform of the state apparatus.

The Crisis of the 1930´s

The crisis of the state in Puerto Rico during the 1930´s has to be analyzed within the general framework of the socio-economic and political crisis of the period. The latter is characterized by the instability of the predominant economic and political relations and in the inability of the state apparatus to maintain them. At the economic level, the main element of the crisis was the inability of the state to maintain the growth of the principal productive sectors of the island´s economy. This was due in large part to the world economic crisis that hit the island in the early 1930´s, which depressed the prices of the main export products, mainly sugar, but also coffee and tobacco. Exports dropped from $107 million in 1926-1927 to $75 million in 1932-33, and only surpassed $100 million once from 1928 to 1941. This caused severe unemployment which, coupled with the increase in import prices, led to a decline in the standard of living of much of the population. Per capita income decreased from $122 in 1929-30 to $86 in 1932-33.[1]

The stagnation of the main productive sectors in

Puerto Rico was aggravated by problems internal to the local economy. As discussed earlier, the coffee industry at the end of the 1920´s was going through a crisis caused by the loss of its traditional markets after the U.S. invasion, and its inability to compete in the world market because of its high costs of production; also, the expansion of the sugar industry and of the capitalist economy hurt the coffee industry by draining the labor and capital required for its modernization. But the best example of structural stagnation was represented by the sugar industry. This industry was not critically hurt by the depression; it was able to maintain its level of production and profit rate as before (to be discussed further on). However, the sugar industry required the protection of the tariff to survive. Sugar produced in Puerto Rico could not compete in the world market because of its high cost of production; it survived in the North American market only because of the tariff, which was a subsidy to American sugar capital in Puerto Rico. The tariff depended on the balance of forces in the United States, as argued by Perloff:

> ... the tariff has been, and is, primarily an expression of continental economic policy. In general, Puerto rico´s gains have been an accident of the protection of mainland interests. The tariff reflects changing economic and political situations on the mainland and requires adjustment on the Puerto Rican economy to mainland influences.(2)

In 1934 Congress approved the Costigan-Jones Law, which imposed on Puerto Rico a sugar quota of 910,000 tons per year, some 300,000 tons under the sugar production for that

year. The quota intended to protect American sugar interests in Cuba.[3] The law also decreed that sugar production was to be divided among producers, which benefited the American sugar corporations, the Puerto Rican central-owners, and the big colonos. The medium and small colonos were most severely affected by the quota, many of them falling into bankruptcy, causing massive unemployment among the thousands of sugar workers. Nevertheless, the quota only accelerated a process of decline long coming under way in the sugar industry, which would lead to its collapse (to be discussed later on).

The inability of the main productive sectors to expand prior to the depression, increased what Quintero-Rivera has called ''the structural crisis of unemployment.''[4] Because of their stagnation, these sectors could not absorb the increasing number of people looking for jobs as a consequence of population growth. This, together with the effects of the depression in the main productive sectors, led to a drastic increase in unemployment, which became the the main social problem of the decade. During the 1930's there was a change in the employment pattern. Between 1930 and 1940 the number of jobs increased by only 4,753; agriculture alone, the main economic area, lost 35,651 jobs while 10,000 new jobs were created in manufacturing and 25,525 in the service sector.[5] By 1933 only 35 percent of the working population had income-earning employment.[6] Meanwhile, the population grew from 17.2 per thousand per year during 1920-1930 to 21 per thousand per year in 1935-40; the absolute population

growth for the decade was 325,000 people.[7]

Another cause of social discontent was the decline in wages caused by the increase in unemployment; this led to a decline in the standard of living. In the sugar industry, the main employer in the economy (it employed 20 percent of the working population and 48 percent of all agricultural workers), the daily wage of a sugar worker on a plantation decreased from $.957 in 1928-29 to $.622 in 1933-34; the daily wage of a central worker decreased from $1.32 to $1.20 during the same period.[8] In 1930, 50,000 women and children worked in sweatshops in the needle industry; 75 percent of them received between 15 and 25 cents a day.[9] The percentage of needle-work exports in the total value of Puerto Rican exports rose from 2.78 percent in 1928 to 17 percent in 1939-40. By this date, needle-work represented 22 percent of the industrial net income of Puerto Rico.[10]

The 1930´s was a period of social and political turmoil. There were a series of strikes: sugar workers, public drivers, dock wokers, among others. The Free Federation of Labor (FLT), for a long time the guarantor of social peace, lost its power among Puerto Rican workers, who began to organize themselves in more radical trade-unions outside the FLT. The three main political parties of the period (Liberal, Socialist, and Republican) experienced internal schisms that divided all of them, preventing any effective social leadership. The colonial Legislature, controlled by the Republican-Socialist Coalition, and the

government were plagued by corruption and incompetence. The Nationalist Party during the early 1930´s, under the leadership of Pedro Albizu Campos, took a radical stance against the colonial system which included violent tactics against the government. In both the United States and Puerto Rico the colonial status quo was questioned, and in 1936 the Tydings Bill to grant independence to the island was introduced in Congress. This bill received the support of the Republican and the Liberal parties in Puerto Rico, which together commanded an electoral majority at the time.

Two corresponding policies were implemented by the American state to deal with the political deterioration of the island. The first one tried to keep order through the existing state apparatus, utilizing repression. When the appointed Governor resigned in 1934, Jorge Bird Arias, General Manager of the Fajardo Sugar Corporation, outstanding representative of the local sugar bourgeoisie and "whose advice was highly regarded by the officials in the Bureau [of Insular Affair]," communicated to Washington that "existing conditions, both economic and political, demand ...an exceptionally good, strong, and capable man." To which Tomas Mathews, a student of the period, adds: ´´In this opinion the War Department concurred.´´[11] James Beverley, former Governor of the island, briefed Washington that:

> ... I strongly favor an ex army officer for the next governor... one who has sufficient experience to know how to size up and handle delicate situations and who has the courage to do his duty whether it is popular or not. Is not General Winship available for a position of

this kind?(12)

Winship was named Governor and his appointment was described by Mathews as ´´a move to counteract possible loss of prestige, to establish in a clearly chaotic situation some degree of order and decorum, and to bring in a strong hand of a proven administrator.´´[13] And a "strong hand" there was, particularly against the Nationalist Party. Winship´s repressive campaign against the Nationalists, the principal U.S. adversary in Puerto Rico, eclipsed the party for more than a decade.[14]

Reform of the Colonial State Apparatus

The second policy implemented by the American state--the reform of the colonial state apparatus--is of greater importance because of its consequences. Through this reform, social and political stability was secured at the same time that the American state secured its hegemony on the island. Though the principal reforms to the colonial state apparatus were implemented during the 1940´s, these required the direct intervention of the American state during the 1930´s. This process of reform began with the transfer of the New Deal to Puerto Rico. The New Deal in Puerto Rico took the form of the provision of relief to the mass of the population. In Puerto Rico, as in the United States, the

key to an understanding of relief-giving is in the

> functions it serves for the larger economic and political order, for relief is a secondary and supportive institution. Historical evidence suggests that relief arrangements are initiated or expanded during occasional outbreaks of civil disorder produced by mass unemployment, and are abolished or contracted when political stability is restored... expansive relief policies are designed to mute civil disorder, and restrictive ones to reinforce work norms.(15)

The relief policy of the New Deal in Puerto Rico was implemented through two programs. The first began in 1933 and was known as the Puerto Rican Emergency Relief Administration (PRERA). It has been estimated that in its three years of existence, PRERA spent one million dollars a month [16] to provide direct relief (food, clothing, medicines) and work relief to 35 percent of the population.[17]

The second program was a lot more ambitious. Beginning in 1937, the objective of the Puerto Rican Reconstruction Administration (PRRA) was the economic reconstruction of the Puerto Rican economy. This program was the result of the Roosevelt Administration´s interest in solving the socio-economic ´´problem´´ in Puerto Rico.[18] The responsibility for this program was given to a group of Puerto Rican intellectuals. They produced the Report of the Puerto Rico Policy Commission, better known as the Chardón Plan. It proposed a program of agricultural diversification that would provide more and better jobs to the rural proletariat and more benefits to the small farmer, while decreasing the need to import foodstuffs; a program of rural rehabilitation to improve the rural standard of living; and the acquisition of several utility service companies to improve services to

the population, including a sugar central to help colonos. The central proposal was the agrarian reform, specifically the enforcement of the 500 Acres Law as an initial step towards land redistribution. The objective of the Chardón Plan was the provision of social peace and stability for Puerto Rico:

> it must be borne in mind that Puerto Rico is headed toward a major social catastrophe, which can hardly be postponed for more than twenty years unless something fundamental is accomplished. The issue, therefore, is as between the possible loss of several millions to American exporters and the practical certainty of social chaos in Puerto Rico.(19)

If the PRRA is judged by the objective of economic reconstruction put forward in the Chardon Plan, it must be concluded that the program was a failure. There were very few practical results in promoting the economic development of Puerto Rico.[20] But if the PRRA is viewed in terms of the maintenance of social peace on the island, very different conclusions are reached. In 1935, before the PRRA was created, there were some 127,000 aid cases reaching over 643,000 persons. In 1938 there were 222,606 aid cases which included 1,121,935 persons. From its beginning until late 1938, the PRRA received $58 million for its operations.[21] Taking into consideration the chaotic social situation and the attacks on the program, it is logical to conclude that ''in practice a great deal of the PRRA's program was work relief.''[22]

That both the PRERA and the PRRA functioned as relief-giving agencies is understandable if it is realized

that the immediate interest of the American state was to secure the social and political stability of Puerto Rico and not to implement any development plan for the island. But the transfer of the New Deal to Puerto Rico surpassed the two programs discussed; the operations of several other New Deal agencies were extended to Puerto Rico as well.[23] Between 1930 and 1946, direct federal grants and expenditures on the island (excluding military, veterans', and other defense and war outlays) reached $403 million, of which 87 percent was characterized as "relief, other emergency outlays, and subsidies." The conclusion is obvious: ''federal contributions to Puerto Rico have been essentially in the nature of amelioration rather than directed at basic improvements in the Puerto Rican resources and in the island's economy.''[24] But these "amelioration" measures were desperately needed to secure the social and political stability of the island.

The issue of reform in Puerto Rico has to be viewed at two levels. First, there is the local pressures to make substantial changes to the status quo in the island since the 1930's (e.g., the Chardón Plan, massive discontent with the existing political parties and with economic and social conditions), which led to the electoral victory of the Popular Democratic Party in 1940. Secondly, already during the thirties there was a realization in Washington that economic and political reforms were needed on the island; and so the PDP was supported and policies were put forward

to promote change. The most important such policy was the appointment of Rexford Guy Tugwell, New Deal ideologue, as Governor of Puerto Rico in 1941. Tugwell´s outstanding role in the implementation of the PDP-sponsored reforms has already been noted by participants and students of the period.[25] What has not been discussed is Tugwell´s role in the reform of the colonial state apparatus as a precondition both for the socio-economic reforms of the forties and also for the creation of the economic and political basis of the Commonwealth. Tugwell was clearly aware of his function on the island:

> My duty as the representative of my country in Puerto Rico was to shape civil affairs, if I could, so that military bases, which might soon (before they were ready) have to stand the shock attack, were not isolated in a generally hostile environment.(26)

Reforms were necessary to maintain Puerto Rico within the hegemony of the United States. The need to "shape civil affairs" was not restricted to economic and social reforms; an instrument to implement these reforms was also required:

> The Puerto Rican people have aspirations. They know what they want. But everyone knows that the government has no thorough working plans for achieving these aspirations and no way of accommodating our probable income to the task we have to do.
> ... That is why in the midst of emergency and when the machinery of government is especially needed for reform, we have to wait until much of the machinery has been created. We shall never be able to do much with the program of land use or expand our processing industries--at least through government assistance--until this work is done.(27)

The Tugwell Admistration implemented in Puerto Rico what was already accepted in the main capitalist countries

of the time: the Keynesian ideology that the state should intervene in the economy not only to secure its proper functioning but to participate directly in its reproduction. For this task it was necessary to reform the state structures to accommodate them to their new functions. This was the principal contribution of the Tugwell Administration. The initial interest of the PDP, however, was social reform not the restructuring of the state apparatus. There was during this period what David Ross has called a "division of labor" in the implementation of reforms in Puerto Rico:

> While Muñoz was initiating action programs, Tugwell would attend to the machinery of government...
>
> The division of labor which was more or less tacitly agreed upon between the two men resulted in Muñoz being identified mainly with such programs as the expansion of public education, road building, agricultural reform, industrial development, and the like; while the Tugwell innovations are embodied largely in such agencies of government as the Bureau of the Budget, Office of Personnel, and Planning Board.(28)

Under the Tugwell Administration, the Office of the Governor was reformed, adding powers and functions that were in accordance with the new functions of the state apparatus (intervention in the economy and bureaucratic "rationalization"). The Planning Board was created, becoming the axis of the administrative centralization process that began during this period; also created were a Budget Board and an office for the collection of socio-economic data. Although Tugwell could not obtain the approval of a law transforming the civil service in the Island (Muñoz, main opponent of the

bill, approved it as Governor), he did create the School for Public Administration that was to provide the state apparatus with the needed personnel. Under Tugwell's auspices, a series of agencies and public corporations were created or strengthened in order to improve or cheapen public services, make them accessible to the whole population, and to create the infrastructure required for economic expansion. Together with the PDP, the Administration began to enforce the Land Reform Law (which included the 500 Acres Law) as part of the land reform program; a series of agencies were created to deal with pressing social problems like housing, education, and wages; finally, an agency was created that would later become crucial for the economic policy of the Commonwealth: the Agency for the Development of Puerto Rico (together with the Development Bank) to promote the economic development of the island. It was under the auspices of this agency that the government-owned industries were built as an attempt to promote a "mixed economy"; once these public industries failed economically, they were sold to private capital (mainly to Ferré Enterprises).[29] Tugwell also promoted the idea of a popular-elected Governor; this was approved by Congress in 1947.

The election of Muñoz Marín as Governor of the island in 1948 and the creation of the Commonwealth in 1952 culminated the process of reform of the colonial state apparatus that had begun in the early forties. The granting

a redefinition of the state structure in Puerto Rico insofar as the power to manage local affairs was given to the local population. The relationship of the colonial state apparatus to the American state changed only insofar as the former now mediated the relationship of the latter with the Puerto Rican territory; but in essence it was unchanged, for the American state remained the ultimate authority on the island. Self-government meant the capacity for local social forces to intervene directly in the management of socio-economic affairs. To obtain this it was necessary to reform the colonial state apparatus; this was achieved under Tugwell. The PDP supported this process while channeling social discontent into the demand for reforms.

The Commonwealth

The emergence and evolution of the PDP, its mobilization of diverse social forces, the reforms it implemented, and the changes in its program and ideology are the most important political phenomena of the decade. In what is perhaps the best analysis of the relation of the PDP to the colonial state apparatus, José J. Baldrich uses the concept of ''relative autonomy'' to explain the relationship.[30] According to him, the crisis of the 1930's, particularly the crisis of the sugar agro-exporting sector, brought with it a transformation of class structure and political forms. On the one hand, the sugar bourgeoisie lost

their political hegemony within the state apparatus; and no other faction of the dominant class attained hegemony. On the other hand, several classes without political representation (agregados, reserve labor, and the marginal strata) entered into the political arena and forced a change in the social basis of the existing political parties. The resulting "crisis of representation" was resolved by the political ascent of a populist party which was supported by the classes without representation, but which claimed to be above all social classes. The state attained a "relative autonomy" from the local dominant classes because these classes no longer exercised power. But we have to recognize that this "relative autonomy" of the colonial state apparatus under the PDP was in relation to the local dominant classes, not the American state. The American government supported several actions against the local dominant classes and favored the PDP´s reforms. In other words, the PDP´s policies were not intrinsically against the interests of the American state in Puerto Rico.

The creation of the Commonwealth in 1952 was the culmination of the process of reform promoted both in Puerto Rico and the United States. Yet the Commonwealth represents a change in the PDP´s political strategy and program of the PDP from its policies in the early 1940´s. The social and economic factors that influenced the so-called "transformation" of the PDP will be discussed later. First it is necessary to emphasize the limitations to changes in the

colonial state apparatus, specifically to the different forms that the state could have taken in Puerto Rico. These limitations emerged primarily from the interest of the American state in maintaining its hegemony over the island. During and after the war, Puerto Rico´s strategic value as a U.S. military outpost in the Caribbean grew.[31] A number of military bases were built or enlarged during the war. This strategic value limited the political alternatives available to Puerto Ricans, specifically independence:

> Severance of relations is unthinkable. Puerto Rico needs our help and protection. We need Puerto Rico, ´Watchdog of the Caribbean.´ Our gigantic expenditures for fortifications there have not been purely altruistic; and Puerto Rico knows it. With our air and marine bases at Puerto Rico, it is not likely that the United States will give up these military installations.(32)

When the U.S. Congress and Executive did consider independence, the bills submitted for that purpose were either economically non-viable for Puerto Rico (the Tydings bill of 1936) or were such that ´´the sovereignty of Puerto Rico would be so seriously compromised, both with regard to economic and political issues, that the island, in effect, would not be independent´´ (the Tydings-Piñero bill of 1944).[33]

Although the U.S. interest in Puerto Rico limited the alternatives for change in its political status, the U.S. accepted self-government as within the framework of the reforms allowed. In 1945 two U.S. government reports dealing with the situation in Puerto Rico were published: an investigation by the Committee on Insular Affairs of the

House of Representatives, and a study of the Tariff Commission.[34] Both rejected independence and statehood as status alternatives for the island; the former because of the political and strategic consequences it might have for the United States; and the latter because of its economic "non-viability." Both reports proposed a greater degree of self-government; the House report concluded that the problem of Puerto Rico´s political status should be studied further, ´´determining in that connection the full capacity of Puerto Ricans to govern themselves to meet their own economic and social problems.´´[35] Both reports agreed that the U.S. should remain on the island, even under the ´´continuation of the current ´status´ of the Island.´´[36] By 1946 Muñoz Marín began to publish the historic series of articles in which he argued in favor of "new alternatives" to the political status of Puerto Rico, and from which emerged the conceptual framework for the Commonwealth.[37]

The creation of the Commonwealth legitimized the domination of Puerto Rico by the United States at the same time that it created a mechanism to mediate between the American state and the Puerto Rican population. The Commonwealth was an attempt by the U.S. to solve the colonial problem of Puerto Rico at a time when the United Nations was beginning to deal with the island´s status. However, the Commonwealth did not change the fundamental relationship between the United States and Puerto Rico. A report by the Committee of Public Lands of the House, in a

study of the Commonwealth, concluded:

> The bill under consideration would not change Puerto Rico's fundamental political, social, and economic relationships to the United States. Those sections of the Organic Act of Puerto Rico pertaining to the political, social, and economic relationships of the United States and Puerto Rico... would remain in force and effect.(38)

One purpose of the Commonwealth was to legitimize the relationship between the United States and Puerto Rico. A memorandum from the State Department to the Senate stated:

> The Department of State believes it to be of the greatest importance that the Puerto Rican people be authorized to frame their own constitution as provided for in the S.3336, in order that formal consent of the Puerto Ricans may be given to their present relationship to the United States.
>
> It is believed that, with their constitution, the high degree of internal self-government which the Puerto Ricans today enjoy in their voluntary association with the United States will assume for them an added significance. Moreover, such action by our Government would be in keeping the democratic principles of the United States and with our obligations under the Charter of the United Nations to take due account of the political aspirations of the people in our Territories and to develop self-government in them.
>
> In view of the importance of colonialism and imperialism in anti-American propaganda, the Department of State feels that S.3336 would have great value as a symbol of the basic freedom enjoyed by the Puerto Ricans within the framework of the United States of America.(39)

The Commonwealth legitimized control of local affairs by the leading sectors of the PDP; moreover, it provided the mechanism for the intervention of the state in the economy, an important factor for the new economic program promoted by the PDP: Operation Bootstrap. This will be discussed in chapter 5.

Thus, the inability of the colonial state apparatus to

maintain social and political stability prompted the intervention of the American state through the use of repression and, most effectively, through the extension of the relief programs of the New Deal to Puerto Rico. Coupled to this was the reform of the colonial state apparatus during the Tugwell Administration, which facilitated the transition to self-government under the Commonwealth. The Commonwealth, supported by the American state, did not alter the colonial status of the island, although it legitimized the hegemony of the United States over Puerto Rico and provided the local dominant sectors grouped around the PDP the power to manage local affairs. The Commonwealth also accommodated the political structure to the expansion of American industrial capital and provided the political shell for the industrialization of Puerto Rico through the subsidization of American capital.

Economic Transformation of Puerto Rico

Between 1930 and 1950 the economy of Puerto Rico underwent a drastic transformation. The sugar industry, axis of the economy since the beginning of the century, collapsed as the result of internal and external factors. Externally, the fall in the price of sugar due to a surplus in the world market, and the U.S. sugar policy to protect its production and to lower costs, adversely affected the industry in Puerto Rico. Just when the sugar industry began to lower its

cost of production, the U.S. government imposed a sugar quota to stabilize its production. Internally, the sugar industry suffered from an incapacity to finance itself; it was vexed by the political changes of the period; and it lost the technological drive that characterized it during its early years. More important, after the Second World War American capital sought investment outlets in industrial production rather than the export of raw materials. This process affected Puerto Rico after the early 1950's, when a new model of accumulation based on light industry and the importation of U.S. industrial capital was consolidated on the island. The collapse of the sugar industry had not only economic and social consequences, but political consequences as well: the crisis of the sugar industry laid the basis for the crisis of annexationism during this period.

One of the main problems of the sugar industry was its lack of investment and finance capacity. This was not due to a lack of profits, initially, but to the policy of the foreign corporations not to reinvest in the island, and to the limitations imposed by the quota. The depression of the 1930's did not affect profit levels in the industry; on the contrary, these were boom years. The main reason for this was the reduction in the cost of production. From 1924 to 1933 the cost of production of sugar decreased from $103.11 to $50.46 per ton, due to a decrease in the factory cost of labor; it declined (in one of the main sugar centrals) from $2.4 per ton in 1926 to $1 in 1936. This was achieved

through the increase in the tonnage of sugar per acre, the use of more efficient machinery, and the stagnation in the labor costs. The total wages paid by one of the most important sugar mills declined from $45,166 in 1928 to $22,554 in 1936.[40] The profit rate remained stable, even during the depression years. For example, between 1920 and 1936 Central Aguirre paid dividends of over 30 percent on common stocks; for six of these years, it paid dividends of more than 40 percent.[41] Official estimates reported that from 1920 to 1935, the three largest U.S. corporation-owned mills made profits of $81 million. How could an industry making such handsome profits during a depression be in trouble? The answer lies in the fact that, of the above sum, 75 percent was paid in dividends while only 25 percent was reinvested.[42]

By the end of the 1930´s the Puerto Rican sugar industry´s capacity for expansion was greatly reduced.[43] With the limitations imposed by the quota, the only mechanism to increase profits was through a further decrease in the costs of production. But wages, one of the most important factors in the cost of production of sugar, were already too low to allow more reductions. An increase in productivity required large investments of capital in a situation where profits were not assured. This situation was further complicated by the reformist policy of the PDP, which in the early years of the 1940´s not only promoted an agrarian reform (e.g., enforcement of the 500 Acres Law),

but also sought an increase in the wage levels of the sugar proletariat. According to Perloff, during the period from 1940 to 1946 sugar profits remained stable (with only two years of increases), while wages more than doubled.[44] During 1935-37, the four American sugar corporations controlled nearly half the land devoted to sugar cane, owning 100,501 acres and renting 74,224 acres; but by 1948 these figures had decreased by more than than half, with ownership reduced to 48,000 acres and rented land to 27,000.[45] Even though these corporations remained in control of the production of sugar, they were slowly retreating from the financing of sugar-cane cultivation, an important source of financing for colonos.[46]

The decline of the sugar industry was reflected in the weakening of its position within the economy of Puerto Rico. In 1921 sugar represented 64.52 percent of the island's exports; by 1948 this figure was only 48 percent.[47] Agriculture declined as the main source of income in the economy. While in 1939-40 agriculture provided 40 percent of the net income of the island, by 1945-46 it only provided 25 percent, mainly because of the decline of sugar production: while in 1939-40 sugar production provided 15.7 percent of the net income, by 1945-46 it only provided 10 percent of the total.[48] The decline of the sugar industry also meant fewer agricultural jobs; in 1940 agriculture provided 45 percent of all employment of Puerto Rico; by 1945-46 this figure had decreased to 36 percent. The sugar industry had

provided 24 percent of all employment in 1940; by 1950 this had decreased to 14.6 percent.[49]

The decline of the sugar industry reflected the changes in the economy of Puerto Rico, from one based on agricultural production for export to one based on industrial production for export. The state played an active role in this transition; though the role played by the federal government should be emphasized. In 1939-40, 18.5 percent of net income came from the state, with 9.5 percent coming from the local government and 9 percent from the federal government. By 1945-46, 29.5 percent of net income came from the state, with 19 percent coming from the federal government;[50] in 1942and 43, income from the federal government represented 23 and 25 percent, respectively, of net income.[51] In 1939-40 transfer payments by the federal government represented .8 percent of the personal income; by 1945-46 the figure was 5.4 percent.[52] The participation of the United States in the war had a tremendous impact on Puerto Rico. The massive flow of federal funds related to the war effort stabilized the economy, providing employment and stimulating the service sector of the economy. Between 1930 and 1946, military expenditures, including veterans' benefits and defense outlays, reached $451 million, of which $376 million were expenditures related to the war effort between 1942 and 1946.[53] Among the military expenditures were the construction of military bases and related infrastructure and the employment of thousands of civilians

in government agencies, which mitigated unemployment and increased the standard of living of large sectors of the population. Net income per capita increased from $122 in 1940 to $271 in 1946.[54] Those sectors related to the war activity--construction, transportation and communications--and government increased its share of employment: from 19,000 in 1940 to 46,000 in 1948. The unemployment rate fluctuated around 9 percent during the decade, much lower than the previous decade.[55]

The decline of agriculture, particularly of the sugar industry; the massive flow of federal funds related to the war effort and relief; and the entrance of industrial capital after the war produced a shift in the importance of the different sectors of the economy in Puerto Rico. Manufacturing became the main source of income in the economy; from 12 percent of the total net income in 1940, it increased its share to 14.5 percent in 1950 and 20 percent in 1956 (by this date agriculture represented only 17 percent of the total). The share of commerce increased from 11.5 percent in 1940 to 16.6 percent in 1950; similarly, the local government´s share of net income increased from 8.5 percent in 1940 to 11.4 percent in 1950.[56] The share of employment of the different economic sectors also changed during the period. Although employment in manufacturing decreased between 1940 and 1950 from 11 to 9.2 percent, this was due to the fall in the manufacture of sugar (from 4 percent of all employment to 1.8 percent). Nevertheless,

employment in manufacturing outside tobacco, textiles, and distilled spirits increased from 2.5 percent in 1940 to 4 percent in 1950, and by 1956 it represented 6.5 percent of all employment. Similarly, commerce increased its share of employment from 10.5 to 15 percent during the same period; construction increased from 3 to 4.5 percent; and local government from 2.5 to 7.5 percent. Although employment in the service sector decreased by one percent (from 14 to 13), this was due to the decrease in domestic jobs; employment in non-domestic services increased from 5.8 to 7.7 percent.[57] Thus, by the early 1950´s the contemporary economic structure of Puerto Rico was already created in essence. That structure is characterized by the preponderant role of manufacturing, services, and government in the economic activity of the island.

State-Sponsored Industrialization

The other characteristic element of the contemporary economy of Puerto Rico that existed by the early 1950´s is the state´s role as promoter of the industrialization of the island. There are two main periods of state-sponsored industrialization in Puerto Rico: one from 1940 to 1947, when there was a failed attempt to promote a model of industrialization based on the "import substitution" strategy and production for the local market, similar to the economic policy followed at the time in Latin America; a

second period from 1947 to 1952 (and afterwards), when the state apparatus promoted industrialization through foreign private capital, attracted to the island by subsidies and incentives. The policy of industrialization based on "import substitution" was part of the reform program of the PDP. Industrialization was expected to provide employment and to increase the standard of living. As in Latin America, this economic policy was based on changes in the world economy and on the participation of the major industrialized economies in the war. In the case of Puerto Rico, the conjunctural element was the participation of the United States in the war and the effects this had on its economic policy toward the island.[58] Contrary to the Latin American experience, in Puerto Rico this policy did not have the support of the local bourgeoisie, for reasons that will be discussed later. The principal reason for the failure of this policy in both Puerto Rico and in Latin America, was the reordering of the world capitalist economy: the movement of industrial capital, strengthened by the war and seeking new markets for investment, to more backward economies, taking production directly to these in what has been called the ''internalization of capital.''[59] The case of Puerto Rico is unique because of its economic integration to the United States and its colonial status.

The attempt by the state to promote industrialization was a failure.[60] The PDP and the government proposed the construction of factories that would consume local raw

materials and produce for the local market. The government built cement, bottle, brick, and shoe factories. At the same time, the local government took control of a number of services (water, electricity, communications, transportation) in an attempt to improve the economic infrastructure. These industries did not function properly; only the cement industry made profit, while the others, like the shoe industry, faced a strong competition from the U.S. after the war. Furthermore, this economic policy was attacked by sectors of the local bourgeoisie, the American bourgeoisie and government, and even by the conservative sector within the PDP. Also, these industries faced serious labor disputes, which called into question the PDP's "populist" character. Moreover, by 1947 these industries employed only 1,500 workers after an investment of nearly $42 million.[61] Furthermore, the colonial state's ability to finance these industries deteriorated; for example, the tax revenues from Puerto Rican rum going to the mainland decreased with the recuperation of the liquor industry in the United States, and war-related federal funds decreased after the war. With the fall in its revenues, the local government had to choose between investment in industries with no real possibility of expansion, and investment in areas indispensable to the PDP program: infrastructure, education, health, etc. Finally, the "ideological transformation" of the PDP in favor of foreign capital was the result of changes in the social base of the party.[62]

1947 marks the beginning of a new economic policy by the PDP and the government, promoting industrialization by the private sector and the attraction of American capital to provide the necessary investment. The tax exemption law of 1947 provided local tax exemptions for manufacturing firms coming to Puerto Rico. The program was designed to attract U.S. capital to the island. As part of the new economic program, the state-owned industries were sold to private capital; this was ''an instance of the program of inducing private capital to establish industrial operations in Puerto Rico.''[63] A campaign was launched in the United States to attract capital to the island; the incentives included: tax exemption, low wages, service subsidies (water, electricity), the provision of infrastructure, training of the workforce, and the common market with the United States. This program had the expected results. In 1948 there were 35 firms promoted by the Economic Development Agency (EDA) in the island, 28 of which were American-owned; by 1952 there were 188 EDA-promoted firms, 163 of which were American-owned; by 1956 the figure reached 388, out of which 316 were from the United States.[64] The role of this kind of firm in the economy became more important. In 1948, two percent of net manufacturing income originated from EDA-promoted firms; by 1952 this figure increased to 8 percent, and by 1956 it already represented 40 percent.[65] By 1955 they employed five percent of the total Puerto Rican labor force.[66]

To sum up, the 1930's was a period of crisis in Puerto Ricc, characterized by the collapse of the sugar industry and by the inability of the colonial state apparatus to control social and political turmoil. The major response of the American state to this situation was the transfer of the relief institutions of the New Deal to Puerto Rico to secure social stability, and the reform of the colonial state apparatus under the administration of Tugwell. The period was also one of transition in the economy, from one based on agriculture to an industrial economy. The colonial state, under the leadership of Tugwell and the PDP, took an active role in the industrialization of the economy. The state-sponsored industrialization program was initiated in the early forties following an "import substitution" strategy, in which the government took direct ownership of the industries. After 1947 a new industrialization model, Operation Bootstrap, was initiated, whereby the task of industrializing the economy was given to private foreign capital, and the role of the state was to provide subsidies to entice foreign capital to come to the island. The Commonwealth integrated all these changes and reforms. It not only legitimized the hegemony of the United States over the island, but provided political stability by granting power over local affairs to the local dominant sectors, grouped around the PDP; it also provided the political shell to implement industrialization. This process involved the redefinition of the political alliances that were formed in

the thirties, including the collapse of the existing parties before the advance of the PDP and its neo-populist alternative. The statehood movement, beset by internal conflicts arising from the transformations of the period, acquired a conservative character in its politics and program.

PART II: SOCIAL AND POLITICAL CONFLICT

The political alliance between the hacendados and the bourgeoisie collapsed at the end of the 1920's. The Republican bourgeoisie entered into an alliance with the working class under the Republican-Socialist Coalition, which controlled the colonial legislature during the 1930's. This political alliance of contradictory social forces did not last the decade. The 1940's began with a movement for social reform that attracted diverse social classes, leading to the collapse of the working-class party and to the crisis of the statehood party for the next two decades. The crisis of annexationism during this period emerged fom the inability of the local bourgeoisie, particularly its sugar sector, to accept and promote the social, economic, and political change needed to maintain the social fabric of Puerto Rican society; that is, they persisted in the defense of the status quo in a situation where this was impossible. The local bourgeoisie, which during the 1930's became the leading sector of annexationism, lost the support of the

petty bourgeoisie and the colonos, leaving statehood as a purely bourgeois program. The collapse of the Republican project reflects the exhaustion of statehood as a historical project of social forces during this period. It would only be after the rise of the industrial bourgeoisie within the movement in the 1950's, as the result of the socio-economic transformations of that period, that statehood would again become a historical project of a class and would recover its political significance.

Breakdown of the Alliance and Formation of the Coalition

Of the political alliances formed in 1924, only the alliance between the Republican petty-bourgeoisie and the working class remained in existence by 1930. But this alliance was transformed by the incorporation of the Republican bourgeoisie, which had left the Alliance. The Alliance was an attempt to unite the several sectors of the local bourgeoisie and the hacendados in a common political program for the defense of their minimal common interests. But the differences in their class basis and political-ideological interests made the Alliance a very fragile political pact. Although the Alliance won the elections in 1924 and 1928, it was plagued from the outset by contradictions and conflicts. There were problems in the distribution of public jobs and electoral patronage between Unionists and Republicans.[67] And the Alliance was never

really integrated organizationally and programatically, always keeping the separation between Unionists and Republicans. This situation goes beyond the "superficiality" of the political pact between the parties.[68] The Alliance was unable to reconcile the differences between the Republican bourgeoisie and the Unionist hacendados, just as it was unable to reduce the tensions between the hacendados and their sugar partners.

By this time, the hacendado class was economically and politically besieged and in retreat. In 1928 Barceló and Tous Soto demanded from President Coolidge a reform in the colonial regime that would grant them more autonomist powers. The Alliance Assembly of that same year demanded from Congress the admission of Puerto Rico to the federation under a "special State" status with a different fiscal and political treatment than that granted to the other states.[69] Confronted by the refusal of the U.S. government to concede any reform and the Republicans´ unwillingness to seek reforms, the Unionist hacendados decided to break the Alliance. In 1929, Barceló and the hacendados forced the Union Party out of the Alliance and launched a campaign for independence and against large monopolies and economic absenteeism.[70]

The crisis of the Alliance came as a result both of the political desperation of the Unionist hacendados and of its class antagonisms. By 1925, one year after the formation of the Alliance, Barceló was already in conflict with the

"fuerzas vivas," the representative organizations of the Puerto Rican bourgeoisie. These were controlled by the Republican bourgeoisie and the bourgeois sector, particularly sugar, of the Union Party.[71] The conflict emerged from the attempts by Barceló to make a pact with the Socialists, and from a number of fiscal reform measures sought by the Unionists that contradicted the interests of the local bourgeoisie, particularly its sugar sector.[72] This alienated Barceló not only from the Republicans but also from the Unionist bourgeois sector, as reflected in the dispute between Barcelo and Eduardo Giorgetti, representative of the sugar interests in the Union Party.[73] This conflict in the Alliance deepened after the 1928 elections, when the Republicans presented a legislative program that represented the interests of the fuerzas vivas.[74] With the departure of the Unionists from the Alliance, only the Republicans and a group of sugar and bourgeois Unionists, the latter known in the party for their annexationist postures, remained in the organization.[75] The sugar sector that remained in the Union Party, which was later transformed into the Liberal Party, became the conservative and pro-autonomist faction of the party.[76]

Once the Alliance was broken, there was a realignment of socio-political forces that resulted in an alliance between the working class and the Republican bourgeoisie in the Coalition by the beginning of the 1930's. This alliance controlled the colonial legislature from 1932 to 1940. The

end result of this alliance was the breakdown of both the Republican and Socialist parties, providing the PDP the support of the social constituencies of the two parties. The basis for this alliance lay in the transformations within both parties. The changes in the party of the bourgeoisie were related to the formation of the Republican Union Party (RUP) in 1932. The withdrawal of the Unionists left the Republicans in control of the Alliance. But both the Alliance Republicans and the Pure Republicans were weak organizations. The Pure Republicans knew that they would be subordinated to the Socialists in the Coalition. The Alliance Republicans, after failed attempts to bring the Unionists back into the Alliance,[77] saw their political survival in the union of the Republican family. Both Republican factions knew that only united could they withstand the Socialists and prevent the electoral triumph of the Liberals (former Unionists). After a brief legislative collaboration under the "Group for Good Government" in 1930, the Republican factions decided to fuse in one party.[78] After bitter debates, particularly over the issues of independence, statehood, and collaboration with the Socialists, the factions reconciled in a common political program.

The Alliance between the RUP and the Socialists in 1932 was qualitatively different from the earlier alliance between the Pure Republicans and the SP. In 1924 the SP entered into a political alliance with the Republican

petty-bourgeois sector; but in 1932 the alliance included the Republican bourgeoisie that had joined the RUP. Though the RUP was a fragile alliance between the two Republican factions,[79] compromises required for the unification included the defense of the bourgeois/sugar interests. The RUP leadership was shared by both factions (Martínez Nadal, Pure, was named President, while Valdés, of the Alliance, became Vice-President); nevertheless, the bourgeois/sugar sector dominated the RUP´s politics.[80] The elements that led the SP to join the Coalition have already been discussed in Chapter 3. Furthermore, as Silvestrini and others have argued, the SP under Santiago Iglesias was a reformist and economistic party, whose socio-economic program was not very different from that of its Coalition partner. According to the Socialist program, the problem was not to destroy capitalism but to reform it: ´´Socialism is the industrial peace of organized labor.´´[81] Moreover, the leading conservative sectors of the SP shared with the RUP a common ideal of seeking a "permanent union" between Puerto Rico and the United States. Statehood became a legitimizing element for the Coalition among this SP sector; according to Santiago Iglesias:

> The Socialist Party is striving for such a form of government as will guarantee equality, liberty, and justice for all citizens but its fundamental goal is permanent association with the people of the United States.(82)

Given the contradictory nature of the Coalition, statehood and a common antagonism to the Unionist/Liberals were the

only cementing factors that could unite such divergent social forces in a common political alliance.

The Coalition also required that the Republican bourgeoisie accept the political alliance with the working class, their "class enemies." One factor that made it easier for them to for accept this alliance was the recognition that the Socialist leadership, headed by Santiago Iglesias, was anything but radical. Luis Sánchez Morales, an outstanding representative of the Republican bourgeoisie who in 1924 declared that he would never ally with the "red Bolsheviks," in 1931 characterized the Socialists as follows:

> I have no fear for those men who come to the government from the ranks of labor. They belong to the American school, where they have learned to cast off utopian theories and to abide by sane realities. ... Iglesias, [Rafael] Alonso, and [Prudencio] Rivera Martinez are worthy of our trust and esteem.(83)

Furthermore, the Republican bourgeoisie came to accept the petty-bourgeoisie's belief in the need for harmonious relations between capital and labor as crucial for the maintenance of social peace. Miguel A. García Méndez, another outstanding representative of the Republican bourgeoisie, defended the Coalition on the basis that the situation at the time favored

> those coalition governments in which sectors of distinct texture each play their part, partially renouncing their aspirations; assuring as the result of these mutual concessions that the ultraconservative tendencies acquire the necessary elasticity and the ultraradical the necessary equanimity that blends it with moderation, eliminating this way the stagnation that could be the sequel to the triumph of the former and the disorganization that could result from the triumph of the latter.(84)

These were conciliatory words indeed from the man who was going to give annexationism its most conservative character ever. Although the Coalition was built upon the interest of both parties in gaining control of the Legislature, the conflicts that emerged between the demands of the social constituencies of each party and the conflicts within each party, stimulated by their participation in the Coalition, led to the breakdown of the Coalition and of the Republican Union and Socialist Parties as well.

The Crisis of the Coalition

The Coalition was a political alliance of two organizations representing different classes with divergent interests; but the alliance was not structured to reconcile those interests. The Republicans rejected a workers compensation plan proposed by the Socialists; the Republican plan favored employers.[85] Similarly, the Republicans opposed a bill to regulate working conditions and wages in the needle industry.[86] The extension of the New Deal to Puerto Rico created new conflicts both in the Coalition and in the parties themselves. The SP supported the transfer of all federal programs intended to ameliorate the conditions of the working class on the island. The Puerto Rican bourgeoisie was opposed to the extension of these programs because, like their U.S. counterparts, they viewed it as an improper intervention of the state in the affairs of private

enterprise.[87] Once the New Deal programs were transfered to the island, the local bourgeoisie tried to "adapt" them to the "particular conditions" of Puerto Rico, which created further conflicts within the SP. When the NIRA was extended to the island, the bourgeoisie struggled for, and obtained, a lower wage structure than that stipulated for the mainland. The Socialist leadership, trying to keep the Coalition alive, accepted the compromise while the workers launched street protests and demanded higher wages. The number of strikes increased and the Republicans accused the Socialist leadership of being unable to control its followers.[88] To make things worse, at a time when the SP was experiencing internal conflicts (opposition to Iglesias' leadership, due to the party's participation in the Coalition), the Republicans criticized the SP for not giving enough support to statehood.[89] Although the Coalition won the 1936 elections, it was already divided by that time. The new administration fell into disrepute, characterized by corruption and demoralization; and soon both parties collapsed.[90] The social peace sought by the Republicans in the Coalition never materialized. As a supreme irony for the bourgeoisie, the new guarantor of social peace, the PDP, would be perceived as a threat against their interests.

Both parties were torn asunder by their participation in the Coalition; the SP never recuperated from this political experience. One source of internal conflict in the SP was the accusation that the reformist and pro-annexa-

tionist leadership of Iglesias had sided with the Republicans against measures that favored the working class.[91] In general, the measures approved by the Coalition represented the interests of the bourgeois Republicans. The few laws favoring of the working class were so distorted that they further alienated the mass of the workers from the Socialist leadership. This happened with the laws already discussed, and with other laws dealing with compensation for accidents in the workplace and the eight-hour workday.[92] Of greater importance was the position of the Socialist leadership with regard to strikes. The SP and the Free Federation of Workers (FFW) became in practice the political arm of the Coalition and the guarantors of social peace as defined by the Republicans. The SP-FFW leadership tried to prevent strikes at any cost, opposing the demands of their own membership. In 1934 the FFW signed a contract with the sugar interests which was rejected by the membership. Pressed by the sugar interests in the Coalition, the Socialist-FFW leadership pushed for the acceptance of the contract; but the workers rejected it and instead launched what became the most conflictive strike of the decade.[93] This situation was repeated in other industries, with workers defying their leadership, initiating strikes on their own, leaving the FFW, and forming new unions.[94] At the end of the decade, the dock workers went out on strike, abandoned the FFW and joined the CIO,[95] beginning a new period in the decline of the SP and the FFW.[96]

The RUP was also divided by the beginning of the 1940´s; the bourgeoisie had taken hold of the party while the colonos and the petty-bourgeoisie had become alienated from the party. Economic and political developments during the 1930´s promoted these events. One of the most significant events in the evolution of the RUP was the departure of the colonos from the party. The growth of the sugar industry led the colonos to give their political support to the central-owners. The majority of the colonos were Republicans, while those in the Union Party represented its most conservative and pro-annexationist sector (most of which came to the RUP through the Alliance). Because of the community of interests between the colonos and the central-owners, the conflicts among them erupted only after the crisis of the sugar industry in the 1930´s.

Although the colonos controlled 48.7 percent of the land devoted to sugar cane cultivation, they produced only 35.5 percent of the sugar cane.[97] The colonos cultivated their crops independently and later sold them to the centrals, which refined the sugar cane. The colonos were at the mercy of the centrals to sell their crops; the centrals fixed the price of sugar cane in their favor.[98] The economic crisis of the thirties and the quota imposed by the Costigan-Jones Law meant a real crisis for the colonos. Although the sugar corporations and centrals were not greatly affected by these events, the colonos took the full brunt of the new restrictions. They suffered discrimination

in the apportionment of the quota, while the centrals received the greatest number of payments for sugar contracts as established by the quota. In 1935, while 98.2 percent of the sugar contracts received only 25.4 percent of the total payments, 0.4 percent of the contracts received 56.2 percent of total payments.[99] This situation, along with the fall in prices, created a precarious economic condition for the colonos, reflected in their chronic indebtedness to the centrals. The colonos were forced to borrow money from the centrals to cover the expenses of cultivation. By the mid-1930´s, the colonos had become largely dependent on the centrals, as shown by the fact that two-thirds of the colonos were financed by the centrals. The number of colonos indebted to the centrals increased from 3,122 in 1927-28 to 4,089 in 1935-36, and of these, 67 percent were at a peak of debt totalling $5 million.[100] The conflicts between the colonos and the centrals extended to the labor contracts with the sugar workers. These contracts tended to favor the centrals; minimum wages were determined on the basis of the centrals´ wage levels, which could hardly be met by the colonos.[101]

The imposition of the sugar quota by the Costigan-Jones Act and the transfer of the New Deal to Puerto Rico stimulated the conflicts that alienated the colonos from the RUP and led them to the PDP. The RUP attacked Costigan-Jones Act because it discriminated against the interests of "the North American citizens of Puerto Rico" and declared Puerto

Rico a foreign territory;[102] this was for the purpose of uniting all the sugar interests in the party. But it did not take long to discover that the Act benefited the central-owners at the expense of the colonos. ''In Puerto Rico this policy meant the survival of the large sugar corporations, like those of the Serralles family empire, and the disappearance of the small cane farmers.''[103]

In 1934 the colonos organized the Asociación de Colonos to defend their interests against the central-owners.[104] The creation of this organization showed the depth of the colonos' alienation from the RUP. It was organized by Jesus T. Piñero, outstanding Republican leader, who became a founding-member of the PDP. The Asociación de Colonos supported the program of the PDP while the Association of Sugar Producers--historically the representative of all sugar interests but controlled by the sugar central-owners--represented the sugar interests of the RUP. (During the 1940's all the presidents of the Association of Sugar Producers were leaders of the RUP, with Miguel A. García Méndez being the most important example.) The final rupture between the central-owners and the colonos came with the debate about the Chardón Plan, which attempted to implement the New Deal in Puerto Rico. Part of this program was an attack on sugar absenteeism, the enforcement of the 500 Acres Law, and the proposal that the centrals acquired by the government should refine sugar cane for the cclonos to provide them with greater benefits. The RUP rejected the

Chardón Plan, pressured by the central-owners; and this finally alienated the colonos, who supported it, from the party.[105] The colonos left the RUP en masse and joined the Liberal Party, where Muñoz and his group were supporting the Chardón Plan and the New Deal for Puerto Rico; they became an important social force inside the PDP.[106]

The economic developments of the 1930´s and the policy of the sugar sector of the RUP also alienated the professional petty-bourgeois sector of the party. The professionals had supported the American regime in Puerto Rico, which they considered beneficial to their own growth as a class. The economic growth during the first three decades of the century satisfied the aspirations of this sector; the expansion of the sugar economy and commerce, the growth of the market for services, and the increase in the state bureaucracy provided the conditions for their reproduction. The economic stagnation of the thirties limited the employment opportunities for professionals; they experienced unemployment and underemployment.[107] Their political loyalties changed with this situation. For example, the students from the School of Agriculture of the University of Puerto Rico in Mayaguez, mostly employed by the sugar corporations and known for their Republican affiliation, in the 1930´s ´´became receptive to the growing movements of criticism and protest against the political system.´´[108] The Republican leadership alienated this sector with its conservative policies in favor of the status quo

and against reform. Nothing is more telling than the RUP's opposition to federal programs in Puerto Rico and to the growth of local government, at times the only sources of employment for professionals. By the end of the decade, large numbers of professionals were leaving the party and joining the PDP; those remaining in the RUP divided the party in 1940.

The crisis of the 1930's, caused by the collapse of the sugar industry, stimulated the conflicts between the social forces of the Coalition and within its constituent parties as well. The alienation of large segments of the labor movement and the working class from the FFL and the SP, and the alienation of the colonos and the professionals from the RUP, provided support for the growth of a reformist and neo-populist movement, organized around the PDP.

The Popular Democratic Party

The emergence of the PDP has to be explained within the framework of the crisis of the sugar economy and the breakdown of the existing political alliances during the 1930's. The alienation of important sectors from the RUP and the SP provided the basis of support for the growth of a populist movement in which middle sectors were able to consolidate many sectors of the population in a project of socio-economic and political reform.[109] The organizational and ideological basis of the PDP came from that sector of

the professional petty-bourgeoisie that existed in the midst of the Liberal Party. Within this group were many descendants of the hacendado class who had moved into the professions in order to maintain their social position.[110] This professional sector had left the Union Party when the latter entered into a political alliance with the Republicans and abandoned independence as a political alternative. (Many of them belonged to the Nationalist Party, an offshoot of the Union Party; during this time, Luis Muñoz Marín was a member of the SP.) After the Alliance was dissolved, this group entered the Liberal Party and gave it a radical and pro-independentist tone.[111] But their class and ideological interests differed from those of the hacendado sector, who still controlled the Liberal Party. These differences emerged in 1936 with the introduction of the Tydings Bill for the independence of Puerto Rico; the hacendado sector, headed by Barceló, supported the bill, while the professional sector, headed by Muñoz Marín, opposed it because of the restrictions imposed on the island.[112]

The professional and hacendado sectors of the Liberal Party were further divided by their conflicting positions on socio-economic reform. For the professionals, reform was crucial; they supported the transfer of the New Deal to Puerto Rico, on the basis that it provided the necessary instruments for the restructuring of Puerto Rican society. According to Munoz Marin, the New Deal provided ''the possibilities of attaining a similar dynamic transformation

in Puerto Rico. It will be necessary to extend--adapted to the specific problems of my country--the philosophy and laws that the New Deal implemented in the United States.''[113] These sectors incorporated the transfer of the New Deal to the island into their own program and became the organizational nucleus of the New Deal in Puerto Rico. They received the support of the Roosevelt Administration for their program of reform; furthermore, the New Deal provided them with the organizational and ideological tools to build the PDP.

The Liberal professionals built a program of social reform which attracted a wide spectrum of social classes. The PDP profited from the breakdown of the existing parties (the SP, the RUP, and the Liberal), while at the same time it further undermined their social basis of support. The departure of the colonos and the professionals from the RUP provided the PDP with the support of the intermediate rural and urban social sectors. But the massive electoral support for the PDP came from the popular masses: the urban working class, the rural proletariat, the agregados, the unemployed, and the marginals; the program of social reform and the first legislative measures approved by the PDP channeled their support to the PDP. In the early 1940's dissidents from the SP-FFW founded the Central General de Trabajadores (CGT), which became the most powerful and influential trade-union organization of the decade. Through the CGT and the Pure Labor Party (an offshoot of the SP) the PDP

received the support of the urban working class and the rural proletariat.[114] From the SP and the Liberal Party, the PDP obtained the support of the agregados, whose economic situation had deteriorated with the crisis in the coffee industry.[115] Another important sector that gave its support to the PDP, at least in its early years, was that of the unemployed and the marginals. These had traditionally supported the SP and/or the RUP (particularly the marginals) and were attracted to the program of popular reform.[116]

The PDP built this coalition of diverse social sectors through a far-reaching program of reform, including: an agrarian reform and a program of industrialization. The PDP program also included a third element to facilitate the agrarian reform and industrialization: the statization of certain areas of the economy and society. The objective of the agrarian reform was to end absenteeism and land monopolization, to promote agricultural diversification, and to provide land to the landless. The principal element of the land reform was the enforcement of the 500 Acres Law. A public corporation, the Land Authority, was created to enforce the law and to re-distribute land. Land was to be distributed in several ways: to large farms of not more than 500 acres, managed by an administrator, whose benefits were to be equally shared by all workers; to family farms devoted to the cultivation of specific crops; and small parcels of land to those in need, for subsistence agriculture.[117] The industrialization program sought to implement an "import

substitution" model for economic development; that is, to promote industries that could satisfy the needs of the local market, utilizing local raw materials and providing jobs for the unemployed and the marginals. The industrialization of the economy became the alternative to the crisis of agriculture and its sugar industry.[118] These reforms were to be achieved through the intervention of the state: the Land Authority was created to carry out the land reform; and the Company for Industrial Development (Compañía de Fomento Industrial) was created to implement industrialization. The state was to provide the services required by the new industries. The state took over the most important public utilities in electricity, water and sewage, and transportation.[119] The state also assumed responsibility for wages, working conditions, housing, health and education, transportation, etc.[120]

This reform program solidified the support of the PDP constituency. The colonos were exempted from the enforcement of the 500 Acres Law, which was only applied to the corporations, and they benefited from the withdrawal of the corporations from the production of sugar cane; also, the government was committed to refine their sugar cane. The professionals benefited from the increased intervention of the state in the economy and from industrialization proper: the expansion of the urban economy provided a greater market for their services. The urban working class and the rural proletariat were attracted by the improvement in wages and

in the standard of living. The agregados benefited from the re-distribution of land and from the subsidies and services provided to small farmers. Similarly, the unemployed and the marginals were attracted by the promise of an income and more services.

Nevertheless, the program of reforms put forward by the PDP was abandoned by the late 1940´s. As discussed earlier, the program of industrialization based on the "import substitution" model was abandoned for one emphasizing the attraction of foreign capital as the motor of industrialization. The overemphasis on industrialization limited the revitalization of agriculture and with it any attempt to carry out the agrarian reform envisioned in the early 1940´s. As a matter of fact, both the industrialization program and the agrarian reform were exhausted by the end of the forties.[121] Furthermore, there was a change in the PDP´s position with regard to the political status of Puerto Rico. In its early years, the PDP favored independence as a complementary political form for its program of reforms. Its campaign for the 1940 and 1944 elections emphasized that the "status is not at issue," that is, that the political status of the island was not as urgent a problem as the solution to the economic and social conditions of the island; but sectors within the party hoped that once the social problem of the island was solved the party would add its support to the struggle for independence. But by the mid-1940´s the leadership of the

party, headed by Muñoz Marín, forced the pro-independence sector out of the PDP and began to elaborate a new political alternative between independence and statehood. By 1948 the parameters of the new political formula were made public; they became the basis for the formation of the Commonwealth in 1952.[122]

The changes in the program and ideology of the PDP are related to the so-called "ideological transformation" of the PDP´s program and leadership. Two propositions have been put forward to explain this transformation. A. G. Quintero-Rivera argues that the leading sector of the PDP represented a state-class-in-the-making, which was limited by structural elements in achieving its historical project.[123] According to this argument, this class-in-the-making with an hegemonic calling (vocación hegemónica) emerged from the ranks of the hacendado class, from that generation which entered the professions. As the result of the crisis of accumulation based on the production and export of sugar, and of the political crisis in the 1930´s, this sector presented a program of reforms that received the support of several classes. Their control of the state apparatus, and the state´s intervention in the economy, provided the basis for this sector to become a class. The failure of the program of industrialization and the transformation of the economic structure forced this sector to change its program and ideology. With regard to the development of this class-in-the-making, Quintero-Rivera concludes: ´´Did this

class really achieve its consolidation?... No. Capitalism ate up this class and is eating away its myth.''[124]

This conception of the state-class-in-the-making is criticized by Emilio Pantojas, who argues that the leading sector of the PDP is better understood as a social category, which he calls a techno-bureaucracy, rather than as a class with an hegemonic vocation.[125] I agree with Pantojas that the transformation of the PDP at the end of the 1940's cannot be understood in terms of a so-called state-class-in-the-making. As Pantojas argues:

> In the case of Puerto Rico the change in the strategy of development that occurred around 1947 did not imply such changes (in the structure of the state and in the party). The techno-bureaucracy of the PDP was an active element not only in the change of strategy but in its direction as well. We may ask, then: Could a class-for-itself, i.e., with a consciousness of its interests, renounce without opposition the political project that would give it hegemony? Furthermore, could it in itself implement a change that would relegate it to a secondary position without resisting? We cannot respond to this if we do not understand that, more than an embryo state-bourgeoisie, with a consciousness of itself, the leadership of the PDP was a techno-bureaucracy that took power in a particular conjuncture and that after the crisis would again take its role as an intermediary. This explains why its political project never pretended to redefine in its totality the social order...(126)

The PDP emerged as a populist alliance led by this techno-bureaucracy. The conditions that facilitated its rise to power were transformed by the end of the 1940's. The program of reform of this techno-bureaucracy did not include a radical transformation of Puerto Rican society, which explains their rapid accommodation to the new economic and political circumstances. Pantojas and González have argued

convincingly that it is best to understand these as changes in approach rather than in program and ideology.[127]

The Opposition to Social Reform

The PDP was a reformist party whose program and government policies were aimed at providing stability to Puerto Rican society through socio-economic and political reforms. The PDP´s reforms adversely affected a sector of the Puerto Rican bourgeoisie, the sugar sector.[128] The sugar bourgeoisie launched a campaign of opposition to the reforms of the PDP, a campaign which united the rest of the bourgeoisie around it. During the 1940´s, the Puerto Rican bourgeoisie viewed the PDP as a radical movement seeking to change the socio-economic structures of capitalism on the island and for independence. The rise of the PDP caused the bourgeoisie to move politically towards statehood. The following characterization was made of the Puerto Rican bourgeoisie at the end of the 1940´s:

> Those who remained loyal to the Coalition belonged largely to families that owned land or had investments in sugar. They believed that statehood was possible and desirable; and they feared what they called the ´socialistic´ and ´communistic´ tendencies of the Popular Party, that is, the fundamental changes introduced by the government in the agricultural program. They considered this a threat to their interests... (129)

The sugar sector of the bourgeoisie took the lead in opposing the PDP reforms. In 1941, they forced the RUP to vote in block against the Land Law, the centerpiece of the

Popular agrarian reform program.[130] The sugar bourgeoisie criticized the PDP for what they called the "nationalization" of the sugar industry and the excessive controls imposed by the government[131]; they attacked the government for intervening in the sugar worker-employer relationship by supporting the syndicalization of sugar workers and for increasing wages.[132] The bourgeoisie as a whole was united in its attack against the PDP, claiming that behind the PDP´s industrialization program ´´has been the increasing trend toward domination of all business by the insular government.´´[133] The bourgeoisie actively opposed the industrialization program. They were also opposed to the expansion of government structures; the first plan of the Planning Board was described by the Chamber of Commerce as ´´a heterodox program whose main objective is the intensification of the Class Struggle.´´[134] The creation of public corporations brought rebuke against the government: ´´These agencies are gradually taking over every important industrial, commercial, and agricultural private enterprise on the island...´´[135]

The realignment of political forces in the 1930´s, which stimulated the growth of the PDP, gave rise to conflict within the opposition movements. The political predominance of the PDP in the 1940´s promoted alliances between the opposition parties, based on two concerns: opposition to the PDP´s program of reforms, and support for statehood. In 1939 a dissident faction headed by the sugar

representative Miguel A. García Méndez broke from the RUP and formed the Reformist Republican Union Party (RRUP). It united with the Pure Labor Party, a Socialist off-shoot, and the remains of the moribund Liberal Party in forming the Tripartite Puerto Rican Unification, popularly known as the "Mogolla" (the ´´Mess´´).[136] The Coalition, the alliance between the SP and the RUP, won the 1940 elections by a small margin. Nevertheless, the PDP was able to implement its program with the collaboration of sectors of the Unification that supported the Popular Democratic policies. This was one cause of the demise of the Unification; also, the Pure Laborites returned to the SP in 1943.

In 1944 the Reformist Republicans joined the RUP to form the Progressive Republican Union Party (PRUP). That year, the PRUP joined the SP and the Liberals in an electoral coalition against the PDP; they were defeated overwhelmingly. For the elections of 1948, the PRUP, now the Partido Estadista Puertorriqueño (PER-Puerto Rican Statehood Party), again united with the SP and the Liberals against the PDP. The PDP not only increased its electoral margin, but won all the legislative districts and lost only one town; the opposition could only elect one Senator and one Representative.[137] The electoral and political hegemony of the PDP was such that only one party, the Statehood Party, survived into the 1950´s; it became the main opposition party. The Liberal Party disappeared after 1948, as did the SP after 1954. The bulk of the ranks of both parties joined

the Statehood Party.

By the beginning of the 1950's the opposition in Puerto Rico was represented by a party promoting statehood and controlled by the bourgeoisie. One source of its electoral support was the commercial petty bourgeoisie, who were discontented with the economic policy of the PDP.[138] It also received the support of World War Two veterans and of the increasing number of federal government employees in Puerto Rico.[139] A sector of the working class, allied with the annexationists during the forties, remained within the statehood party. This working class sector and the increasing number of marginals who began to support the party provided the statehood party with its small popular base.[140] This amalgam of social classes was united around a confused program whose common denominator was opposition to the PDP, which they saw as radical and pro-independence, and the desire for a permanent union with the United States in order to protect their socio-economic and political interests.

The Rise of the Industrial Bourgeoisie

By the early 1950's, the Puerto Rican industrial bourgeoisie began to play an important role within the statehood movement. Throughout the decade the industrial and sugar bourgeoisie dominated statehood politics. In decades to come, the industrial bourgeoisie would provide the programmatic and ideological tone to the movement. The

transitional period of annexationism (the subject of the next chapter) is characterized by tension between the sugar bourgeoisie and the rising industrial bourgeoisie within the statehood movement. The industrial bourgeoisie was still weak as a class, so it was politically subordinated to the sugar bourgeoisie.

In the first four decades of the century, the industrial bourgeoisie was extremely small and concentrated in areas of relatively minor economic importance. In the 1930´s, the only manufacturing activity of importance was in sugar, tobacco, and needle-work; this pattern remained unchanged during the forties.[141] By 1945 there were only 2,077 manufacturing enterprises in Puerto Rico, most of them small. Over half of these employed fewer than seven workers; only 122 employed over a hundred persons (mostly in sugar and rum, tobacco, and needle-work). Over 70 percent were organized as individual enterprises and only 12 percent as corporations.[142] But the Second World War brought with it important changes for this class: the flow of federal funds, the construction of economic infrastructure, and the general improvement of the economy created the material basis for the development of an industrial bourgeoisie:

> Since the beginning of World War II a few Puerto Rican enterprises have become big business by either Island or mainland standards. In most cases, they grew from supplying or servicing the principal activities of the Island: agriculture, sugar milling, and building construction. Straddling trade and manufacture these big concerns in foundry work, sugar machinery, beverages, fertilizers, cement and tiles, added distributorships for United States products... By the mid-fifties the

> half-dozen largest corporate groups, each held together by family controls, probably turned out a third of the value of manufactured products in the Island.(143)

The historical and social evolution of the Puerto Rican industrial bourgeoisie helps to explain the movement of this class towards annexationism. One example of this is Luis Ferré, the outstanding representative of the Puerto Rican industrial bourgeoisie and of annexationism in the post-war period. The Ferré Enterprises started with a small foundry, the Puerto Rico Iron Works, which did work for the sugar centrals. The enterprise, though stable, did not expand, mainly because of the crisis of the sugar industry in the 1930´s. The war changed the fortunes of the Ferré family. The U.S. Armed Forces, in need of cement to build the Roosevelt Roads naval base, lobbied the federal government to provide a loan to the Ferres to build a cement factory, Ponce Cement. The demand from the military, along with the demand created by infrastructral projects, expanded Ferré Enterprises. By the mid-forties, Ponce Cement surpassed the government´s cement factory in production. In 1950 the Ferres bought the government´s cement factory along with other public enterprises that were part of the government´s industrialization program (paper, glass, and brick). From there on, Ferré Enterprises expanded to all areas of the economy, becoming a true economic empire in the island: banking, shipping, investments, real state, hotels, radio and TV stations, and newspapers. Its investments and markets

have extended to the Caribbean and the United States.[144]

The Puerto Rican industrial bourgeoisie is annexationist partly because it grew with the expansion of the federal government in Puerto Rico and the economic integration to the United States. But a more important reason for their annexationism is that only the presence of the American state in Puerto Rico could secure for them the reproduction of their material basis. This is why the industrial bourgeoisie, unlike other sectors of the bourgeoisie, does not support independence. The rise of the PDP, which they saw as radical and pro-independence, forced the industrial bourgeoisie to support statehood as the only political alternative, and to join the sugar bourgeoisie in opposing to PDP-promoted reforms. As stated by a biographer of Ferré: ''His prestige as an industrialist has impelled him to the statehood leadership because the industrialists see in the permanent association with the United States the future of our economic development.''[145]

To sum up, the political alignments of the mid-1920's collapsed by 1940. The Alliance was dissolved by the late 1920's, due to conflicts between the hacendados and the sugar bourgeoisie. The Coalition formed by the Republican petty bourgeoisie changed in character with the entrance of the Republican sugar bourgeoisie (through the Union Republican Party). The conflicts between the sugar bourgeoisie and the working class undermined the the Coalition and, eventually, its constituent parties as well. The PDP emerged

as a party of reform, gaining its political support from the constituencies abandoning the traditional parties. Statehood became the rallying cry for those forces, led by the sugar bourgeoisie, who opposed the PDP and its program of reform. The collapse of the sugar industry; the reforms promoted by the United States and the PDP in Puerto Rico; the realignment of the political structure in favor of a neo-populist and reformist party--these factors led to the crisis of statehood as a political movement and as a program.

PART III: THE CRISIS OF ANNEXATIONISM, 1924-1952

The period from 1924, with the rupture of the Republican Party, to 1952, with the formation of the Republican Statehood Party, was one of crisis for Puerto Rican annexationism. The transformation of social, economic, and political conditions that gave rise to Republican annexationism eventually undermined the statehood movement. The economic crisis of the thirties; the stagnation of the sugar industry; the realignment of political forces leading to the emergence of a populist-reformist movement--these factors led to constant divisions within the Republican ranks. Reforms in the colonial state apparatus and changes in the American state, with the new federalism of the thirties, undermined the statehood movement during this period. The Republican project, the first statehood project,

was replaced by a new programmatic and ideological conception of statehood, organized around the Puerto Rican Statehood/Republican Statehood Party.

The Republican Family: A Conflictive Unity

It is argued here that the period between 1924 and 1952 is one of crisis for Puerto Rican annexationism; this seems to contradict the fact that the Republican family was united in 1932 under the Republican Union Party (RUP), and that together with the Socialist Party it controlled the Legislature until 1940. But the contradiction is illusory. Beneath the apparent unity of the RUP were conflicts which finally divided the party in 1940. By that time, the Republicans had lost all political influence on the island, statehood had been embraced by Puerto Rican conservatives, and the statehood movement was at its weakest point since the formation of the Republican Party. Furthermore, statehood underwent a programmatic and ideological transformation that undermined it as a historical project.

The formation of the RUP in 1932 was an attempt to unite the diverse interests of the Republican family once again. Following the rupture of the Republican Party in 1924, the sector headed by the Republican bourgeoisie joined the Unionists in the Alliance, while the faction led by the petty-bourgeoisie formed the Pure Republican Party and entered an electoral coalition with the Socialists. This

division in the Republican Party was accompanied by the redefinition of the statehood program by the two factions: the Alliance Republicans proclaimed the need for self-government and they considered independence a viable alternative; the Pure Republicans insisted that statehood was the only alternative, and they presented a program of reform that sought to conciliate the Socialists as a step to secure social peace. Though these differences did not prevent the reunification of the Republicans, they laid the basis for future conflicts. The final program of the RUP was a compromise, more like an amalgam, of these conflicting programs.[146] On the one hand, the Alliance Republicans had to accept the political alliance with the Socialists. On the other hand, the Pure Republicans had to accept independence as a Republican alternative, and the emphasis on self-government. Martínez Nadal, the leader of the Pure Republicans, acknowledged this concession with respect to independence:

> The Pure Republican Party has made one of the greatest sacrifices of its politicl life in order to obtain the union of a great part of the Puerto Rican family... We have approved a program, where for the first time in thirty years, the possible demand for independence was included in our platform.(147)

The RUP program of 1932 was a compromise. In the section dealing with the political status of Puerto Rico, the program demanded

> the admission of Puerto Rico as a state of the United States, and in the event this demand is denied, or that acts of the Congress of the United States make it unattainable, then the Republican Union Party will

> struggle for full sovereignty, equally compatible with our ideals of liberty and self-government...(148)

Other measures were intended to facilitate self-government while the status issue was being resolved: an elected Governor with the power to name his own Cabinet and members of the local Supreme Court; wider powers for the Legislature in internal affairs; and the extension of some federal programs for economic development. Some demands for social reform were included as a conciliatory gesture to the Socialists. Other measures were meant to curtail economic monopoly and absenteeism: tax reform, regulation of monopolies, and, most important, enforcement of the 500 Acres Law against the sugar corporations.[149]

The conciliation of the diverse interests in the RUP did not free the party from internal conflicts; there were sectors within both the Pure and Alliance Republicans who opposed the unification.[150] The most fierce and durable resistance came from the Alliance Republicans. This faction was headed by none other than José Tous Soto, who as President of the Republican Party had proposed the alliance with the Unionists. Tous Soto presented, for the first time, a forceful criticism of statehood within Republicanism. Already by 1924 Tous Soto had had doubts about the inevitability of statehood. But by 1932 his doubts had solidified into opposition. For Tous Soto, statehood offerred only "disadvantages." Economically, Puerto Rico would have to pay federal taxes and would lose its power to regulate foreign

trade and to decide issues like Prohibition, which affected the rum industry in the island. Politically, the "advantages" of statehood were two Senators and seven Representatives, along with a Constitution "made in Borinquen." But these were not real advantages; the seven Representatives would be "a drop of water in an ocean" and the addition of two Senators from Puerto Rico would disturb the balance between Democrats and Republicans in the Senate, one reason the Senate would never grant statehood to the island. Furthermore, the United States was not disposed to grant statehood to Puerto Rico, for political-cultural reasons:

> Puerto Rico, and any community whose ideology is not genuinely American, constitutes a danger to national stability...Puerto Rico will never be a genuine American community... We will be American at the skin level, but in the depth of our being... we will be intransmutable Puerto Ricans [borinqueños].

But more importantly, statehood would not benefit Puerto Rico because it would not provide self-government to the island:

> ... the invasion of federal powers in the internal life of the states is accentuated every time... This explains the abundant federal legislation which year after year falls on the states, taking away, in an avalanche, the highly acclaimed state prerogatives...
>
> There is no statesman...capable of showing the advantages of the status of statehood, not because he is incapable, but due to the impossibility of doing so.(151)

Tous Soto attempted to reorganize the Alliance by allying again with the Unionists, in order to prevent the fusion with the Pure Republicans.[152] The attempt failed, and with it Tous Soto was buried politically. Although his critiques

were not heard at the time, they will emerge once again in the evolution of annexationism.

It was not long before the reunification of the Republican family within the RUP showed its internal fissures. In 1934 the first dissidence of importance emerged with the creation of the so-called "Group of 76." This faction was formed by prominent members of the Alliance, particularly by former Unionists. They criticized the RUP leadership for their management of the organization and their political actions. They attacked the great individual power of Martínez Nadal. The protested the constant discrimination against members coming from the Alliance, especially former Unionists. They also criticized the struggle over government jobs between Pure and Alliance Republicans which was disturbing the party. They questioned, furthermore, the political actions of the RUP in the public and governmental arena, criticizing the muddy dealings over government jobs, the unnecessary attacks against the Governor, and the undue opposition to the recently transferred programs of the New Deal.[153]

But their most severe critique was against the party´s relationship with the Socialists. The "Group of 76" criticized the management of the electoral pact, arguing that the Socialists were opportunists who had taken advantage of the political alliance. They attacked the basis of the Coalition itself, arguing that the Socialists wanted to impose their political-ideological creed upon the

Republicans, and that the latter had to support measures that were against the RUP program. In a resolution approved by the "Group of 76" and directed at the RUP´s leadership, they argued that "the Coalition pact does not decree to the contracting parties the obligation to tolerate and to make common cause with the other party"; it also stated that the precepts of the Coalition pact:

> neither explicitly nor implicitly establish for the contracting parties the obligation of mutual solidarity in the attainment of...political principles that do not coincide fundamentally with the respective programmatic postulates of both parties.(154)

These statements showed a fierce resistance to the alliance with the Socialists. The "Group of 76" was expelled from the RUP, ostensibly for their participation in the Civic League, an organization that had been publicly condemned by the party.[155] In 1935 the "Group of 76" formed the Regional Party, whose main political issues were administrative reform and self-government.[156] The Regional Party disappeared as quickly as it emerged, and most of its members joined the PDP. Neither Tous Soto´s critique of statehood nor the "Group of 76"´s criticism of the alliance with the Socialists challenged the relations between the bourgeois and petty bourgeois sectors in the RUP. Their public disagreements began with the issue of independence.

The Rejection of Independence

The introduction in 1936 of the Tydings Bill, which would have granted independence to Puerto Rico, brought to the surface the internal conflicts in the RUP; although it did not result in a party schism, it gave a preview of future conflicts. Senator Tydings introduced the bill in response to the killing of his friend Colonel Riggs, then Chief of Police in Puerto Rico, at the hands of two Nationalists. The bill had the tacit support of the Roosevelt Administration, which saw in the bill the solution to the Puerto Rican "problem." Though the controversial bill died from Congressional inaction, it had serious repercussions for Puerto Rican politics. The Tydings bill presented the RUP with the opportunity to show its support for independence. The bill divided the party once again: the party leadership, headed by Martínez Nadal, supported the bill, while a sector led by García Méndez opposed the bill on the basis that it excluded statehood as an alternative.

The support given by the central leadership of the party to the Tydings Bill, and to independence, was conjunctural. It came from the perception that the American government would not grant statehood to Puerto Rico but that it would grant independence to the island as the solution to the Puerto Rican "problem." Nevertheless, independence was one road to the self-government desired by sectors within the RUP. According to Tous Soto:

> It is evident that the Administration has no disposition to admit us as a state. In their stupid attitude of superiority, they probably believe that we are inferior. Given this situation...all that we can demand from Washington is that they modify the basis on which we are to be granted the power to constitute the sovereignty of our Republic.(157)

But the RUP had no program for independence. The alternative of independence had been elaborated by the Republicans at a philosophical level, as an alternative path to self-government if statehood was rejected. Furthermore, the Pure Republicans had been pushed to support independence by the need to unite the Republicans in one party; this situation gave rise to a very fragmented and idealistic notion of this alternative. Martínez Nadal, leader of this sector, defined independence as a matter of dignity:

> As a Puerto Rican and Union Republican, whose party had assigned independence as the refuge of dignity when acts of Congress or of the people of the United States indicate to us the impossibility of becoming a state of the Union, between hunger and dishonor, I point out to my people the road of dignity.(158)

The absence of an independence program in the RUP led Martinez Nadal to argue that once the Republic of Puerto Rico is accepted, the RUP should retire from the government, because ''those men who sincerely defended the Republic should govern.''[159] García Méndez, on the other hand, proposed that along with independence Puerto Ricans should be presented with another alternative for self-government, which he called the "independent-state" ("Estado-Independiente"); this proposal included "a state of the American Union or a Free State following the guidelines of

the Autonomous State of Canada." The importance of this proposal is that it revived the notion of "statehood as independence" and it presented the position of a sector of the RUP that totally opposed the separation of Puerto Rico from the United States. The proposal, ironically, resembles the Commonwealth formula which would be so bitterly contested by García Méndez and the annexationists in decades to come.[160] Although the Tydings Bill died in Congress, it exacerbated the differences within the RUP. With the debate around this issue, García Méndez´ group began to separate itself from the leadership of the party.[161]

Both the petty-bourgeois and the bourgeois sectors of the party opposed independence because they feared the direction the Republic might take in Puerto Rico. For Martínez Nadal, the Tydings bill carried the spectre of revolution:

> Our backs were up against the wall, in the dilemma of independence or colony, this clamor of justice with hunger, misery and desolation; and as the only hope for the future, a Republic made up of oppressing castes and oppressed castes, or a communist or Soviet Republic. Because there was no other road to follow...there would be a revolution of the proletariat, that would put us in the same situation as Spain, Russia and other wretched places of the world.(162)

García Méndez was also opposed to independence, arguing that it would give rise to violence, while statehood provided the internal and external security that Puerto Rican society required. Independence, he argued, would arouse social conflicts in Puerto Rican society: ´´the day that the Republic comes the African hatreds will resurrect.´´[163]

Independence had changed its meaning for the Republicans: it had ceased to be a viable alternative for statehood.

The Rise of Conservatism and the Crisis of Republicanism

The RUP finally collapsed in 1940 when its bourgeois/sugar sector, headed by García Méndez, quit the RUP and founded the Reformist Republican Union Party (RRUP). The issue of independence had nothing to do with this schism, for in 1940 both parties supported statehood exclusively. The schism was caused by the same element that led to the rupture of the Republican Party in 1924: the conflicting views of the petty-bourgeois and bourgeois sectors with regard to the social question. The Republican petty-bourgeoisie were conservative; but their program included some social reforms, for they saw themselves as mediators in the conflict between capital and labor. This sector controlled the RUP organization and largely imposed its ideology on the party's program. But the RUP was founded on compromises, including the defense of the interests of the bourgeois-sugar sector, that is, the defense of the sugar industry. Throughout the 1930's, the RUP was the fiercest opponent of any reform in the sugar industry; they constantly proposed measures for its protection.

The defense of the sugar industry by the petty-bourgeoisie was in their own interest: the sugar industry was the axis of the Puerto Rican economy; it provided the

basis for the development of this class. Hence the interests of the petty bourgeoisie partly coincided with those of the sugar bourgeoisie. In 1936 the RUP eliminated from its program the clause demanding enforcement of the 500 Acres Law, which was anathema to the sugar sector. But the petty-bourgeois sector did not want to appear as mere pawns of the sugar interests. In a speech to the RUP membership, Martínez Nadal stated:

> The corporations have nothing to do with the Republican Union. They have nothing to do with the Coalition. It has been a mere coincidence that the defense of the postulates that I just exposed to prevent tremendous misfortunes...put us in the situation we are in. And it coincided with the maintenance of those sources of wealth... If the Republican Union were to be convinced that by substituting other crops for the cultivation of sugar...we could better fight the latifundia and absenteeism, we would not hesitate to do so...(164)

This sector held onto Barbosa´s argument that the best way to maintain social peace was through the conciliation of capital and labor. But Martínez Nadal went further: social peace is possible only if inequalities are eliminated, and it is capital that must take the first step.

> We live in a time of profound social restlessness, and the world feels in its womb... the desperate convulsions of the wretched multitudes and their roaring protests against the inequalities of this society...
>
> The obligation of Christian and just men today is to put an end in Puerto Rico to these inequalities which disturb the spiritual peace of our people, and which are born of unconscionable ambition bordering on avarice, to obtain enormous and disproportionate benefits from the agricultural and industrial enterprises.
>
> ...
>
> It is indispensable that a new socio-economic philosophy be the one to regulate the relations between Capital and Labor... The legitimate return to capital should not assume usurious proportions. Capital should initiate a policy of limiting its profits to a moderate and

reasonable level.(165)

According to Martínez Nadal, the RUP should follow a policy of conciliation of the diverse social classes in order to secure social peace in Puerto Rico:

> The Republican Union should not labor exclusively for its own benefit, but it should seek a peaceful, free, and happy existence for all classes in Puerto Rico. Capital has to realize that it is no longer thirty years ago...this clamor for justice that sometimes culminates in revolutions and blood shedding, this desire for social justice, all the popular desires,...have surrounded Puerto Rico, and their presence is felt in such a way that no one can escape the desire for social justice. Capital cannot elude those pressures, and if it does, capital in Puerto Rico would commit one of the gravest errors... /W/ith these words I indicate to you what should be the political, economic, and social orientation of the Republican Union for the future.(166)

These sentiments provided the philosophical-political basis for the electoral alliance with the Socialists, an alliance which the bourgeois/sugar sector of the party adamantly opposed.

The rupture between the petty-bourgeois and the bourgeois/sugar sectors of the RUP resulted from their differences over the coalition with the Socialists and the social philosophy of the party. The bourgeois/sugar sector had accepted the pact with the Socialists in the belief that this would secure social peace in Puerto Rico. But by the late 1930's this belief had no relation to reality. The SP had alienated those sectors of the working class which had given life to it, in part because of its alliance with the RUP. Large numbers of workers and unions defied the "labor peace" policy of the SP-FFW, holding wildcat strikes and

forming new unions outside the FFW. By the early 1940´s the SP could not guarantee social peace on the side of the working class. Consequently the bourgeois/sugar sector of the RUP opposed the renewal of the Coalition with the SP. They also argued that the Coalition had been a failure in government, that it had acquired a reputation for corruption and immorality; the main culprit being, of course, the Socialists.[167]

The bourgeois/sugar sector also began to articulate its differences with the petty-bourgeoisie regarding the social philosophy of the party. For the bourgeois/sugar sector, the island´s social problems were a result, not of social inequalities, but of the discriminatory economic policies of the federal government (e.g., the Costigan-Jones Act). For García Méndez, the causes of the economic and social problems of Puerto Rico were: 1) the poor educational system, which did not meet the needs of the Puerto Rican economy; 2) the indifference of the government towards agriculture; and 3) the lack of an adequate moral education for the youth. He proposed: 1) an educational reform; 2) "the continous defense of our agriculture," that is, of the sugar industry; and 3) to educate the youth in moral values.[168] García Méndez argued that absenteeism did not exist on the island due to the fact that "in Puerto Rico 91 percent of all farms are directly managed by its residents"; similarly, latifundium is non-existent: ´´Latifundium could potentially exist, but not latifundium in its proper sense

of 'deserted lands', of 'unused land'...this could not be even remotely understood to exist here...''[169] These differences forced the bourgeois/sugar sector out of the RUP; they formed the Reformist Republican Union (RRUP).[170] The RRUP, along with the Labor Party, a Socialist dissidence, and the Liberals formed the Tripartite Puerto Rican Unification in 1940. Their program was one of opposition to the Coalition and of support for statehood. The electoral alliance with the Socialist dissidence did not involve great ideological differences because these Socialists were very conservative.[171] The RUP renewed its pact with the Socialists, and the Coalition won the election by a slim margin. But the rapid rise of the PDP and its "de facto" governmental control induced drastic changes within the statehood movement.

The reforms implemented by the PDP and the Tugwell Administration during 1940-44 led the statehood parties to take conservative positions in defense of the status quo. The unexpected electoral victory of the PDP shook the opposition, both the Coalition and the Tripartite Unification; the latter disintegrated in practice. After the election both Republican factions clamored for unity, based primarily on their opposition to the PDP.[172] The unification of the RUP and the RRUP came in 1944 with the formation of the Progressive Republican Union Party (PRUP). But this time it was the bourgeois/sugar sector who molded the ideology and program of the party. The PRUP's program was one of

opposition to the PDP; it opposed all social, economic and governmental reforms, and favored statehood as the alternative over independence. It was the program of a besieged class and of a sector of that class, the sugar interests, who were in historical retreat. The PRUP thus represents the beginning of a period of ideological and programmatic domination by the bourgeois/sugar sector over statehood.

The program of the PRUP was one of opposition to the PDP program. As Celestino Iriarte stated when calling for the unity of the Republican family, the objective of the new party was to ''defeat the Popular Party which has taken over Government and which has disturbed our social, political, and economic organization as a people.''[173] The PRUP's program was an amalgam of incoherent postulates tied together by one common element: the defense of the existing world against the attack by "revolutionary" forces. It fused religious doctrine with eighteenth century bourgeois philosophy, myth with fantasy:

> the study of the problems of the Porto Rican middle class; improved relations between workers and employers through collective bargaining [i.e., opposition to the government's fixing wages]; budget readjustment;... distribution of the 'income tax' in the form of apportionment among the employees of the firms that pay the contribution; a campaign against subversive, independentist, totalitarian or communist politics; derogation of the law allowing the divorce of spouses with three years of separation; strengthening of the Christian faith;... promotion of industrialization; protection of native products [i.e., sugar]; amendments to the shipping law; a solution to the problem of mendicity...(174)

The PRUP program sought to prevent any social reform and to defend the capitalist economy as it existed. The PRUP

desired social peace, but believed peace should be achieved through the imposition of Christian values rather than by conciliation.[175] Furthermore, they believed in "cooperation" among classes:

> In line with these principles, the Progressive Republican Union will fight any attempt to divide Puerto Ricans into classes struggling amongst themselves, or to fan social and economic hatred, because such methods are the negation of democracy.(176)

Their solution to social and economic instability was a strong dose of "laissez faire": everything would go well if the state did not intervene in the economy and allowed the forces of the market free reign:

> We maintain that the development of the sources of wealth and labor of the people of Puerto Rico--its agriculture, its industry, its commerce--will attain their greatest returns under free private enterprise; that the government should not be a competitor, nor a comptroller, nor an employer, of the different economic arteries of the country; that the efforts of the government with regard to business, industry, and agriculture should be confined to regulation through legislation, to serve and sponsor, but never to interfere, dominate and compete... (177)

The bourgeoisie´s opposition to state intervention was not only ideological but was a reaction to the public policies of the period. For example, the bourgeoisie opposed government regulation of wages and government support for trade unions, which interfered with the free play of the market in determining wages; instead, they demanded the regulation of worker-employer relations through collective bargaining.[178] They developed a campaign against state intervention and the growth of the state apparatus:

> ... the PRUP, which condemns the excessive expenditure

> of public funds, considers that all unnecessary posts, authorities, offices, and commissions which disturb the normal mechanism of government, should disappear, because they are useless and extravagant.(179)

The PRUP program attacked the program of agrarian reform put forward by the PDP, which was aimed at the sugar interests in particular. The so-called "agrarian program" of the PRUP reflected the preoccupations of its sugar sector. The program was simply a defense of the sugar industry and the of sugar interests of the party; it stated that the PRUP:

> will advocate the acquisition by the Government of lands not under cultivation, to sell them in convenient instalments to bona fide farmers who could make them profitable; will maintain the 500 Acres Law, applying it ´in a just and orderly form´; loans to farmers; ...promises to eliminate law 221, which turned sugar centrals into public service firms, replacing it with another law ´that gives justice to the colonos, workers, and central owners.´(180)

Throughout the decade into the fifties, the defense of the sugar industry remained the central element of the PRUP program, as that of the Puerto Rican Statehood Party (later Republican Statehood Party). Nothing is more telling than the ad by the Association of Sugar Producers of Puerto Rico (of which García Méndez was president) in the statehood magazine El Estado: ´´All is not sugar in Puerto Rico... but sugar is everything to Puerto Rico.´´

This was the tone of the PRUP and its historical successors. The 1948 program of the Partido Estadista Puertorriqueño (PEP- Puerto Rican Statehood Party) reiterated the attacks on the growth of the state, declaring that "our government is getting closer, in practice, to a

totalitarian kind of regime." This rhetoric is an integral part of the program:

> Latifundium and monopoly in the hands of the state; the disloyal competition by the state against the private entrepreneur; the increasing centralization of public power, which leads to political dictatorship; and administrative incompetence--we will attempt to erradicate these.

The limitation of private enterprise by the government could only hurt the economy; thus the program emphasized "the encouragement and protection of private initiative to create more abundant means of life, progress, and welfare through the fruitful exercise of private enterprise." The program proposed the elimination of the Agricultural Company and the Land Authority, which had been created to implement the agrarian reform of the PDP. It also proposed the elimination of the Transportation Authority and the Communications Authority and the transfer of these services to private enterprise. It reaffirmed the promise to apply the 500 Acres Law in "an orderly, reasonable, and just form" and to reduce taxes "on lands devoted to the cultivation of foodstuffs" (e.g., sugar). With regard to worker-employer relations, the program emphasized the need for ''maximum cooperation between capital and labor.''[181]

By this period the industrial bourgeoisie begins to stand out in the statehood movement. Thus the PEP program of 1948 emphasized industrial interests. For example, the Platform Committee of the PEP was chaired by Luis A. Ferré. The program promoted industrialization through "inducements

to private enterprise, mainly to the small industrialist," and the protection of "native products against the competition of imported goods." The program also proposed a review of the income tax law in order to "stimulate new sources of income, granting incentives when and where it is necessary to keep our economy in a state of permanent expansion," i.e., a reduction in the tax load of industrial capital and the provision of subsidies for industrial production. The program also proposed a revision of the inheritance law to facilitate the reproduction of capital on the island. The industrial bourgeoisie saw in the industrialization of the economy the basis for their own reproduction. They demanded that the state defend their interests or, if this was not possible, to refrain from interfering in their affairs.[182] They shared this interest with the sugar bourgeoisie, which explains their alliance with the latter within the statehood parties throughout the forties and fifties. It would not be until the 1950's, with the consolidation of the García Méndez-Ferré leadership over the party, that the industrial bourgeoisie would assume a dominant position within the statehood movement.

Thus, by the late 1940's the program of the old Republican Party had changed drastically. The reunified Republican family of the PUR was again wracked by the conflicts between the Republican bourgeoisie and the petty bourgeoisie, leading to the rupture of the party in 1940. But the political hegemony of the PDP and its program of

reform united the Republicans once again, this time under the leadership of the sugar bourgeoisie. Their program presented conservatism and statehood as the alternatives to what they perceived as a radical attack against the status quo by the PDP. The crisis of Republicanism and the rise of conservatism within the statehood movement radically transformed the statehood program.

The Transformation of the Statehood Program

This period was one of crisis for the statehood movement. It can be called a crisis for several reasons: the striking decrease in electoral support for the statehood parties; change in the basis of support for annexationism, turning the movement into one representative of the interests of the bourgeoisie, with an extremely conservative politics and ideology; and the constant fragmentation of the movement. Together these elements transformed the statehood program.

The first statehood program was elaborated by the Republican Party during the first decades of this century. It was part of what I have called the Republican project (chapter 3). The basis of the Republican project was the radical transformation of Puerto Rican society through the absorption American institutions and culture. An essential part of this project was the integration of Puerto Rico to the U.S. federation, i.e., statehood. Statehood was

conceived as a "regional fatherland" or "statehood as independence"; that is, the total domination of Puerto Rican society by the leading sectors of the Republican Party with the security given by the American state. This was based on the characterization of the U.S. federation as "a Republic of Republics, a State of States." The accuracy of this characterization is not the issue here. What is important is that this view was transformed with the "new federalism" of the Roosevelt Administration, which did not guarantee the total self-government by the states; the increasing intervention of the federal government in the affairs of the states limited the power of the local dominant classes.

In the debates around the formation of the RUP (discussed above), José Tous Soto opposed statehood precisely because of the limitation on local self-government that resulted from the expansion of federal powers over the states. The Republicans had already experienced this federal intrusion into local affairs. The Republican sugar sector had opposed Prohibition in Puerto Rico and pushed the party to fight for its elimination. In 1932 the Resident Commissioner in Washington, a member of the RUP, submitted a bill to grant the island "autonomy in prohibitionist matters"; the bill was seen ''as a step to self-government.''[183] But the real confrontation came with the extension of Roosevelt's "new federalism" to Puerto Rico. The imposition of the Costigan-Jones Act, the transfer to Puerto Rico of the Agricultural Adjustment Act and the NIRA,

and the implementation of the PRERA, PRRA, and other federal programs raised the wrath of the Puerto Rican Republicans.[184] The Republican bourgeois/sugar sector was the most vociferous opponent of this "invasion" of federal power over local affairs; an angry García Méndez stated:

> To allow the functions of a supergovernment to be carried out in Puerto Rico, in total disrespect of popular sovereignty--only a degraded people could tolerate this.(185)

Responding to charges that the Republicans were opposed to any program of reconstruction promoted by the federal government, García Méndez answered:

> The difference lies in that we want a sensible reconstruction, we want a reconstruction defended by the concerted action of the people; we want reconstruction with the intervention of our government agencies, with respect for the little sovereignty that we enjoy...(186)

The federal system no longer guaranteed the self-government that they sought.

More threatening yet was the realization by the sugar bourgeoisie that the federal government would act against their economic interests. This was felt during the thirties with programs like the PRRA and the Costigan-Jones Act, but it became an immediate and pressing reality during the 1940´s under the Tugwell Administration. The social reforms initiated by the PDP and supported by Tugwell harassed the Puerto Rican bourgeoisie. In the Constituent Assembly of the PRUP in 1944, a resolution was approved condemning the "National administration" for keeping Tugwell in his post; he was called ´´undesirable for this country, because of his

arbitrary and obstinate conduct against the most sacred interests of our people.´´[187] The Department of Interior was likewise condemned for its "incorrect" policy towards Puerto Rico and for its complicity with Tugwell.

The realization by Puerto Rican annexationists that American federalism did not guarantee self-government led to a change in their conception of statehood. The belief that statehood represented total self-government was supplanted by the belief that only statehood could guarantee the full participation of Puerto Ricans in Congress, the seat of power in the American federal system. Ferré elaborated on this conception of statehood in his speech before the Commonwealth Constituent Assembly in 1951:

> ... the right to life is an economic right that can be guaranteed only when a people has absolute liberty to legislate in relation to all the problems that affect its economic life. How can a people guarantee its life when its industry is at the mercy of the actions of a foreign body of legislators that... could condemn it to death without our people having any resource or right to defend themselves?
> ... Only after Puerto Rico has full representation in Congress, with sufficient votes so that its economic interests are taken into account--not as a gift but with all the force of the right to life that 2,200,000 American citizens have--our political status will not be solved. How could it be if it is in Congress, in whose deliberations our representatives cannot participate, wherein lies the supreme authority that guarantees our lives?(188)

The belief that statehood meant self-government was supplanted by a conception of statehood as the only mechanism to guarantee ´´equality in the sovereignty of federated statehood,´´ as Ferré called it; the only political status that could provide Puerto Rico with ´´the

necessary tools to guarantee our economic progress.'"[189]

Along with the realization that statehood would not provide total autonomy, there was a realization by the early 1940's that independence--previously considered a the "refuge for the dignity of the Puerto Rican people when statehood was rejected"--was not an attractive alternative after all. As discussed above, Martínez Nadal and García Méndez feared that independence meant a Republic riddled with social conflicts, a "Soviet republic." In the 1940's there was an important change in the program of annexationism: the rejection of independence as an alternative to statehood in obtaining self-government, and the development of an anti-independence, anti-communist rhetoric, at the very moment that statehood became the only alternative.

There are several reasons for this change in program. The rise of the PDP, with a pro-independence rhetoric in its early years and a program of social reform, promoted a defensive posture among the bourgeoisie. But more important than this was the material weakness of the bourgeoisie, in particular the sugar bourgeoisie. In the 1930's, the economic and political strength of the sugar bourgeoisie allowed them to toy with independence as a political alternative. But by the early 1940's their economic and political basis was undermined, and the sugar bourgeoisie was in no condition to struggle for the control of an independent state, so they opposed independence. Already by 1944, anti-independence, anti-communist rhetoric is evident

in the PRUP program.[190] There was a prevalent belief that confronted by the "danger" of independence, the only alternative was statehood.[191] Ramiro Colón, an outstanding statehood leader, clearly espoused this belief in his speech to the Commonwealth Constituent Assembly in 1951:

> As long as the problem [of the political status of Puerto Rico] is not resolved, Puerto Ricans will not have social tranquility. And the way to solve this problem is demanding and obtaining statehood... As long as we do not achieve statehood, the phantom of international independence will always be a nightmare in our collective life. As long as we are not a state... we will not enjoy social peace...(192)

Independence opens the gates to social conflict; only statehood, through the protection afforded by the American state, can secure the reproduction of capitalism for the Puerto Rican bourgeoisie.[193]

Under the Republican project, statehood had involved a view of the future; it was an integral part of a wider transformation. Now statehood fulfilled a reactionary function: the defense of a social past. From a legitimate goal it became a tool; if previously social peace was necessary to achieve statehood, now statehood was necessary to achieve social peace.

The Push for Statehood

The statehood movement now assumed a defensive character. The fear that Puerto Rican society was being besieged by radical forces led the bourgeoisie to support

statehood in order to preserve the status quo. As statehood was turned into a defensive tool, it lost its popular support, as shown by the electoral results since 1940. In 1945 a Congressional Committee characterized statehood as ´´a worn-out political issue in Puerto Rico for the time being.´´[194] This defensive character and the loss of popular support led to a "push for statehood" policy in the statehood movement; the movement stepped up its statehood proselytism and opposition to the PDP. As a statehood historian describes the period:

> When the parties of statehood saw themselves in crisis [1940-1952], they created political and civic associations and citizens´ congresses to keep the ideal of statehood alive. The statehooders, some because of their opposition to the PDP and others because of their faith in the ideal of statehood, increased their actions to keep the ideal alive.(195)

The defensive character of statehood during the forties stands out if we compare it with the measures promoted by the annexationists in the previous decade. In 1935 and 1940, for example, the Resident Commissioners in Washington (Coalition members) presented bills to Congress for the admission of Puerto Rico to the federation; in 1935 and 1937, the Coalition-controlled Legislature approved resolutions demanding statehood.[196] But the next statehood bill submitted to Congress, by Republican Senator Langer, was in reaction to the independence bill submitted by Senator Tydings. Another statehood bill presented to Congress in 1950, this time by Representative Bailey, was in reaction to the debate in Washington over the creation of

the Commonwealth.[197] Even the formation, in 1943, of the Puerto Rican Association for Statehood (Associación Puertorriqueña Pro-Estadidad-APPE), the most outstanding statehood organization of the decade, was as a reaction to the Tydings Bill for the independence of Puerto Rico.[198] The APPE´s First Statehood Congress in 1943 was organized to show American public opinion the strenght of the support for statehood.[199] In 1945 the APPE held two Statehood Congresses: the Second Congress was in reaction to another pro-independence Tydings Bill; the Third Congress was a pep-rally where Senator Langer defended his statehood bill and encouraged statehooders to continue organizing.[200]

The push for statehood included the quest for support among diverse civic and social organizations in Puerto Rico and the United States, and the creation of new organizations for the promotion of statehood. Throughout the decade, the statehooders curried the support of several organizations in the United States, including the American Federation of Labor, the Lions International Association, the American Legion, the Congress of American Teachers, and others. Statehood was supported in the program of the National Republican Party.[201] New statehood organizations were created both to spread the statehood gospel and to reunify all statehooders. These new organizations were created outside the political parties; their sole objective was to promote statehood. In 1940 the Puerto Rican-American Women´s League was created, whose sole purpose was to promote the

statehood ideal in the United States.[202] The APPE was formed in 1943 and a year later the University Statehood Association (Asociación Universitaria Pro-Estadidad-AUPE) was created; the purpose of both organizations was to integrate all supporters of statehood. In 1945 Luis Lopez Tizol founded the magazine El Estado; its main objective, according to the editor, was to provide statehooders with a forum for debate, in order to resolve their political differences.[203]

The need for the unity of the statehood movement derives from the weakness of the movement, from its defensive character, and from the conviction that statehood represented the only viable opposition to the PDP program. In 1948, the PRUP changed its name to Partido Estadista Puertoriqueño (PEP-Puerto Rican Statehood Party), expressing the importance given to statehood above any other consideration. In a speech given weeks after the formation of the PEP, Ramiro Colón, the president of the APPE and a leader of the PEP, argued that statehood was essential for the economic and political stability of Puerto Rico: "Without political stability there can be no economic stability and under the American flag there is political stability only in statehood." It was the urgent task of all statehooders to overcome ideological and political differences and join in a single party to show the PDP and the United States that the Puerto Ricans wanted statehood:

...our differences with respect to socio-economic

> ideology will vanish when we become a state... It is time to close ranks and to continue with determination the struggle, the difficult struggle for the salvation of the ideal.(204)

The Republican project, the historical project of rising social classes, was supplanted by a program seeking the preservation of the status quo. The Republican project had advocated the transformation of Puerto Rican society to a capitalist economy and a democratic system in the American style, with statehood providing the vehicle for these transformations; now statehood presented itself as the vehicle for the preservation of capitalism in Puerto Rico. If, before, social peace was required for the attainment of statehood, now statehood became a prerequisite for social peace; the need for economic and political stability to achieve statehood was transformed into the necessity of statehood to assure economic and political stability. Independence as the "refuge of dignity" of statehood became a dangerous enemy; statehood became the weapon to defend against that enemy. "Statehood as independence," as a means of self-government, gave way to statehood as "a right of citizenship".

The newly defensive and conservative character of the statehood movement yielded some novel conceptions of statehood, such as the aforementioned "statehood as equality." Two other novel conceptions, of great importance for the statehood movement in future decades, were introduced to the annexationist program: "Creole statehood" and "U.S.

citizenship as the gateway to statehood."

Creole Statehood: The Defense of the Puerto Rican Personality

The concept "Creole statehood" became widely known through Ferré´s statehood policies of the 1960´s. Its use and connotations are the subject of chapters 6 and 7. Of particular concern here is the elaboration during this period of one of its constitutive elements: the notion that the "Puerto Rican personality" would have to be protected even under statehood. This notion had appeared earlier in the concept of "the regional fatherland"; Barbosa argued that American federalism provided the necessary conditions for the survival of the "regional characteristics" of the states. The Republicans also believed that Puerto Rico had to be "Americanized," at least by adopting English as its language, in order to become a state. Several factors led the Puerto Rican annexationists to redefine the relationship between the cultural personality of Puerto Rico and statehood: the persistence of independence sentiments in the population; the emergence of cultural nationalism in the thirties; and the failure of the "Americanization" policy, particularly of English language instruction. Luis Sánchez Morales, one of the "founding fathers" of the Republican Party, was among the first to deal with this issue. According to Sánchez Morales, "Americanization in Puerto

Rico has to be Puerto Rican-style." He argued that Puerto Rico would need a particular formula to achieve statehood:

> The classic Territory... was appropiate for those Territories where no one had to be Americanized, but that would turn us into anti-Americans in a country whose Americanization has to be based on respect for the traditions, laws, customs, language, and even the way of walking that form our personality.
> ... In one word: on the way to statehood we have to pass through the autonomy of a special government that would not cripple our physiognomy...(205)

Sánchez Morales went further than most of his fellow statehooders in his defense of the Puerto Rican personality: that personality was above any other consideration, including statehood:

> Material benefits, and even individual liberty, mean nothing if they have to be bought at the expense of our national soul. If we cannot save the soul of our country within the United States, we shall save it outside... (206)

Sánchez Morales attacked the nationalist argument that statehood would represent the loss of the Puerto Rican personality; he argued that statehood could not transform the Puerto Rican personality because it was already formed and could not be altered:

> ... our permanence and integrity as a distinct people is guaranteed by historical conditions and by the ethnic and social structures that lie in us; by virtue of this resistance and impenetrability, we face no danger of losing our personality...not even if, to protect our own liberty, we decide to adopt conventions of equality and mutual respect that would allow us to continue with dignity under the aegis of the United States.(207)

Thus the argument that statehood would not affect the Puerto Rican personality was introduced to the statehood discourse by leaders like Martínez Nadal, García Méndez, and Ferré.[208]

While all references to self-government and independence were eliminated from the statehood discourse, the belief that the Puerto Ricans' ethno-cultural difference should not be an obstacle to statehood persisted. The concept of a "regional fatherland" reemerged in a somewhat different form, emphasizing the capacity of the "multi-ethnic" U.S. federal system to accept ethno-cultural diversity. This position was elaborated by Reece Bothwell, one of the foremost statehood ideologues of the period:

> Heterogeneous peoples like Switzerland, with four languages, Canada, with two languages, and Soviet Russia, with forty-nine nationalities, have been forced to use the federal formula of government. Because this formula, of which the best model is perhaps the United States, offers the advantages of a strong central government to take care of the issues of general interest while at the same time allowing political sub-divisions... complete independence in the internal affairs of local interest... And this is why we are of the belief that Puerto Rico can fit perfectly in the federation of the United States of America, without sacrificing its uniqueness as a people.(209)

Bothwell argued that the ethno-cultural difference of the Puerto Ricans was not an obstacle to statehood; on the contrary, it was a powerful tool, an asset to be used. Statehood would not require the assimilation of Puerto Ricans, because the United States is a multi-ethnic society, a "melting pot" of diverse cultures, where the knowledge of other languages besides English is an economic and social advantage (e.g., for trade with Latin America).[210] He further argued that Puerto Rico benefitted from its contact with American culture by its absorption of the elements of progress, democracy, and liberty typical of Anglo-Saxon

culture; while on the other hand, the United States benefitted from improved relations with Latin America.[211]

The concept of "Creole statehood" was introduced to argue that Puerto Rico required a particular statehood process, including cultural autonomy; the conception that U.S. citizenship was the "gateway" to statehood was introduced to legitimize Puerto Rican claims to statehood.

U.S. Citizenship: The Gateway to Statehood

An important part of the Republican project was the legitimation of statehood on the basis of the "mutual needs" of the United States and Puerto Rico. During the period of crisis of annexationism a new conception arose that argued that the United States had an obligation to grant statehood to Puerto Rico. Citizenship became the legitimizing factor for statehood. This is evident in the 1944 PRUP program:

> This citizenship, once granted, cannot be taken away. The Puerto Rican lot is an integral part of the United States, and any person born in Puerto Rico...is, by determination of the federal Congress, a native of the United States. This community of juridical-economic relations and spiritual and moral interests bears an indissoluble mutuality of obligations, prerogatives, and rights that bind forever the march of both peoples towards a common destiny...
>
> We thus uphold that the final political status of Puerto Rico has been clearly defined, with our sovereignty already fixed by the explicit and implicit will of the people of the United States and the people of Puerto Rico.(212)

Statehood was no longer presented as an alternative to be chosen by Puerto Ricans or granted by the United States, but

''as the expression of the right of Puerto Ricans to enjoy all the privileges of American citizenship.''[213] Statehood and citizenship are interwoven in a single relationship: if statehood is the only way to enjoy the rights of citizenship, then this guarantees the right of Puerto Ricans to statehood.

> ...the time has come when it should be realized that the Puerto Ricans constitute a community of United States citizens and that their citizenship is, as has been to others in the past, the gateway to their admission as a State of the Union.(214)

Citizenship establishes the essential tie between the United States and Puerto Rico; it grants rights and obligations to both parties. Puerto Rico has had the duties of citizenship without the rights that go along with it; Puerto Rico has loyally fulfilled its obligations: it has remained loyal to the United States for more than four decades and it has met the duties of citizenship with its "blood tax":

> If Puerto Rico is good enough to give officers up to the rank of General, to give good, honest, humble boys by the thousands to fight...they were equally entitled to taste the sweet fruit of victory, represented by... the admission of Puerto Rico as another state of our great union of states.(215)

But the United States has not fulfilled its obligations. Citizenship is seen as a contract: for their part, the United States incurred the obligation to accept Puerto Rico as a state; while the Puerto Ricans committed themselves to become a state within the American federation when they accepted citizenship:

> The concession of American citizenship in 1917 and the unanimous acceptance by the people of Puerto Rico was

> certainly a plebiscite. The accomplishment of that plebiscite in 1917 makes it unusual and absurd and even a scurrilous criticism the idea to consult us in another plebiscite whether we want to maintain ourselves loyal to the pact of that undestructible link.(216)

By granting Puerto Ricans citizenship, the United States incurred a moral obligation to grant them statehood; if it did not, then the United States was falling short of the principles that sustained it as a nation:

> The dignity and honor of the American citizenship command no other direction and no other alternative for a community of loyal American citizens [than statehood].(217)

> To deny [the Puerto Ricans] the right to incorporate in the union would deny the American characteristics of democracy and fair play. It would be a denial, by the Nation, of the principles upon which its behaviour has always being based.(218)

The "right of citizenship" was thus introduced to the statehood discourse; it would become an important element of the statehood program in decades to come, particularly in Romero´s "statehood as equality" program. Furthermore, this notion of statehood as a "right of citizenship" gave the movement a certain irredentist quality: here is a community demanding their right to join the community of their fellow citizens. However, the "irredentist" demand is against their fellow citizens and not against an oppressor nation that separates them. Although this concept appeared at a time when the statehood movement was primarily defensive, it resulted in an offensive program for achieving statehood. As Aaron Ramos has indicated, after the war the statehood movement ´´stepped out of the smugness of prewar politics

and started to deal with a concrete program for the achievement of statehood.''[219] Nothing is more indicative of this processs, and of its beginnings, than the debate within the statehood movement of the early 1950's about the formation of the Commonwealth.

Commonwealth: The Transitional Stage to Statehood

The debates about the formation of the Commonwealth were carried out in the Puerto Rican Statehood Party (Partido Estadista Puertorriqueño) as two Republican sectors struggled for control of the party. The struggle initially divided the party between those who supported the Commonwealth and those who opposed it. The issue was the nature of Commonwealth: a step towards statehood, or the continuation of subordination to the United States, i.e., of colonialism. The debate began when Puerto Ricans were granted the right to elect their governor. One sector of the party understood that reforms which increased the island's self-government were necessary steps to statehood:

> ... the election of the governor by the people of Puerto Rico is another step toward statehood... Today Puerto Rico enjoys the structure of a government more or less similar to that of a state. Therefore, the island of Puerto Rico is on the road to statehood.(220)

This sector took the same position with regard to the formation of the Commonwealth; the approval of the Commonwealth Constitution in 1950 was seen as a "transitory step toward statehood.''[221] Ferre, a representative of the

opposing sector, argued that although the Commonwealth Constitution gave the island powers to deal with its internal affairs, ´´the fundamental legislation that controls the island´s economic life shall continue being dictated by one Congress where Puerto Rico has no representation to fight for and on behalf of its interests.´´[222]

These differences were reflected in the internal organization of the party. Those in opposition to the Commonwealth argued that support for the Commonwealth would imply support for the PDP program. The solution to these differences was somewhat contradictory. A resolution was approved stating that the Commonwealth represented more self-government and that it did not preclude statehood. Consequently the PEP voted in favor of the Commonwealth Constitution and condemned any electoral abstention by statehood supporters, but it left its members free to vote as they wished.[223] This did not solve the internal conflict. In February 1951, García Méndez and Ferré for the first time made their differences with the party´s leadership public; they argued that the Commonwealth Constitution ´´could have merits as a transitory measure of government, but it still represents the colony by consent.´´[224] In August of that year a party Assembly reached a conciliatory agreement whereby the PEP delegates to the Commonwealth Constituent Assembly would seek a mention of statehood in the preamble to the Constitution; this would indicate that Commonwealth

status did not close the doors to statehood. Failing this, the party's delegates were to vote against the Constitution.[225] The clause submitted by the statehooders was accepted by the Popular majority, and the PEP delegates voted in favor of the Commonwealth Constitution.[226] The position of the PEP from here on was made public by Ferré at the end of the debates:

> ...such Constitution...constitutes, in fact and in right, the acceptance of a liberalizing reform of our regime that does not separate us, but, on the contrary, it keeps us clearly on our road and gets us closer to the attainment of our ideal of statehood.
> ...Law 600, which authorized us to draw up a Constitution to enjoy a full self-government, will be instrumental in achieving our ideal, by stating our aspiration to realize our goal of full sovereignty... Neither juridically nor constitutionally does it separate us from statehood.(227)

Nevertheless, the PEP was divided, and a new leadership came to the forefront, for reasons unrelated to the Commonwealth debate. The PEP rupture was due to the different ideological and programmatic conceptions of the diverse sectors within the statehood movement.

The García Méndez-Ferré Alliance

The conflict that divided the PEP in 1952 evolved along with the debate about the Commonwealth, but that debate was not the main cause of the schism. The schism was the result of a struggle between two sectors of the PEP to take command of the party ideologically and programmatically. The conflict came out into the open when the group

headed by García Méndez and Ferré opposed the party´s president, Celestino Iriarte, and his group who supported the Commonwealth. But the conflict surpassed this issue. At the August 1951 Assembly where the compromise was reached for the party´s position towards the Commonwealth Constituent Assembly, a so-called Directive Committee was imposed on president Iriarte to coordinate with him the direction of the party´s organization and program. Both García Méndez and Ferré were members of that committee. But the conflict involved more than differences regarding the Commonwealth; as a matter of fact, these differences disappeared. The García Méndez-Ferré group, as we have seen, accepted the Commonwealth, the position initially defended by Iriarte and his group. They agreed with Iriarte that "Puerto Rico remains the same non-incorporated territory of the Union. The same political, economic and social dependence to the United States continues." Iriarte characterized the Commonwealth as nothing but the ´´concession of a higher level of local autonomy´´ with no real power.[228] García Méndez and Ferré´s attacks against Iriarte ended when the Iriarte group left the party; by that time, the conflicting issues were altogether different.[229]

The conflict that led to the division of the PEP in 1952 was the result of a power struggle between the group of old Republicans, mostly from the petty-bourgeoisie, led by Iriarte[230], and the sugar and industrial bourgeoisie headed by García Méndez and Ferré. The latter, although

ideologically and programmatically dominant within the party, did not have control over the party machinery. They hoped to change the PEP´s direction. In July 1951, Ferré launched the first attack on Iriarte and his leadership, denouncing the need to give the PEP a new spirit of struggle and to make the party a more active participant in the political arena of the country.[231] The García Méndez-Ferré group imposed the Directive Committee on Iriarte so as to ´´reestablish the harmony and cohesion of the party,...so indispensable for the life of our collectivity, and to make it assume a greater and more intense political activity.´´[232] Iriarte and his group knew who they were struggling against. In the PEP´s 1952 Assembly, Iriarte warned the membership that giving the party presidency to García Méndez would mean turning the party over to the sugar interests and corporations.[233]

After leaving the party, Iriarte and his group formed the short-lived "Boricua Party" (Puerto Rican Party), whose Manifesto criticized the PEP for ´´not wanting to diversify its programs in harmony with the intense social revolution in progress; they seem to reject, distrustfuls, the extraordinary benefit that for them represents the happy circumstance of having a fundamental identity of criteria in its ranks.´´[234] Iriarte was right that under García Méndez the PEP would be under the influence of the sugar interests. But this had been the case for more than a decade; it was merely exacerbated with García Méndez in the presidency.

Trying to ressurrect its glorious past, in 1953 the Puerto Rican Statehood Party became the Republican Statehood Party (Partido Estadista Republicano-PER), making its ideology evident in its name: statehood is conservatism, conservatism is statehood. According to García Méndez, the word "Republican" was included in the name of the party in accordance ''with the wish of the party,''[235] particularly the sugar bourgeoisie, who were very influential.

The control of the party by García Méndez and Ferré signifies the dominance of the sugar sector but also of the industrial bourgeoisie over the party. The rise to leadership of the industrial bourgeoisie is of crucial importance for the development of Puerto Rican annexationism in decades to come. The industrial bourgeoisie introduced an offensive quality to the movement in its search for statehood, or what Aaron Ramos called the "aggressive" character of the industrial bourgeoisie: ''During the forties... a Puerto Rican industrial elite headed by Luis Ferré made its appearance in the annexationist camp... This sector introduced into the annexationist movement a more aggressive commitment to statehood.''[236] But the alliance between the sugar bourgeoisie and the industrial bourgeoisie that characterized the PER was not free of contradictions. Already by late 1950, as Robert Anderson has noticed, there were differences in style and program between García Méndez and Ferre.[237] The alliance of these class sectors, represented by Garcia Mendez and Ferre, gave the party what

Ramos has called the "transitional" character of the PER:

> The PER was a transitional organization from the old agrarian to the new industrial setting, and thus had a mixed composition. While the old sectors still headed the party, the new aggressive industrial sector assumed the leading role, giving the PER its ideology. The political life of the PER, from 1948 to 1968, reflected the tension between these two groups: those that historically had been linked to the U.S. sugar interests in the island and were led by Garcia Mendez, and the new merchant and industrial elite represented by Luis Ferré.(238)

The importance of the industrial bourgeoisie in the statehood movement should not be underestimated. Ferré is the most illustrious example of this class in Puerto Rico. It is in the figure of Ferré that a new historical project of statehood will appear. If the first historical project of statehood, the old Republican project, reflected the views of the Republican petty-bourgeoisie, represented by Barbosa, the new historical project of statehood will reflect the historical view of the Puerto Rican industrial bourgeoisie and the contemporary bourgeoisie as a whole.

The contradictions between the industrial bourgeoisie and the sugar sector within the PER; the elaboration of a new statehood project by Ferré; and the emergence of the New Progressive Party, the most important statehood organization in the political history of Puerto Rico, are the subject of our next chapter.

CONCLUSION

The creation of the Commonwealth government and the process of economic industrialization, as promoted by the Popular Democratic Party, changed the contours of Puerto Rican politics, particularly the statehood movement. The transition from an agrarian to an industrial economy and the reform of the colonial state apparatus, from a direct colonial government to a structure allowing some internal economic and political autonomy, stimulated important changes in the statehood movement and program. The crisis of annexationism during this period was a reaction to the crisis of Puerto Rican society. The sugar industry, axis of the Puerto Rican economy since early in the century, began to decline during the thirties. The inability of the colonial state apparatus to deal with the social and political discontent of the decade prompted the American state to intervene through the transfer of New Deal programs to the island, the extension of relief programs, and the promotion of reforms through the administration of Tugwell and the PDP. These reforms facilitated the transition to the Commonwealth government, and gave control over local affairs to the dominant sectors in the PDP. The Commonwealth provided the political shell for the new economic program of industrialization, Operation Bootstrap, where foreign, mostly American, capital, attracted by state subsidies,

provided the basis for economic growth.

The conservative character that statehood acquired was a reaction to the process of reform aimed at the stabilization of Puerto Rican society: statehood became a movement of opposition to change. The rise of conservatism within the statehood movement is related to the crisis of Republicanism. Although the "Republican family" was united again in 1932, the differences between the sugar bourgeoisie and the petty bourgeoisie remained. Their differences regarding the alliance with the Socialists and their views on the crisis of the sugar industry prompted a new rupture in the forties. The statehood forces united once again under the leadership of the sugar bourgeoisie.

Towards the end of the decade, statehood became a movement of opposition to the economic and political reforms of the regime in Puerto Rico. The crisis of Republicanism and the rise of conservatism in the statehood movement was reflected in the statehood program. The latter lost the idealistic character of its early days and became a conservative and defensive program. The first historical project of statehood, the Republican project, which defined statehood within a broader process of transformation of Puerto Rican society, gave way to a program which defined statehood as a bulwark against change, as the bastion of defense of the existing, but collapsing, social and economic structures. New elements were incorporated in the statehood program during this period which would become an integral

part of the contemporary annexationist discourse: "Creole statehood"; U.S. citizenship as "gateway" to statehood; the anti-independence/anti-communist rhetoric; the Commonwealth as a transitional step towards statehood. These important elements of the contemporary statehood program of the New Progressive Party were incorporated to the latter through the PER, the transitional organization of the statehood movement during the fifties. By the end of this period, the Puerto Rican industrial bourgeoisie shared the leadership of the statehood movement with the ultra-conservative sugar bourgeoisie. The conflict between these two sectors and others within the statehood movement is a crucial element in the "transition" of the statehood movement to its contemporary form. The PER was a transitional organization, in which the industrial bourgeoisie, in alliance with sectors of the middle class, challenged the conservative leadership of the sugar bourgeoisie within the statehood movement. The result was a new historical project of statehood, articulated by Luis Ferré, a new project that set the ideological tone for the emergence of the contemporary statehood movement, of the NPP. This is the subject of the next chapter.

NOTES TO CHAPTER IV

1) Harvey S. Perloff, Puerto Rico´s Economic Future (Chicago: University of Chicago Press, 1950; reprinted by Arno Press, New York, 1975), p. 31.

2) Ibidem, p. 144.

3) Esteban A. Bird, Report on the Sugar Industry in Relation to the Social and Economic System of Puerto Rico Senate of Puerto Rico, 15th Legislative Assembly, Senate Document no.1 (San Juan: Bureau of Supplies, Printing and Transportation, 1941), p. 114-115; Miriam Muniz Varela, "La formacion social de transicion al capitalismo en Puerto Rico, 1880-1920" (Ph.D. Dissertation, Universidad Autonoma de Mexico, 1982), pp. 184-86.

4) Angel G. Quintero-Rivera, ´´La clase obrera y el proceso politico en Puerto Rico,´´ IV, Revista de Ciencias Sociales 19:3 (1975), pp. 264-78.

5) José Vázquez Calzada, La poblacion de Puerto Rico y su trayectoria historica (San Juan: Centro Multidisciplinario de Estudios Poblacionales, 1978), table XX, p. 376.

6) Thomas Mathews, La política puertorriqueña y el Nuevo Trato (Rio Piedras, P.R.: Editorial Universitaria, 1975), p. 133.

7) Perloff, op.cit., p. 33.

8) Bird, op.cit., pp. 24 and 124.

9) Bailey and Justine Diffie, Porto Rico: A Broken Pledge (New York: Vanguard Press, 1931), p. 180-181.

10) Perloff, op.cit., pp. 97 and 100.

11) Thomas Mathews, Puerto Rican Politics and the New Deal (Gainesville: University of Florida Press, 1960), p. 122-123.

12) Ibidem, p. 112.

13) Ibidem, p. 113.

14) Nationalist leader Pedro Albizu Campos and the core leadership of the Nationalist Party were jailed in 1936 on sedition charges. See chapter 7 of Mathews, ibidem; and Juan Angel Silen, Pedro Albizu Campos (Rio Piedras, P.R.: Editorial Antillana, 1976).

15) Frances Fox Piven and Richard A. Cloward, Regulating the Poor (New York: Vintage, 1971), p. XIII.

16) David F. Ross, The Long Uphill Path (San Juan: Editorial Edil, 1976), p. 31.

17) Gordon Lewis, Puerto Rico: Power and Freedom in the Caribbean (New York: Monthly Review, 1963), p. 125.

18) For details of this program see Mathews, op.cit., chapter 5.

19) Report of the Puerto Rico Policy Commission (San Juan: np, 1934), p. 7.

20) Ross, op.cit., pp. 37-39; Perloff, op.cit., pp. 390-93.

21) Mathews, La política puertorriqueña..., p. 317. All further references from Mathews are from this work, unless otherwise indicated.

22) Ross, op.cit., p. 39.

23) According to Perloff, op.cit., p. 32.

24) Ibidem, p. 390.

25) Roberto Sánchez Vilella, former governor of the island, and Teodoro Moscoso, mastermind of Puerto Rico´s industrialization program, were among those involved in the reform process that stress Tugwell´s important role; in Gerardo Navas Dávila, ed., Cambio y desarrollo en Puerto Rico: la transformación ideológica del Partido Popular Democratico (Hato Rey, P.R.: Master Typesetting, 1980), pp. 126 and 163. Students of the period who do likewise are Lewis, op.cit., p. 158; and Ross, op.cit., p. 54-55.

26) Rexford G. Tugwell, The Stricken Land: The Story of Puerto Rico (Garden City: Doubleday, 1947), p. 148.

27) Rexford G. Tugwell, Puerto Rican Public Papers (San Juan: Service Office of the Government of Puerto Rico, 1945; reprinted by Arno Press, New York, 1975), p. 47-48.

28) Ross, op.cit., p. 56. Earl Hanson Parker, no admirer of Tugwell, commented that "Tugwell´s really great personal contribution to Puerto Rico´s reshaping was that of... definite government structures and actions...´´ In Transformation: The Story of Modern Puerto Rico (New York: Simon and Schuster, 1955), p. 196-197. On Tugwell´s period and reforms see, Charles T. Goodsell, Administración de una revolución (Rio Piedras, P.R.: Editorial Universitaria, 1978), and Enrique Lugo Silva, The Tugwell Admistration in Puerto Rico, 1941-46 (Rio Piedras, P.R.: Editorial de la Universidad de Puerto Rico, 1955).

29) See references to note 28. Also, Edgardo L. Martinez Nazario, "Estudio historico-teorico sobre el desarrollo administrativo del sector publico en Puerto Rico" (M.A. Thesis, Department of Public Administration, University of Puerto Rico, 1971), pp. 58-69; and Carmen Yolanda Marrero Romero, "Consideraciones en torno a la situacion de los municipios puertorriquenos como entes de prestacion de servicios publicos" (M.A. Thesis, Department of Public Administration, University of Puerto Rico, 1978), pp. 7-9 on the centralization of public services during this period.

30) Jose Juan Baldrich, "Class and State: The Origins of Populism in Puerto Rico, 1934-52" (Ph.D. Dissertation, Department of Sociology, Yale University, 1981).

31) See. M. Meyn and J. Rodríguez, ´´El aparato militar norteamericano en Puerto Rico,´´ Casa de las Américas XXI:123 (November-December 1980), part. p. 14-15.
On the plans to "make Puerto Rico the Gibraltar of the Caribbean" and to turn it into "a military department similar to the Canal Zone, Hawaii, and the Philippines," see Santiago Ortiz, American Press Opinion with Reference to Politics and Government in Puerto Rico, 1932-1939 (Washington, D.C.: Office of Puerto Rico, 1946), p. 37-38.

32) Belle Boone Beard, ´´Puerto Rico: The Forty-ninth State?,´´ Phylon (The Atlanta University Review of Race and Culture) 6:2 (1945), p. 113. See also Meyn and Rodriguez, op.cit., p. 15. On 1943, Michigan Representative Crawford, a member of the House Committee on Insular Affairs commented: ´´Puerto Rico cannot be independent because the United States has to maintain an army, and a navy in the island to defend the territory against the Russian menace, which after this war will try to dismember this continent to take possession of South America.´´ Quoted in Surendra Bhana, The United States and the Development of the Puerto Rican Status Question, 1936-1968 (Lawrence: University Press of Kansas, 1975), p. 75.
On Puerto Rico´s strategic and economic importance for the United States, see U.S. Congress. House Committee on Insular Affairs, Investigation of Political, Economic, and Social Conditions in Puerto Rico 79th Congress, 1st Session, House Report no.497, May 1, 1945 (Wash., D.C.: U.S. Government Printing Office, 1945), pp. 5 and 22.

33) This is the conclusion reached by the Tariff Commission with regard to the independence alternative as presented by the Tydings-Piñero Bill of 1944. In Reece B. Bothwell, ed., Puerto Rico: Cien años de lucha política (Rio Piedras, P.R.: Editorial Universitaria, 1979), vol.III, p. 486.

34) Ibidem; and U.S. Congress, House, Investigation....

35) U.S. Congress, House, Investigation..., p. 41.

36) Tariff Commission, in Bothwell, op.cit., p. 489.

37) It is striking the resemblance in the conclusions reached in Muñoz Marín's articles and the Tariff Commission's report. The articles by Muñoz, "Alerta a la conciencia puertorriquena," published in February 1946, and "Nuevos caminos hacia viejos objetivos," published in June 1946, appear in Bothwell, op.cit., pp. 457-476 and 496-505, respectively.

38) Carmen Ramos de Santiago, El gobierno de Puerto Rico (San Juan: Editorial Universitaria, 1970), p. 119.

39) Bolívar Pagán, Historia de los partidos políticos de Puerto Rico, 1898-1956 (San Juan: M. Pareja, 1972), vol.II, p. 291.

40) E. Bird, op.cit., p. 125.

41) Ibidem, p. 40.

42) Ibidem, p. 96.

43) Ibidem, p. 114-115. Also Arthur Gayer, Paul T. Horman, and Earl K. James, The Sugar Economy of Puerto Rico (New York: Columbia University Press, 1938), p. 160. See also, José A. Herrero, En torno a la mitología del azúcar (mimeo, 1970), p. 67.

44) Perloff, op.cit., p. 164.

45) Ibidem, p. 111.

46) This element is emphasized by Herrero, op.cit., p. 67.

47) Perloff, op.cit., p. 136-37.

48) Ibidem, p. 58.

49) Junta de Planificación, Informe economico al Gobernador, 1969 (San Juan: Planning Board, 1970), p. A-22.

50) Perloff, op.cit., p. 58.

51) Ibidem, p. 383.

52) Ibidem, p. 400.

53) Ibidem, p. 392.

54) Ibidem, p. 160.

55) Ibidem, p. 401.

56) Junta de Planificación, op.cit., p. A-3.

57) Ibidem, p. A-22.

58) See, Emilio Pantojas Garcia, "Desarrollismo y lucha de clases: Los limites del proyecto populista durante la decada del cuarenta." Paper delivered at the "New Approaches to Puerto Rican History Conference," Lehman College, New York, April 1 and 2, 1982.

59) See, Fernando Henrique Cardoso and Enzo Faletto, Dependency and Development in Latin America (Berkeley: University of California Press, 1979).

60) Discussed in Ross, op.cit., chapter IV.

61) Ibidem, pp. 83 and 74.

62) See, Angel G. Quintero-Rivera, "La base social de la transformacion ideologica del Partido Popular en la decada del ´40,´´ in Navas Davila, op.cit., pp. 37-119; Pantojas, op.cit., pp. 18ff; and Emilio González Díaz, Ideología populista y estrategias de desarrollo en Puerto Rico:1940-1950 (San Juan:CEREP, nd).

63) Ross, op.cit., p. 107.

64) Antonio J. González, Economia política de Puerto Rico (San Juan: Editorial Cordillera, 1971), p. 107.

65) Junta de Planificación, op.cit., p. A-7.

66) Ross, op.cit., p. 130.

67) B. Pagan, op.cit., vol.I, p. 248.

68) This is the position taken by Pilar Barbosa, Manuel F. Rossy y Calderon: Ciudadano cabal (San Juan: Editorial "La obra de Jose Celso Barbosa," 1981), p. 163.

69) B. Pagan, op.cit., vol.I, pp. 276-306 and 307-310.

70) Ibidem, pp. 317-18 and 336-37. The pro-independence stand taken by the Union/Liberal Party is shown by Barcelo´s criticism of the U.S. economic and political power in Puerto Rico. See Truman R. Clark, Puerto Rico and the United States, 1917-1933 (Pittsburgh: University of Pittsburgh Press, 1975), p. 144.

71) The fuerzas vivas was the name by which a group of associations of the Puerto Rican bourgeoisie were known. These included the Chamber of Commerce, the Association of Sugar Producers of Puerto Rico, and the Farmers Association.

They were heavily influenced by Republican members. In 1930, the Association of Industrialists of Puerto Rico was founded. Among its members were the Republicans Luis A. Ferre, Teodoro Moscoso Sr., Maria Luisa Arcelay, and Jose Tormos Diego.

72) B. Pagan, op.cit., vol.I, p. 250; Truman Clark, op.cit., p. 96; and Nilsa Rivera Colon, "Los pleitos electorales Socialistas en Fajardo: 1920 y 1924" (M.A. Thesis, Department of History, University of Puerto Rico, 1981), pp. 178ff.

73) B. Pagán, ibidem; Nilsa Rivera, ibidem, p. 182.

74) B. Pagán, op.cit., vol.I, p. 314.

75) Members of the Union Party that remained in the Alliance and that later joined the Republican Union included: Isaac González Martínez, José Benítez Castaño, Celestino Iriarte, Leopoldo Figueroa, Rafael Cuevas Zequeira, Franciso M. Zeno, and Victor Gutierrez Ortiz, among others.

76) B. Pagán, op.cit., vol.II, p. 2. This group was headed by Eduardo Giorgetti and Jorge Bird Arias. Others in the conservative faction included Guilermo Estevez, Martin Travieso, Guillermo Vivas Valdivieso, Amador Ramirez Silva, Ignacio Morales, Carmelo Martinez, and Celso Caballero. Bird Arias, Travieso, and Ramirez Silva would join the Republicans later on.

77) ´´Tous Soto se ha dirigido a varios lideres aliancistas proponiendoles un plan para llegar a un entendido con los Unionistas,´´ El Mundo, January 14, 1932, pp. 1 and 3.

78) After the Union Party left the Alliance, which controlled the Legislature after 1928, the struggle for legislative positions created an inertia in the body. In 1930, the Republican-dominated Alliance and the Socialist-Pure Republican Coalition formed the "Grupo de Buen Gobierno" to allow the Legislature to function once again. It represented the first joint action of the Republicans since their rupture in 1924; it also signaled a new realignment of power for the Republicans in the decade to come: Manuel F. Rossy, a Pure Republican, was named Speaker of the House; Luis Sanchez Morales, an Alliance Republican, was elected President of the Senate. See, B. Pagan, op.cit., vol.I, p. 327-328.

79) Authors like Quintero-Rivera and Baldrich correctly stress the outstanding position of the sugar interests in the Union Party. As Quintero-Rivera indicates, "the Republican Party was the natural representative of the interests of the plantation economy" and the sugar interests represented "the most powerful group in the Party." This

should not imply, however, that the sugar bourgeoisie was the leading sector in the party, as will be discuss later. See, Quintero-Rivera, op.cit., p. 278.

80) All mill-owners elected to the Legislature between 1936 and 1944 were Republicans. See, Baldrich, op.cit., pp. 182-185.

81) Blanca Silvestrini, Los trabajadores puertorriqueños y el Partido Socialista (1932-1940) (Rio Piedras, P.R.: Editorial Universitaria, 1979), p. 28. See also, Taller de Formación Política, La cuestión nacional: El Partido Nacionalista y el movimiento obrero puertorriqueño (Rio Piedras, P.R.: Ediciones Huracan, 1982), chapter VII.

82) Quoted in Mathews, Puerto Rican Politics and the New Deal, op.cit., p. 31.

83) Luis Sánchez Morales, De antes y de ahora (Madrid: Centro Editorial Ruben Dario, 1936), pp. 331 and 334.

84) Quoted in Angel M. Torregrosa, Miguel Angel García Méndez (Puerto Rico: np, 1939), pp. 37-38. See also, Rafael Rivera Santiago, Comprensión y análisis (San Juan: Imprenta Venezuela, 1938), p. 134-35.

85) T. Mathews, op.cit., pp. 57 and 78-80; Silvestrini, op.cit., p. 38ff.

86) Silvestrini, op.cit., p. 39-40.

87) T. Mathews, op.cit., pp. 123-126.

88) Silvestrini, op.cit., p. 44ff.

89) Ibidem, p. 86.

90) For a review of the scandals and widespread corruption in the Coalition government and an indictment of the Socialist leadership from a former Socialist leader, see Epifanio Fiz Jimenez, El racket del Capitolio (Gobierno de la Coalición Republico-Socialista), años 1932 al 1940 (San Juan: Editorial Esther, 1944).

91) Such was the case of the support given by the Socialist Party to the sugar interests in their opposition to the Costigan-Jones Act. See, B. Pagan, op.cit., vol.II, pp. 61-64.

92) Silvestrini, op.cit., pp. 91-96.

93) The 1934 sugar strike shook the sugar industry, the Socialist Party, and the Coalition. The sugar workers, after the SP-FFW failed to support the strike, called Nationalist

leader Pedro Albizu Campos and the Nationalist Party to lead the strike, an event that clearly disturbed the sugar bourgeiosie and the colonial administration. Out of the strike, and from the ranks of the SP, came Affirmación Socialista and the Communist Party, which opposed the Socialist leadership and organized more radical trade-unions. See, ibidem, chapter IV; Taller the Formacion Politica, op.cit., chapters XI-XIII, and !Huelga en la cana! (Rio Piedras, P.R.: Editorial Huracan, 1983); also, Angel G. Quintero-Rivera, ed., Lucha obrera en Puerto Rico (San Juan: CEREP, 1972), pp. 96-117.

94) Silvestrini, op.cit., chapter VII. Also, Gervasio L. Garcia and Angel G. Quintero-Rivera, Desafio y solidaridad: Breve historia del movimiento obrero puertorriqueño (Rio Piedras, P.R.: Editorial Huracan, 1982), chapter V.

95) Silvestrini, op.cit., chapter V; and Angel G. Quintero-Rivera, ´´La clase obrera y el proceso politico en Puerto Rico,´´ IV, part 2 Revista de Ciencias Sociales XX:1-2 (March 1976), pp. 12-14.

96) Quintero-Rivera, ibidem, p. 14-15; Silvestrini, ibidem, pp. 121-126.

97) Gayer et al, op.cit., p. 78.

98) Ibidem, pp. 136-143.

99) E. Bird, op.cit., p. 68.

100) Gayer et al, op.cit., p. 144.

101) Ibidem, chapter V.

102) The best example of the RUP´s position, and of its sugar sector, is García Méndez´ speech in the historical García Méndez-Muñoz Marín´s Costigan-Jones Act debate in 1934. Reproduced in A. Torregrosa, op.cit. See also, T. Mathews, op.cit., pp. 133-37 and 148ff.

103) G. Lewis, op.cit., p. 131.

104) T. Mathews, op.cit., p. 182.

105) Ibidem, pp. 191, 233, and 187.

106) In 1936, the Liberal Party nominated Piñero on its slate. Pinero, who remained a supporter of statehood, later stated that the Pure Republican Party under Martinez Nadal "was a party of social advancement," until the people from the Alliance were admitted to it. Teofilo Maldonado, Hombres de primera plana (Puerto Rico: Editorial Campos, 1958), p. 180.

107) See, Quintero-Rivera, "La base social...," pp. 58-65.

108) Isabel Picó, ´´Los estudiantes universitarios y el proceso político puertorriqueño (1903-1948)´´ (Ph.D. Dissertation, Department of Political Science, Harvard University, 1974), pp. 149-150 and 147-148.

109) On the "populist" nature of the PDP see, Quintero-Rivera, "Las bases sociales..."; Emilio Gonzalez, op.cit.; and Emilio Pantojas, op.cit.

110) Quintero-Rivera, ibidem, pp. 88-91; I. Picó, op.cit., p. 221-222.

111) Luis Muñoz Marín, Memorias: 1898-1940 (San Juan: Inter-American University Press, 1982), p. 74-75; B. Pagan, op.cit., vol.I, p. 336.

112) B. Pagan, ibidem, pp. 74-81. Also, Frank Otto Gatell, ´´Independence Rejected: Puerto Rico and the Tydings Bill of 1936,´´ Hispanic American Historical Review 38 (February 1958), pp. 25-44.

113) Muñoz Marín, op.cit., p. 98.

114) Quintero-Rivera, "Las bases sociales...," pp. 83-87; Baldrich, op.cit., pp. 198-209.

115) Baldrich, ibidem, pp. 222-227.

116) Ibidem, pp. 227-236.

117) On the PDP land reform program see, Martin O. Edel, ´´Land Reform in Puerto Rico: 1940-1959,´´ part 1 Caribbean Studies II:3 (October 1962), pp. 26-60, and part 2 in ibidem, II:4 (January 1963), pp. 28-50. Also, Sol Luis Descartes, "Historical Account of Recent Land Reform in Puerto Rico," and Miguel Guerra Mondragon, ´´The Legal Background of Agrarian Reform in Puerto Rico,´´ in Eugenio Fernandez Mendez, ed., Portrait of a Society (Rio Piedras, P.R.: Editorial Universitaria, 1972), pp. 183-199 and 167-182, respectively.

118) The initial industrialization program and its implementation is discussed in Ross, op.cit., chapter IV.

119) Goodsell, op.cit., chapter VII.

120) The "populist"-state rhetoric of the initial years of the PDP is analyzed by Quintero-Rivera, "Las bases sociales...," pp. 91-96.

121) E. Pantojas, op.cit., pp. 27-32.

122) B. Pagan, op.cit., vol.II, pp. 244-260; the articles by Muñoz Marín are cited in note 37. See also, Robert W. Anderson, Gobierno y partidos políticos en Puerto Rico (Madrid: Editorial Tecnos, 1970), pp. 73-81; and S. Bhana, op.cit., chapter V.

123) Quintero-Rivera, "Las bases sociales...," pp. 88-90.

124) Ibidem, p. 102.

125) Pantojas, op.cit., and ´´Estrategias de desarrollo y contradicciones ideologicas en Puerto Rico: 1940-1978,´´ Revista de Ciencias Sociales 21:1-2 (March]June 1979), pp. 73-117.

126) Pantojas, "Estrategias de desarrollo...," p. 97.

127) Ibidem, p. 99-100; E. Gonzalez, op.cit., p. 21-22. See the comments in this regard by Teodoro Moscoso, note 62.

128) Pantojas, "Desarrollismo y lucha de clases...," pp. 15 and 29.

129) Raymond L. Scheele, ´´The Prominent Families of Puerto Rico,´´ in Julian Steward et al, The People of Puerto Rico (Chicago: University of Illinois Press, 1972), p. 446.

130) Baldrich, op.cit., p. 184.

131) U.S. Congress. House, Committe on Insular Affairs, op.cit., p. 26-27.

132) Joselo Sanchez Dergan, "La industria azucarera operada por el gobierno de Puerto Rico: Necesidad de una politica publica azucarera" (M.A. Thesis, Public Administration, University of Puerto Rico, 1975), p. 73.

133) U.S. Congress. House, Committee on Insular Affairs, op.cit., p. 27.

134) Goodsell, op.cit., p. 179.

135) Ibidem, p. 216.

136) B. Pagan, op.cit., vol.II, pp. 145-50.

137) Ibidem, pp. 269-277.

138) Baldrich, op.cit., p.192 and 244.

139) On the support given by the veterans and U.S. federal government employees to the statehood parties see, El Estado I:1 (Sept.-October 1945), p. 26-27; I:3 (Jan.-Feb. 1956),

pp. 11,27, and 29; II:7 (Nov.-Dec. 1946), pp. 5, 11, and 27; II:10 (July-Aug. 1947), p. 35; II:12 (Nov.-Dec. 1947), pp. 23-25; II:8 (Jan.-Feb. 1948), p. 5 and 24; and, III:15 (July-Aug. 1948), p. 35 and 37.

140) Baldrich, op.cit., p. 228 and 230.

141) Perloff, op.cit., p. 97.

142) Ibidem, p. 102-103.

143) Thomas C. Cochran, The Puerto Rican Businessman: A Study in Cultural Change (Philadelphia: University of Pennsylvania Press, 1959), p. 64-65.

144) On the ´´Empresas Ferré´´ see, Stu Bishop, ´´The Ferre Family,´´ NACLA´s Latin America and the Empire Report VI:6 (July-August 1972), pp. 2-19; Luis A. Ferré, ´´Dinamica de la industria del cemento en Puerto Rico,´´ El Día (Ponce), December 18, 1949, pp. 33 and 39; Pepe Ramos, Ferré: Autobiografía dialogada (San Juan: Panavox Multimedia Corp., 1976), p. 54-55; Ricardo Gonzalez Ruiz and Ricardo R. Gonzalez, eds, Puerto Rico de hoy, 1956-57 (Hato Rey, P.R.: Litografia Real Hermanos), pp. 265-67.

145) Pepe Ramos, op.cit., p. 177.

146) The debates are in B. Pagan, op.cit., vol.II, pp. 3-12.

147) ´´No se llego a un acuerdo en las Asambleas de la Alianza Portorriquena y el Partido Republicano Puro,´´ El Mundo, January 2, 1932, p. 10.

148) In Bothwell, op.cit., vol.I, pt.1, p. 500.

149) Ibidem, pp. 500-506.

150) B. Pagan, op.cit., vol.II, p. 8; El Mundo, January 2, 1939, p. 60, and January 14, 1932, p. 6.

151) "´Despues de 31 anos de predicacion el Partido Republicano no pudo lograr formar opinion estadual solida y sustancial,´ dice Tous Soto,´´ El Mundo, January 6, 1932, p. 6.

152) Ibidem, January 14, 1932, pp. 1 and 3.

153) The story of the debate is told by Francisco M. Zeno, member of the ´´Grupo de los 76,´´ in En defensa propia: ante mi partido y ante la opinión pública de mi país (San Juan: Tip. ´La Correspondecia de Puerto Rico,´ 1934). The Group´s Manifesto is in Bothwell, op.cit., vol.II, pp. 473-78.

154) Bothwell, op.cit., vol.II, p. 475. For the Group´s

accusations see, Zeno, op.cit., p.20. The rupture between the Group and the RUP leadership and its relation to the Coalition pact is discussed in Carlos R. Zapata Oliveras, "Situacion politica, economica y administrativa de Ponce durante la incumbencia de Blas Oliveras (enero 1933-enero 1937)" (M.A. Thesis, Department of History, University of Puerto Rico, 1980), pp. 87-108.

155) Bothwell, op.cit., vol.II, pp. 449-471.

156) B. Pagan, op.cit., vol.II, pp. 68-70.

157) Bothwell, op.cit., vol.II, p. 562.

158) Quoted from Teofilo Maldonado, Rafael Martinez Nadal: Su vida (San Juan: Imprenta Venezuela, 1937), p. 102.

159) Bothwell, op.cit., vol.II, p. 562.

160) Ibidem, p. 571.

161) B. Pagan, op.cit., vol.II, p. 80.

162) In Bothwell, op.cit., vol.II, p. 627-28; also, vol.III, p. 159.

163) García Méndez in Torregrosa, op.cit., p. 165.

164) In Bothwell, op.cit., vol.II, p. 625-26.

165) Martinez Nadal in Rafael Rivera Santiago, op.cit., p. 135-36.

166) Bothwell, op.cit., vol.II, p. 626-27.

167) In ibidem, vol.III, pp. 250-54.

168) In Torregrosa, op.cit., p. 218-19.

169) Ibidem, p. 133.

170) The RUP carried the bourgeois/sugar sector. Among its members were: the Garcia Mendez brothers, Miguel A. and Juan B.; the Ferre brothers, Luis A. and Jose; Maria Luisa Arcelay; Etienne Totti, Jaime Calaf, and Juan Wirshing Seralles.

171) See Silvestrini, op.cit., p. 126. Also, Prudencio Rivera Martinez, leader of the Pure Labor Party, in his defense of statehood in ''La Federación Libre y la estadidad,'' El Estado, I:1 (Sept.-Oct. 1945), p. 13.

172) In Bothwell, op.cit., vol.III, pp. 307-309.

173) ´´Unión Republicana Progresista es el nuevo nombre de UR y la Unificación,´´ El Mundo, May 1, 1944, p. 6.

174) Ibidem, p. 18.

175) In PRUP program in Bothwell, op.cit., vol.II, p. 205.

176) ´´La URP resolvió hoy ir sola a elecciones,´´ El Mundo, August 21, 1944, p. 10.

177) Ibidem.

178) See article by García Méndez in El Día (Ponce), December 18, 1949, p. 23.

179) B. Pagan, op.cit., vol.II, p. 206.

180) ´´URP ofrece libros gratis a estudiantes,´´ El Mundo, August 18, 1944, p. 5.

181) The PEP program appears in Bothwell, op.cit., vol.I, pt.1, pp. 674-81, and in El Mundo, October 31, 1948, p. 12.

182) This position is put forward by Ferre in his important 1941 article, "Justicia social, seguridad economica y libertad politica," one of the first pronouncements of his social-political philosophy; in Luis Ferré, El proposito humano (San Juan: Ediciones Nuevas de Puerto Rico, 1972), edited by Antonio Quinones Calderon, p. 21-22.

183) ´´Córdova Dávila presentó un proyecto de ley para otorgar a Puerto Rico autonomía en materia prohibicionista,´´ El Mundo, January 5, 1932, p. 1.

184) That is, when it was not to their interests. In the RUP program of 1932 they favored the entension of all federal programs ´´to protect and foment agriculture, commerce, and industry.´´ In Bothwell, op.cit., vol.I, pt.1, p. 501.

185) García Méndez in Torregrosa, op.cit., p. 137.

186) Ibidem, p. 127.

187) B. Pagán, op.cit., vol.II., p. 206-207; El Mundo, August 21, 1944, pp. 1, 5-6, and 10.

188) Ferré, El propósito humano, p. 239. Also, ´´Ferré afirma Ley 600 deja indefenso a Puerto Rico en el orden económico,´´ El Estado, IV:27 (Nov.-Dec. 1951), pp. 25-27.

189) Ferré, El propósito humano, p. 240.

190) El Mundo, May 1, 1944, p. 18.

191) From one of the leaders of the statehood movement during the period, Fernando J. Geigel, El ideal de un pueblo y los partidos politicos (San Juan: Tipogafia Cantero Fernandez, 1940), p. 26-27. In his "Por que votar por el Partido Estadista," Enrique Cordova Davila, former Resident Commissioner and outstanding annexationist, proposed that statehood is the only alternative to prevent independence, in El Mundo, November 3, 1952, p. 25. Also, from the historian and statehood ideologue, Reece B. Bothwell, ´´La Republica--Un espejismo,´´ El Estado, I:1 (Sept.-Oct. 1945), pp. 17, 19, 21, 23, and 27. Previous to that, from Socialist leader, historian, and statehooder, Bolivar Pagan, Conmemoracion del Primero de Mayo (San Juan: Imprenta Venezuela, 1938) and La personalidad de Barbosa (San Juan: np, 1941).

192) ´´Puerto Rico tiene necesidad de resolver el problema de soberania,´´ El Estado, IV:27 (Nov.-Dec. 1951), p. 23.

193) Luis A. Ferré, ´´El día de Lincoln,´´ in ibidem, 3:14 (March-April 1948), pp. 13-21, and 39.

194) U.S. Congress. House, Committee on Insular Affairs, op.cit., p. 25.

195) Wilfredo Figueroa Díaz, El movimiento estadista en Puerto Rico: Pasado, presente y futuro (Hato Rey, P.R.: Editorial Cultural, 1979), p. 39.

196) B. Pagan, Historia..., vol.II, pp. 70 and 188; W. Figueroa Díaz, op.cit., pp. 35 and 37.

197) "A Bill to Provide for the Admission of Puerto Rico Into the Union," H.R. 9247, 81st Congress, 2nd Session, July 26, 1950; reproduced in El Estado, IV:22 (Sept.-Oct. 1950), pp. 16-19, and 21.

198) W. Figueroa Diaz, op.cit., p. 38-39.

199) Emilio del Toro Cuebas, Puerto Rico: Nuevo estado de la Union (Inagural Speech of the First Pro-Statehood Congress, May 1943), (San Juan: Associacion Puertorriquena Pro-Estadidad, 1943). Reece B. Bothwell was then president of the APPE. Honorary presidents were Martin Travieso, Emilio del Toro Cuebas, Angel R. de Jesus, and Roberto H. Todd, Jr., all members of the Puerto Rican Supreme Court; also, James Beverley, former Governor, and Jorge Bird Arias.

200) W. Figueroa Diaz, op.cit., p. 43. The defensive position of statehood during this period created a kind of anxiety among its leadership. In 1944, Garcia Mendez discussed with Senator Pepper from Florida the possibility that Puerto Rico could be annexed to that state, just in case the Island was not admitted as a state. See, ´´Discute

anexion de P.R. a Florida,´´ El Mundo, May 1, 1944, p. 1.

201) W. Figueroa Diaz, op.cit., pp. 40-44; El Estado, II:10 (July-August 1947), p. 35, and III:15 (July-August 1948), p. 1

202) American Council on Public Affairs and the Puerto Rican Women´s League, Puerto Rican Problems (Wash., D.C.: American Council on Public Affairs, 1940), p. 15.

203) ´´Editorial,´´ El Estado I:1 (Sept.-October 1945), p. 1. This magazine became the most important forum for statehood until its disappearance in 1960. It became, though, and instrument of the PER in the early to mid-fifties.

204) Ramiro L. Colon, Discurso aniversario 25 de julio de 1948 (Ponce, P.R.: Imprenta Fortuno, 1948), pp. 22-24.

205) Sanchez Morales, op.cit., pp. 278, 280-81.

206) Ibidem, p. 348.

207) Ibidem, p. 324-25.

208) Martinez Nadal in Rivera Santiago, op.cit., p. 40; Garcia Mendez in Torregrosa, op.cit., p. 63.

209) Reece B. Bothwell, ´´Puerto Rico en la Federacion Americana,´´ El Estado III:18 (April-May 1949), pp.9 and 11.
The application of the "multiethnic federalism" model to the case of the United States as Bothwell does is incorrect.In multiethnic federations, as those cited by Bothwell (Switzerland, Canada, and the Soviet Union), the federal structure is designed precisely to fit ethno-national variations within the state. That is, the federal units (cantons, provinces, republics, or territories) are based on ethnic, national, cultural, linguistic, and other differences in the population. This is not the case in the United States and other federations, where the federal units respond to economic and political, and not ethno-national, criteria. On multiethnic federalism see, Ivo D. Duchacek, Comparative Federalism: The Territorial Dimension of Politics (New York: Halt, Rinehart, and Winston, 1970), chapter 9.

210) See, Reece B. Bothwell, ´´What are the Social and Political Objections to Statehood?,´´ El Estado II:8 (Jan.-Feb. 1947), pp. 31-45.

211) Ferre in El Estado III:18 (April-May 1949), p. 19; and J. Colomban Rosario, ´´Statehood: Fifty Years of Struggle: 1898-1948,´´ ibidem, III:15 (July-August 1948), p. 27.

212) B. Pagan, Historia..., vol.II, p. 215. Pedro A.

Cebollero, Dean of the University of Puerto Rico´s College of Education, expressed the same view: "Our contention is that we are already committed to statehood as the final solution to the status question... It is too late to go back on it. The choice has been made both by us and by the United States government..." In ´´Statehood for Puerto Rico, Too Late to Go Back on It,´´ El Estado, II:7 (Nov.-Dec. 1946), p. 41. Also, Ramiro Colon, Discurso, p. 3-4.

213) B. Pagan, Historia..., vol.II., p. 205.

214) Francisco Ponsa Feliu, ´´United States Citizenship: The Gateway to Statehood,´´ El Estado I:3 (Jan.-Feb. 1946), p. 29. Mr. Ponsa Feliu was a U.S. District Attorney at the time.

215) Julio L. Pietrantoni, ´´Puerto Rico´s Plead,´´ ibidem II:7 (Nov.-Dec. 1946), pp. 15 and 25. Also, ´´Editorial,´´ ibidem, III:14 (March-April 1948), p. 2.

216) Julio Pietrantoni, ´´Statehood, Our Supreme Anxiety,´´ ibidem, III:15 (July-August 1948), p. 35. Mr. Pietrantoni was director of the U.S. Custom House in Ponce at the time.

217) Ibidem, p. 37.

218) J. Colomban Rosario, op.cit., p. 33.

219) Aaron G. Ramos, ´´The Development of Annexationist Politics in Twentieth Century Puerto Rico,´´ in Adalberto López, ed., The Puerto Ricans: Their History, Culture, and Society (Cambridge, Mass.: Schenkman, 1980), p. 263.

220) Enrique Lugo Silva, ´´Roosevelt´s Contribution to Puerto Rican Self-Government,´´ El Estado IV:19 (June-July 1949), p. 15.

221) ´´Los estadistas podran votar con libertad,´´ El Mundo, August 28, 1950, p. 1.

222) Luis A. Ferré, ´´The Puerto Rican Constitution,´´ El Estado IV:22 (Sept.-Oct. 1950), p. 25.

223) El Mundo, August 22, 28, and 31, 1950, page 1, repectively.

224) ´´Piden asistan a la proxima Asamblea PEP,´´ ibidem, February 23, 1951, p. 7. Also, ibidem, February 27, 1951, p. 1.

225) ´´EL Partido Estadista selecciona 15 lideres para el Directorio; Asamblea aprobo incluir aspiracion a Estadidad en Constitucion,´´ ibidem, August 6, 1951, p. 1.

226) Robert Anderson, op.cit., p.106. The clause read as follows: "We consider as determinant factors in our life the citizenship of the United States of America and the aspiration to continually enrich our democratic heritage in the individual and collective benefits of its rights and prerogatives."

227) Ferré, El proposito humano, op.cit., pp. 243-45, emphasis included.

228) Iriarte, ´´La Ley 600 del Congreso no ha hecho a Puerto Rico libre de su dependencia Congresional,´´ El Estado IV:27 (Nov.-Dec. 1951), pp. 11 and 15.

229) Robert Anderson, op.cit., pp. 105-107; ´´Iriarte deja la Asamblea PEP; Garcia Mendez electo Presidente; Delegados disidentes acordaron organizar un nuevo partido,´´ El Mundo, June 23, 1952, p. 1.

230) The dissidents included old Republicans as Iriarte, Eduardo Ortiz Reyes, Ramiro Colon, H. Gonzalez Blanes, Eugenio Lecompte, Juan Ramon Ramos, Fernando Geigel, A. Tormos Diego, Ramon Llobet, Felipe Carro, and others. See ibidem, p. 1.

231) R. Anderson, op.cit., p. 105-106.

232) El Mundo, August, 6, 1951, p. 16.

233) R. Anderson, op.cit., p. 106.

234) ´´Manifiesto del Partido Boricua,´´ El Mundo, August 1, 1952, p. 5.

235) ´´Aclaran PEP siempre tuvo nombre de ´Republicano´,´´ ibidem, July 29, 1953, p. 4; ´´El PEP anade ´Republicano´ a su nombre,´´ ibidem, July 28, 1953, p. 1.

236) A. Ramos, op.cit., p. 263.

237) R. Anderson, op.cit., pp. 107-109.

238) A. Ramos, op.cit., p. 263-64.

THE DEVELOPMENT OF THE STATEHOOD MOVEMENT IN PUERTO RICO

by

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CHAPTER V

THE PUERTO RICAN STATEHOOD MOVEMENT IN TRANSITION, 1952 TO 1968

The period between the formation of the Partido Estadista Puertorriqueño in 1952 and the electoral triumph of the New Progressive Party in 1968 was a transitional period for the statehood movement in Puerto Rico. The reactionary PER was supplanted by the more progressive and widely supported NPP. The Commonwealth's early industrialization program failed to achieve a stable economic growth or to maintain the standard of living of the lower strata of the population; furthermore, the Commonwealth's increasing integration to the United States weakened its capacity to manage internal affairs. The expansion of industrial capitalism in Puerto Rico provided the conditions for the consolidation of a local industrial bourgeoisie and stimulated the growth of the middle classes and of a poor-marginal stratum; these social sectors gave their support to the statehood party.

This process was accompanied by changes within the statehood movement. During the transition period, several social sectors within the PER challenged the leadership and program of the sugar bourgeoisie, as represented by García Méndez. In 1967, sectors of the industrial bourgeoisie and middle classes left the PER; this laid the basis for the

organization of the New Progressive Party. The NPP, under the leadership of Luis Ferré, articulated a new statehood program as part of the historical project of the industrial bourgeoise. The electoral victory of the NPP in 1968, the first defeat of the PDP in nearly three decades, represents the beginning of a new period in Puerto Rican politics and a new stage in the development of the statehood movement in Puerto Rico.

Part I of this chapter deals with the rise and demise of the Commonwealth from 1952 to 1968. It will be argued that the economic and political deterioration of the Commonwealth created the conditions for the emergence of the contemporary statehood movement as represented by the NPP, and caused the decline of the Popular Democratic Party. The PDP's early industrialization program failed to alleviate unemployment or to maintain a stable rate of economic growth. The increasing integration of the Commonwealth to the American state further undermined the Commonwealth and accentuated the presence of the federal government in Puerto Rico.

Part II deals with social and political conflict in Puerto Rico during this period. It will be argued that the expansion of industrial capitalism on the island--with the consolidation of an industrial bourgeoisie, the demise of the sugar bourgeoisie, and the growth of middle classes and a poor-marginal stratum--provided the social basis for the contemporary statehood movement as represented by the NPP.

The transitional period is characterized by the demise of the sugar bourgeoisie within the statehood movement and the rise to leadership of the industrial bourgeoisie. Industrialization eclipsed the agrarian economy and undermined the PDP´s major base of support, the countryside. This, along with internal conflicts in the party regarding the nature and direction of the Commonwealth and the social program of the PDP, caused the first major crisis of the party.

Part III deals with the statehood movement from 1952 to 1968. It will be argued here that the industrial bourgeoisie´s rise to leadership of the statehood movement opened a new stage in the evolution of the movement. The new program of statehood was framed within a wider historical project, articulated by Ferré; this program sought to stabilize capitalism in Puerto Rico through the amelioration of class tensions by means of social and economic reforms. Statehood would provide political stability through the security provided by the American state. Other factors that influenced the statehood program during this period were the integration of non-contiguous territories (Hawaii and Alaska) to the American federation, the expansion of the welfare state in the United States, and Congress´ acceptance of statehood for Puerto Rico. Middle- and working-class opposition to the reactionary program of the sugar bourgeoisie led to the rupture of the alliance between the sugar and industrial bourgeoisie and to the formation of the NPP.

PART I: STATE AND ECONOMY

During the 1940's there were a series of reforms of the colonial state apparatus, both functional (social control, relief) and structural (the reorganization of the different government intitutions) which facilitated the formation of the Commonwealth in 1952. The Commonwealth reformed the state structure in two senses. In the first place, it legitimized the power of both the United States and the local dominant sectors. In the second place, it established the political-juridical framework for the promotion of an economic policy that aimed at the industrial development of the island through the attraction of American industrial capital to Puerto Rico. This section will deal with both of these issues as they relate to the period under study. The central point to be made is that by the mid-1960's the Commonwealth was already showing signs of weakening, both politically and economically, and so statehood reemerged a viable alternative.

The Weakening of the Commonwealth

The Commonwealth fulfilled a double function of legitimation for the United States. Internationally, the United States used the Commonwealth to deflect accusations that it was a colonialist power. In 1953, a year after the

Commonwealth was approved, the United States obtained from the General Assembly of the United Nations a declaration stating that Puerto Rico had exercised its "right to self-determination"; this removed the island from the list of colonial territories and freed the U.S. from submitting annual reports on the island's internal affairs. The case of Puerto Rico returned to the U.N. during the 1960's, as an issue for debate by the Decolonization Committee. The United States maintained that Puerto Rico's status is an "internal affair" in which the U.N. has no role, having accepted the island's ''self-determination'' in 1952.[1]

The Commonwealth also legitimized the colonial relation between the United States and Puerto Rico. On the one hand, the Commonwealth entailed a degree of consent by the Puerto Rican population to the colonial situation ("colony by consent," as the annexationists called it); on the other hand, it provided a basis of consent for the state in Puerto Rico, i.e., for the American state as well as for the colonial state apparatus, and for the economic and ideological spheres that accompanied it.[2] ''Self-government'' meant that the United States no longer had to carry out the conflicting task of administering the island, a task that was now in the hands of Puerto Ricans. The Commonwealth also draped the government of the island in more democratic institutions: election of the Executive, local appointment of the Supreme Court, power over local affairs, etc.

However, the Commonwealth did not change the political relationship between the United States and Puerto Rico. The Federal Relations Act, which provided the framework for the Commonwealth, in no way modified the Foraker and Jones Acts. The locus of power remained within the American state. The U.S. Congress retained the power to legislate over issues that affected the island, as well as the power to annul legislation approved by the Puerto Rican Legislature. Areas like defense, communications, transportation, currency, banking, immigration, mail, international representation, treaties, environment, international trade, wages, and others remained under the authority of the federal government. Although the Commonwealth was juridically created as a "compact" between the United States and Puerto Rico, the island never achieved its own sovereignty. The only real change was the concession of "self-government"; though in practice this meant limited autonomy in local affairs for those who controlled the colonial state apparatus.[3] The Commonwealth did nothing else but reform the colonial state apparatus, leaving intact the hegemony of the American state. The colonial state apparatus assumed the contours of a quasi-state of the federation--part of the process of "regionalization".

The Commonwealth also fulfilled a function of legitimation for the leading sectors of the Popular Democratic Party (PDP). The PDP emerged as a populist movement comprising wide sectors of the population under the

leadership of the middle sectors. The initial program of the PDP was anti-colonialist and pro-independence; it promoted an economic development model based on "import substitution," in which the state took the lead in the industrialization program through its direct participation in production. That industrialization program was supplanted by another in which foreign capital was seen as the instrument of industrialization, and the role of the state was to create an environment attractive to foreign capital. Independence gave way to autonomy as the political form best suited to that economic program and to political circumstances (viz., the unwillingness of the United States to grant independence). The leading sectors of the PDP became the intermediaries of American capital, a task they performed through their control of the state apparatus. Thus, the self-government provided by the Commonwealth gave the leading sectors of the PDP the necessary political space to carry out their new economic program, as well as to reproduce the basis for their own social development. At the same time, the Commonwealth legitimized the PDP.

By the mid-1950's the PDP began to promote two policies that were necessary for the reproduction of the Commonwealth. First, the PDP sought to extend the autonomy atained under the Commonwealth, which was necessary to maintain the reproduction of the state apparatus itself. Second, the PDP actively sought the "culmination" of Commonwealth status, i.e., the consolidation of the

Commonwealth as a final political status for Puerto Rico. When the Commonwealth was initially debated, it was proposed as a "transitory" form between statehood and independence. This notion was restated by the PDP leadership when the Commonwealth Constitution was approved. But by the early 1960´s this notion was discarded by the PDP. Only Commonwealth status could guarantee the leading sectors of the PDP control of the state apparatus.

The PDP´s attempts to achieve a greater autonomy for the Commonwealth and to make it a permanent status failed. The first attempt came with the Fernos-Murray Bill submitted to Congress in 1959. The bill sought five main changes to the Federal Relations Act: to allow the Puerto Rican government to collect excise taxes on all exports to the United States; the participation of the Commonwealth in commercial treaties; the delegation of certain functions of the federal government to the Commonwealth government; the review of the decisions of the Puerto Rican Supreme Court by the U.S. Supreme Court; and the elimination of the borrowing limit.[4] The bill was opposed by Congress, the Executive and Armed Forces; consequently it was withdrawn. The bill was opposed because it demanded reforms and ´´a freezing of Puerto Rico´s current status, and it appears to be designed to foreclose any future consideration of the status question,´´ which was unacceptable to U.S. decision-makers.[5]

The second attempt to reform the Commonwealth came with the plebiscite process of 1967. This was not only a

failure for the PDP but it also provided the conditions for the rise of the contemporary statehood movement under the leadership of Luis Ferré. In 1962 the PDP submitted a bill for a plebiscite on the three status alternatives to resolve the status issue permanently. One of three alternatives was the "culminated" Commonwealth, including: recognition of the sovereignty of Puerto Rico and its power to "pact" in juridical equality with the United States; "assurance of the permanence and irrevocability of the union between the United States and Puerto Rico"; definition of the powers of both the United States and Puerto Rico; participation of Puerto Ricans in the government of the United States (e.g., the presidential vote); and the possibility that Puerto Rico could pay federal taxes.[6] The PDP´s contradictory program, which on the one hand demanded more powers and permanence for the Commonwealth, while, on the other hand, demanding more political integration to the United States, was the result of a struggle within the party between the "autonomists" and the "assimilationists". The plebiscite bill was rejected by Congress, which instead formed a Commission of American and Puerto Rican members to study the status issue of the island. The Commission held public hearings on the matter and submitted a report to Congress, which among other things proposed a plebiscite on the three political alternatives.

The plebiscite and the debates around it weakened both the PDP and the Commonwealth. First of all, the three alter-

natives were given political recognition, undermining the argument for the permanence of the Commonwealth. The Status Commission Report concluded that ''all three forms of political status--the Commonwealth, Statehood, and Independence--are valid and confer upon the people of Puerto Rico equal dignity wih equality of status and of national citizenship.''[7] Second, the proposal for a "culminated" Commonwealth was emasculated as a result of the brutal opposition by the U.S. Congress.[8] The demand for sovereignty, for power sharing, for participation in the federal government and even for paying federal taxes, were rejected. The Commonwealth proposal finally submitted to the plebiscite included: the reaffirmation of the Commonwealth as "an autonomous community in permanent association" with the United States; U.S. citizenship as the "primordial and indispensable basis of permanent union" between the United States and Puerto Rico; "the authorization to develop the Commonwealth to the maximum self-government compatible with the common defense, common market, common currency and the indissoluble tie of citizenship of the United States"; and that any changes in the relations between the United States and Puerto Rico should be approved by the people of Puerto Rico.[9]

The plebiscite dealt a blow to the PDP and to the Commonwealth. On the one hand, the independence organizations and the leadership of the Republican Statehood Party (Partido Estadista Republicano-PER) called for a boycott of

the plebiscite; 34 percent of the voters supported the boycott. Although the Commonwealth alternative received 60 percent of the votes, this represented only 40 percent of the registered voters. The electoral abstention was the highest in three decades and the voting for the PDP/Commonwealth was the lowest since 1952. On the other hand, the plebiscite strengthened the political position of Luis Ferré and his group of statehooders who broke with the PER and defended the statehood alternative in the plebiscite. Though they obtained 14,000 votes less than the PER in 1964, they obtained 39 percent of the plebiscite votes, most of them in the important urban centers of the country. The plebiscite results gave Ferre´s group legitimacy among statehood supporters, thus setting the basis for the creation of the New Progressive Party in 1968.

By 1968 the Commonwealth had lost autonomy from the American government and legitimacy among the population. Both opposition movements questioned the legitimacy of the Commonwealth and attacked its colonial character. Furthermore, both the statehood and independence movements began to show political and electoral strength. The PER increased its electoral showings from 13 percent in 1952 to 34.5 percent in 1964 and nearly 40 percent in the plebiscite. In 1968, for the first time since the Commonwealth was created, a statehood party won the elections. Furthermore, the so-called "new struggle for independence" was gaining strength and was becoming "radicalized". The Commonwealth´s

legitimacy was questioned not only at the political level; the economic development program on which the Commonwealth depended was showing signs of exhaustion.

Commonwealth and Industrialization

The creation of the Commonwealth in 1952 laid the political-juridical basis for the new economic policy of the PDP: the industrialization of the economy through the attraction of American industrial capital to Puerto Rico. The failure of industrialization by the state, and the post-war expansion of American capital to foreign markets, created the conditions for the new economic policy. The function of the restructured state apparatus was to provide the necessary incentives to attract American industrial capital and to secure its permanence on the island by guaranteeing high rates of return. "Autonomy" provided the means to carry out this economic policy. The fiscal autonomy of the Commonwealth provided it with the power to exempt U.S. capital from both federal and local taxes. It also enabled the Commonwealth to subsidize capital. Wages could also be kept lower than in the United States, a crucial incentive to attract American capital.[10] Finally, the Commonwealth's autonomy in "association" with the United States assured the permanence of Puerto Rico within the American sphere, thereby guaranting the political stability needed for sound investment.

Industrialization was a crucial part of the PDP project. Since the state apparatus could not carry it out, the task was assigned to American capital, and the results were excellent. By 1965, industrial plants promoted by the Economic Development Agency (EDA-Compañía de Fomento Económico), the agency in charge of the Commonwealth's economic policy, reached 1,078; of these, 73.1 percent were foreign-owned with 65.7 percent American-owned.[11] The importance of this economic development program, and of American capital, in the industrialization of the island's economy is enormous. In 1950, EDA-promoted plants provided only 3.4 percent of all manufacturing income of Puerto Rico; by 1960 these represented 53.6 percent, and by 1968 this had increased to 79 percent.[12] In short, industrialization rested on the attraction of American capital to the island. By 1965, 70 percent of all employment in manufacturing came from EDA-promoted plants; of this, 63 percent came from foreign- and U.S.-owned EDA promoted plants, while 9.8 percent came from locally-owned EDA-promoted plants; 35 percent of all employment in manufacturing came from locally owned firms.[13] By 1967, foreign-owned manufacturing establishments represented 36.5 percent of all manufacturing establishments; they paid 70.5 percent of all wages in this sector, produced 70.6 percent of all value added by manufacture, and made 68.7 percent of all sales on the island.[14] The investment of foreign capital in Puerto Rico increased dramatically during this period. Direct foreign

investment increased from $107 million in 1950 to $2,665 million in 1969; the latter represented 46.6 percent of total passives of Puerto Rico with the outside at the time.[15]

During the 1950´s, mainly light industry was attracted to Puerto Rico by the Commonwealth´s economic policy. Concentrated in texile manufacturing, light industry was attracted to the island because of low wages, tax exemptions, and the subsidies provided by the state. Because they were labor intensive, these industries were compatible with the PDP program of reducing unemployment and raising the standard of living. During the period from 1947-59 the rate of growth of textile manufacturing was 34 percent, although it decreased to 11.2 percent over the period from 1959 to 1974 for reasons to be discussed later.[16] By 1960, textiles represented 22.4 percent of net manufacturing income. Even by 1967, when the industry was already in decline, textiles represented 20 percent of all manufacturing firms, provided 33 percent of all employment in manufacturing, and provided 18 percent of all value added by manufacturing.[17]

The program of industrialization based on the attraction of foreign/American capital to Puerto Rico utilized a number of incentives. The main incentive was the exemption from federal and local taxes. A company in the U.S. with a net profit after tax of $485,000 could earn in Puerto Rico a net profit of $1 million, that is, a gain of

106 percent.[18] Another incentive was low wages. Even though wages in Puerto Rico increased during this period, they grew at a slower rate that in the United States. By the early 1950's, the average wage in Puerto Rico was one-third the wage in the United States. The average wage per hour in manufacturing increased from $.87 in 1959 to $1.55 in 1968; but the differential with the manufacturing wage in the United States increased from $1.32 to $1.46 during the same period.[19] Other incentives to foreign capital included the granting of loans, the provision of infrastructural facilities, the training of the labor force, and the provision of services at low cost (water, electricity, transportation, etc.).

Public corporations were created to supply cheap services to foreign capital. These corporations grew at a rate of 13.7 percent during 1950-60 and 34.7 percent during 1960-70, a rate of growth greater than that of the Gross National Product. Nevertheless, the profits of these corporations remained low because of the subsidies given to EDA-promoted firms.[20] The Commonwealth's expenditures for economic development remained steady throughout the period. In 1950, $23.1 million, or 20 percent of all Commonwealth expenditures, went towards economic development; by 1968 the figure had increased to $168.5 million or 22.6 percent.[21] The economic policy of the Commonwealth has thus promoted a high rate of return to industrial capital attracted to the island. In 1968, direct foreign investments in Puerto Rico

reached $2,077 million, with profitsof $257 million, or a 12.4 percent return on investment.[22]

The economic policy of the PDP aimed at securing high returns for foreign capital and providing the social stability that this required. The environment of "labor peace" that the PDP promoted during this period was essential to its program of industrialization. This was achieved through several mechanisms. In the first place, the PDP attained control over the General Confederation of Workers (Central General de Trabajadores-CGT) and imposed upon it a "labor peace" policy, according to which industrialization was necessary for the labor movement because it created jobs and improved the standard of living of the workers. Hence, the labor movement should not interfere with the industrialization program of the government through improper actions (strikes, wage increase demands, etc.) that could turn away foreign capital. In the second place, the PDP implemented in Puerto Rico the Taft-Harley Law, which regulated the internal affairs of the trade-unions, weakening the most radical of them. The PDP also promoted the penetration of American trade-unions to the island and even facilitated their organization in industries brought by EDA; these trade-unions were characterized by their conciliatory agreements with the firms regarding wages, working conditions, etc.[23]

Perhaps its most controversial policy in support of industrialization was the PDP´s promotion of migration to

the United States. The transformations of Puerto Rican society during the 1940´s and early 1950´s created a surplus population; this resulted from the collapse of agriculture, particularly the sugar industry, and the incapacity of the emerging industrial economy to absorb the surplus work force. These unemployed workers were attracted to the United States after the war because of the need for unskilled labor in the northeast of the country.[24] The Commonwealth government promoted migration to the United States with the sole purpose of reducing this surplus population and thereby reducing the social tensions produced by unemployment, lack of services, low standard of living, etc. This policy was in harmony the PDP´s social program of reducing unemployment and increasing the standard of living. Migration to the United States became an "escape valve" both for individuals and for the state.[25] It has been estimated that between 1950-1959 there was a net migration of 430,000 Puerto Ricans to the United States; from 1960 to 1969 there was a net migration of 253,000 persons.[26]

Although the PDP-sponsored industrialization program during the 1950´s achieved some remarkable successes, by the mid-1960´s the investment and employment levels were beginning to fall. A new policy emphasizing the attraction of capital intensive-industries was implemented by EDA; but that policy did not solve the economic problems of the Commonwealth.

The Attraction of Capital Intensive Industries

The industrialization program did bring some positive changes. The Gross National Product rose from $755 million in 1950 to $3,684 million in 1968. Income per capita increased from $342 to $1,390 (in constant dollars) during the same period. Infant mortality decreased from 65 per thousand births in 1950 to 28.1 per thousand in 1968, while life expectancy rose from 61 to 71 years in the same period. By 1968, the total enrollment in schools reached 33 percent of the population and the rate of literacy reached 87 percent (from 75 percent in 1950).[27]

But other figures give a different view of the results of industrialization. The industrialization program was facing structural problems that it could not solve, principally unemployment. When the program started, the unemployment rate was 13 percent; it remained at the same level through the 1960's.[28] In 1969, 60.7 percent of all families received less than $4,000 per year in income.[29] On the other hand, the public debt rose rapidly; in 1950 it reached 16 percent of the G.N.P., increasing to 33 percent by 1960. The largest share of the public debt was from the public corporations. It rose from 62 percent of the public debt in 1950 to 71 percent in 1960; in absolute terms, it rose from $119 million in 1950 to $910 million in 1960.[30] The PDP's economic development program, based on industrialization through the attraction and subsidizing of

foreign/American capital, was already showing its contradictions.

By the mid 1960's, the model of economic development based on light industry collapsed. The rate of growth of light industry declined drastically after 1960, as did its rate of profit.[31] There were several reasons for this. Light industry capital in the United States attacked the competitive advantages of its counterpart in Puerto Rico resulting from the free entrance of Puerto Rican goods to the American market and the low wages and subsidies received on the island. Also, American unions accused these industries of creating unemployment on the mainland. By the early 1960's, in response to these pressures, Congress raised the minimum wage in Puerto Rico; even though this was still lower than the minimum wage in the United States, it raised wage levels for light industry.[32] Along with this, trade treaties between the U.S. and Europe facilitated the entrance of European textiles to the American market, curtailing textile production on the island. By this date also, tax exemptions began to expire, and many firms moved elsewhere.

The government of Puerto Rico reacted to this situation by emphasizing heavy industry as the centerpiece of its industrialization program. Although heavy industry had come to Puerto Rico during the 1950's, it was not until the mid-sixties that it gained economic importance. Of particular importance was the petrochemical industry. Between 1947-59 it had a yearly rate of growth of 9.8

percent; but between 1959-1974 this reached 27.2 percent.[33] By 1969, the investments in 102 petrochemical reached $450 million; by 1967, the sector's shipments to the U.S. had already reached $107.7 million.[34] The reason for the industry's interest in Puerto Rico is obvious: by 1969, petrochemical production "shows one of the highest profit ratios of all industries operating in Puerto Rico." Its rate of return was seven times higher than in the United States. "In relation to average equity, profits are more than two and a half times higher than in the United States after taxes." The main reasons for this were, of course, the government subsidies and lower wages. For example, the petrochemical wage differential between Puerto Rico and the United States was $1.34 in 1969. By 1970, petrochemical production amounted to 27 percent of the net manufacturing income.[35]

By the mid-1960's the EDA began to emphasize economic diversification and the creation of more and better jobs primarily in heavy industry.[36] Heavy industry, according to the new EDA administrators, would provide better wages and dramatically increase employment by stimulating secondary industries. To attract heavy industry, the tax exemption law was revised in 1964. It extended the tax exemption period for businesses locating in areas of low "industrial growth," i.e., of high unemployment. They hoped to reverse the concentration of industry in urban centers, particularly in the metropolitan area of San Juan.[37] Heavy industry, with

its huge investment, benefitted the most from the longer tax exemption. A 1969 EDA report, "Planning for a Changing Industrial Structure in Puerto Rico," presented heavy industry as its number one priority: "heavy industry projects may be expected to become the main fulcrum of Puerto Rican economic development, directly or indirectly accounting for more than half the total net new jobs required by [1980].''[38] This policy also made clear the philosophy behind EDA's economic program: to guide Puerto Rico's economic policy on the basis of economic changes occurring in the United States and thus to take advantage of the "economic relation" between the U.S. and Puerto Rico:

> The extraordinary outlook for growth of the leading industries [petrochemical, chemical, aluminum refining, and copper smelting] in Puerto Rico derives fundamentally from the new technology and the development of markets in the United States associated with rising income and the change in structure of demand there... It is this growth in production and demand which underlies the perspectives for Puerto Rico's leading industries.(39)

The new form of economic integration dictated the economic policy to be pursued under the Commonwealth. The consequences of this economic policy were evident by the mid-1960's:

> What Commonwealth did was to reaffirm and consolidate within a framework of apparent increased autonomy, an obliteration of economic boundaries without the effective institutionalized provision for the minimal defense of local interests that federated states or independent nations are sometimes able to articulate.(40)

The Commonwealth's industrialization program had to be reformed to reverse the economic stagnation and social

problems caused by the initial policy. The new program emphasized heavy industry and the increasing integration of the Commonwealth to the United States as the means to achieve economic growth.

Commonwealth Integration to the United States

Some Puerto Rican social scientists look southward, to Latin America, to understand economic and political developments in Puerto Rico, particularly after 1940. While there are some similarities to Latin American economic development, a better understanding is gained by looking northward: to the process of economic and political integration of Puerto Rico to the United States. The process of economic integration has been accompanied, particularly since the creation of the Commonwealth, by a process of political integration. Under the Commonwealth, the state apparatus in Puerto Rico has been integrated to the United States, not merely as a continuation of a specific colonial subordination but as an integral part of its own functioning. Indeed, it is difficult to distinguish the frontiers between the Commonwealth and the federal state. This process of political integration became more pronounced in the 1970's.

Both in Puerto Rico and elsewhere in Latin America, the state played an active role in atracting American capital to facilitate economic development; because of this similarity, the dependency model has been applied to both.

But the comparison is inadequate.[41] The economic policy pursued under the Commonwealth, and its political consequences, did not parallel the Latin American experience but the experience of U.S. states.[42] Ross, in his history of Puerto Rico´s industrialization program, described how Teodoro Moscoso, then head of EDA, conceived the new economic policy:

> ... he had seen the advertisements which some of the southern states were beginning to run in magazines and newspapers offering incentives to industrial firms to locate plants within their territory. During the summer of 1945 he made inquiries, and in response to one of these an Assistant Vice President of the Federal Reserve Bank in Atlanta advised him to investigate particularly the "BAWI Plan" of the state of Mississippi... This became, in Moscoso´s mind, the model for what he wanted to do in Puerto Rico.

According to Ross, the bourgeois administrators of EDA had to be convinced of this "state interventionist" program for economic development:

> ...[EDA´s] Board of Directors was more favorably inclined to a project which was presented as ´the way they do it on the mainland´ than one which was offered as a home-grown product. This latter point was of some importance... This board was by no means a rubber stamp or a front for Moscoso. It was definitely a restraining influence. Its personnel had been selected to lend an aura of conservatism and respectability to an organization which might otherwise have suffered the ill effects of a reputation for radicalism and socialist tendencies. Actually, the bankers and businessmen who served as board members... did much to impose the substance of conservatism.(43)

Thus, the economic program implemented by EDA after the 1950´s was fashioned after that of the southern states of the U.S.; and it had the approval of at least a sector of the Puerto Rican bourgeoisie.

Perhaps the most important element in the process of political integration is the preponderant role played by federal funds. The crucial role that federal funds played in the maintenance of social stability in the 1930's and in the economy during the 1940's was discussed in the previous chapter; they also played an important role in the initial economic policy of the PDP. But the importance of federal funds transcends the war and post-war period: they were crucial in the creation and development of the Commonwealth itself. In a very important study on capital formation in Puerto Rico during 1950-60, Lyman D. Bothwell discussed the importance of federal funds in the economic development of the island. According to Bothwell, the total amount of federal funds during that period reached $2,332 million; this was 215.9 percent of net capital inflow ($1,075 million) and 91.8 percent of the total investment ($2,541 million) for the period. Federal funds amounted to $62.5 per capita in 1950, $101.3 in 1955, and $105.1 in 1960, representing 22.4, 23.5, and 17.9 percent of per capita income in 1950, 1955, and 1960, repectively.[44] The total amount of grants, aids, and personal transfers ($1,317 million) was larger than the total net inflow of capital ($1,075 million) and represented 86.7 percent of all domestic savings and 51.8 percent of the total investment in Puerto Rico during the period. These transfer payments were equivalent to 12.1 percent of the Gross Commonwealth Product in 1950, and 9.5 percent in 1960; 14.8 percent of the Net

National Income in 1950, and 11.5 percent in 1960; and they represented 82 percent of the Gross Domestic Investment in 1950, and 40.1 percent in 1960.[45] Bothwell concluded:

> ...it appears evident that this subsidization through grants and aids has been on a massive scale, and that it has been a large source of funds to Puerto Rico;... it can be said with confidence that they have played a considerable part in the impressive development of Puerto Rico by releasing funds (that Puerto Rico would have had to use for the purpose for which the aid was given) for use in creating social overhead capital and for governmental inducements to private investments in Puerto Rico.(46)

Thus, federal funds were an important source of income and investment and facilitated the Commonwealth´s economic development.

Federal funds also played an important role in the reproduction of the Commonwealth state structure. The total amount of funds--in transfer payments to individuals, operating expenditures of federal agencies in Puerto Rico, and federal grants to the Commonwealth--increased from $61.3 million in 1950 to $235.2 million in 1960; by 1969 these reached $592.7 million. For those same years, the appropiations of the Commonwealth General Fund were $97, $227, and $628 million, respectively.[47] In 1951, federal grants to the Commonwealth were 9.3 percent of Commonwealth government expenditures; by 1967 this figure reached 29 percent.[48] By 1970, federal transfer income represented 7 percent of Puerto Rican personal income and federal funds represented 31.7 percent of all the Commonwealth´s recurrent receipts. Since 1965 (except 1970) Puerto Rico has had the highest

ratio of transfer payments to total personal income of all states in the United States.[49] In the areas of Education, Health, and Public Welfare federal funds accounted for 25.7 percent of all funds in 1969; they represented 15 percent of all funds in Education, 33.4 percent in Health, and 24 percent in Public Welfare. In 1969, an additional $84.8 million was disbursed by the federal government for the food program, the Department of Labor, public housing, and the Office of Economic Opportunities.[50] Transfer payments to individuals, from both the federal and Commonwealth governments, comprised 12 percent of the personal income of Puerto Ricans in 1950 and 1960; by 1970 this figure increased to 15.2 percent. Already by this 1970, the federal payments represented 49 percent of total transfer payments (this figure reached 71 percent in 1978).[51] The Commonwealth´s so-called "dependence" on federal funds is not a recent phenomenon; it is part and parcel of the development of the state apparatus in Puerto Rico.

This process of political integration is not limited to fiscal "dependency" or to the loss of "autonomy"; it also relates to the internal workings of the state apparatus in Puerto Rico. The increase of federal funds has further strengthened the local Executive vis-a-viz the Legislature, since it is the Executive which administers these funds. Furthermore, with federal funds the Executive can sustain an immense system of patronage, extremely useful to cement political loyalties: ´´Armed with hundreds of millions of

dollars in federal aid, the Governor through his agencies is the ´doer,´ the one to whom the people instinctively turn for the solution of their problems, the one to whom their gratitude is addressed for public service.´´[52] Also, the flow of federal funds has led to some governmental decentralization by reviving the moribund municipal structures. Throughout the century, but particularly under the Commonwealth, the municipalities had experienced a decline in autonomy from the central government. The flow of federal funds going directly to the municipalities has reversed this trend. The extension of municipal power that had been considered by the Legislature ´´is already being implemented in the municipalities to a greater or lesser degree, as a consequence of the federal legislation´´ attached to the federal funds.[53]

The main consequence of this process has been a greater federal presence in the administration of the island. Contradictorily, the local Executive and the municipalities grew more powerful while the Commonwealth further subordinated to the federal government. The local Executive became, in the words of one observeer, a "Commonwealth mediator" to obtain more federal funds.[54] Both the Executive and the municipalities lack the power to establish guidelines for the use of federal funds. ´´Thus, the way in which the Commonwealth carries out its local programs will be in many cases determined by the federal government... a tremendous influence on local governmental

practices and policies is exerted through federal grant conditions and requirements.''[55] Federal policy undermines the Commonwealth through the creation of parallel structures of administration, particularly at the municipal level.[56] In this manner, the federal government undermines one of the few areas of ''autonomy'' left to the Commonwealth.[57] According to Teresita Picó, Puerto Rico's social services, education, and health policies have been determined by federal legislation since the thirties. She concluded that a great deal of ''the social service efforts on the Island emerge from federal legislation.''[58] The ever increasing flow of federal funds to Puerto Rico creates "ties of loyalties" to the American state, both from the employees of federal programs and from those receiving federal services.[59]

This process of state integration needs to be understood against the background of the transformation of the American federal structures and economy in the post-war period. Within the American state there is a division of tasks: the federal government takes care of defense and public welfare and the states take care of subsidizing capital, or what O'Connor calls "social capital," i.e., the financing of economic development programs. The competition between states to attract capital causes an increase in the expenditures of the states, particularly in areas like education and health, as well as a rise in their employment rolls. The rise in state expenditures in the form of

subsidies to capital results in an increase in the public debts of the states.[60] The fiscal crises of the states along with their incapacity to provide certain services result in a greater intervention of the federal state in the states' affairs, thus enlarging the federal sphere of power at the states' expense. In Puerto Rico, because of low productivity and the subsidies and exemptions provided to American capital, the state apparatus depends increasingly on the federal transfers. The growing role of the federal government displaces the state apparatus and further trims the already limited powers of the Commonwealth.

Economic and Social Integration

Puerto Rico's socio-economic structure was radically transformed during the 1950's and 1960's. From an agricultural economy dominated by the production of sugar, the Puerto Rican economy became highly industrialized with a large tertiary sector. By the end of the sixties, the socio-economic structure of Puerto Rico was similar to that of an advanced capitalist country; but this must be understood within the process of economic integration to the United States.

Puerto Rico has been commercially integrated to the United States throughout the century; but beginning in the 1950's, this integration both intensified and took a new form. Since the early 1960's, the percentage of the domestic

gross product represented by imports and exports has been around 90 percent, the highest in the world.[61] Almost all of the island's trade is with the United States. Puerto Rico's exports increased from $235 million in 1950 to $1,449 million in 1968, while exports increased from $345 million to $1,969 million during the same period. In 1968, 89.4 percent of all exports and 80 percent of all imports were with the United States (with oil being the main non-U.S. import).[62] The changes in the composition of trade reflect the changes in the economy. In 1947, 71 percent of all exports were in agricultural goods (including sugar), but by 1960 this figure had decreased to 38 percent.[63] In 1950, 13 percent of exports were new products (i.e., coming from EDA-promoted plants); by 1964 this figure had reached 60 percent.[64] That is, exports were increasingly dominated by manufacturing goods produced by American firms for the American market. By 1970, 97 percent of "miscelaneous" manufactured products (including textiles and pharmaceutical products); 96 percent of distilled spirits and tobacco; 94 percent of petroleum related products; 82 percent of machinery and electrical equipment; and 74 percent of chemical products went to the U.S. market.[65] The composition of imports to Puerto Rico also changed. In 1948, consumer goods represented 50 percent of all imports, but by 1965 these had declined to 36 percent. That is, by this date almost two-thirds of all imports were in capital goods, raw materials, and intermediary products; the latter alone represented 49

percent of all imports.[66] Puerto Rico's position within the U.S. economy changed from being a provider of agricultural goods to a provider of manufactured goods.

Puerto Rico's new economic role is related to the change in the composition of capital on the island: the decline of American agricultural capital and the advent of American industrial capital as the dominant force in production in Puerto Rico. By 1972, 60 percent of the island's economic wealth was in the hands of foreign (mostly American) capital.[67] During the 1950's and 1960's there was an increase in U.S. investment on the island, primarily industrial and financial. Between 1947 and 1968, foreign capital investment in Puerto Rico reached $4,284 million; 40 percent of this was in direct investment or in domestic enterprises and 30 percent in government debt.[68] The profits of American capital invested in industry and the financing of production; public works; and consumption increased from 1.8 percent of GNP in 1948 to 11.2 percent in 1970.[69] By the mid-1960's the value of production exceeded disposable income in Puerto Rico. Concerning this situation, the U.S. Department of Commerce's Economic Study of Puerto Rico concluded:

> The recent widening of the gap [between the value of production and disposable income] is perhaps the clearest evidence of Puerto Rico's close and growing dependence on external sources. This is because the gap consists almost entirely of profits and interest income remitted to firms and creditors on the mainland.(70)

This situation was ameliorated by the increase in the flow

of federal funds.

The process of economic integration was accompanied by the integration of the labor markets of Puerto Rico and the United States:

> For Puerto Ricans, economic integration has been accompanied by the subordination and control of the total workforce evidenced, on the one hand, by the circulation of Puerto Rican workers within what is in effect a single labor market, and, on the other, by the reproduction on the Island of a labor force configuration increasingly similar to that in the United States.(71)

Safeguarded by U.S. citizenship, the members of Puerto Rico's surplus population can move back and forth between the U.S. labor market and the Island. This surplus population can encompass the rural workers of the 1940's or the middle class professionals of the 1980's, as always dependent on economic developments in Puerto Rico and the needs of the American labor market.

The social structure of Puerto Rico has taken the contours of an advanced capitalist society. It is characterized by the complete domination of the wage relation in the economy; the growth of an industrial working class; the expansion of intermediate sectors around the tertiary sector of the economy (commerce, finance, services, and government); the expansion of urban areas; and the decline of rural areas and of agriculture. Net income from agriculture dropped from 24 percent in 1950 to 5 percent in 1969; while net income from industry rose from 14.5 percent to 26.7 percent during the same period. The tertiary sector, already

growing by 1950, assumed greater importance in the island's economy: net income from services increased from 7 percent in 1950 to 14 percent in 1969; by the latter date, services provided 14.3 percent of the net income; finance, insurance, and real estate 11.3 percent; government 14.3 percent; and commerce 17.8 percent.[72]

Employment in agriculture declined from 36 percent in 1950 to 11.6 percent in 1960, while employment in manufacturing increased from 9.2 percent to 20 percent in the same period; government employment grew from 8 percent to 16.7 percent; and employment in commerce, finance, insurance, and real estate rose from 19.5 percent to 25 percent.[73] By 1970, 58 percent of the population lived in urban areas, 30 percent in rural nonfarm areas, and 12 percent in rural farm areas.[74] By the same date, the distribution of the labor force was as follows: 26 percent were workers in manufacture, transportation, and construction; 15 percent were artisans (mechanics, machinists, carpenters); 12 percent were office workers; 12 percent professionals and technicians; 11 percent worked in services; 7.4 percent were salesmen; 7 percent were general managers and administrators; 6 percent rural workers; and 1.4 percent were farmers and farm administrators.[75] Thus, by 1970 the social structure of Puerto Rico resembled that of an advanced capitalist country.

To sum up: by 1968, when the PDP lost its first election in 24 years, the Commonwealth was already showing

signs of economic and political deterioration. Politically, it was facing tremendous obstacles in the attempt to expand its powers over internal affairs (because of increasing federal intervention) and to gain the legitimacy as a permanent status. The increased economic and political integration of the Commonwealth to the United States undermined the demand for more powers; even within the PDP there was strong friction on this isuue, with one faction demanding "permanent union" with the United States and less autonomy. The expansion of industrial capitalism in Puerto Rico, with the concomitant changes in the island's social structure and the economic and political integration to the United States, undermined the support for the PDP and Commonwealth status, and stimulated an increase in support for statehood and for the statehood party. The nature of these developments and their consequences are the subject of Part II.

PART II: SOCIAL AND POLITICAL CONFLICT

The profound economic and social transformations of Puerto Rico after the 1950's were to redefine the nature of political conflict on the Island. The main argument in this section is that the transformation of the social structure of the island--the result of the development of an industrial capitalist economy within the framework of economic integration to the United States--provided the

basis for the emergence of a strong statehood movement which would become a major political force in Puerto Rican politics. These transformations help to explain the changes in the leadership and social basis of annexationism during this period, as well as the changes occurring within the PDP, the appearance and quick demise of new political parties, and the reemergence and radicalization of the independence movement.

The Politics of the Industrial Bourgeoisie

What is perhaps the most important phenomenon for the statehood movement during this period is the decline of agriculture and of the sugar bourgeoisie. Agriculture's share of Puerto Rico's Gross Domestic Product declined from 17.5 percent in 1950 to 3.9 percent in 1969.[76] The value of sugar production fell from $98.5 million in 1950 to $49.9 million in 1969; its share of the total value of agricultural production fell from 53 percent to 19.2 percent.[77] The following figures reflect the collapse of the sugar industry: harvested cuerdas decreased from 367,093 in 1949-50 to 178,718 in 1968-69; cane production decreased from 10.6 million tons to 5.9 million tons; sugar production fell from 1.3 million tons to 478,000 tons; and the number of sugar mills decreased from 34 to 17 during the same period.[78] The collapse of agriculture and of the sugar industry brought with it several changes in the politics of

the country. First of all, the erosion of the material basis of the sugar bourgeoisie undermined their position in the political arena, specifically within the PER; they were eclipsed by the industrial bourgeoisie. Secondly, the remnants of the sugar bourgeoisie and other agricultural sectors, particularly the coffee growers, embraced the opposition to the economic policy of the PDP. They argued that the PDP was emphasizing industrialization to the detriment of agriculture. In particular, they argued that industrialization and the growing job opportunities in government were drying up the labor force in rural areas by promoting the migration of skilled and young labor.[79] These sectors supported the PER and statehood.

Another important change in the socio-economic structure of Puerto Rico during this period was the economic consolidation of the Puerto Rican industrial bourgeoisie. This class grew economically during and after the war and rose to a dominant position within the annexationist movement. The PDP´s the industrialization program did not benefit them directly, apart from the favorable ´´industrial environment´´ that it created.[80] During the 1950´s and 1960´s, while industrialization advanced and the number of industrial firms increased, there was a decline in the number of local industries. Local capitalists were largely displaced by foreign capital. Nevertheless a group of Puerto Rican capitalists, mostly organized in corporations, did thrive during the period, as evidenced by the fact that the

value of local industrial production increased considerably.[81] This bourgeoisie can be best defined as "competitive capital": they are concentrated in labor-intensive industries like clothing, wood products and furniture, food, stone, ceramic, and glass products, metallurgy, and chemicals. Moreover, their production is for the most part limited to the local market. In 1967, 72 percent of the sales of local firms went to the local market.[82]

The bulk of the Puerto Rican industrial bourgeoisie is annexationist, supporting either the statehood parties or within the autonomist movement. During the 1940´s and 1950´s, the statehood parties had attacked the PDP as "socialistic," pro-independence, and anti-private enterprise; however, they abandoned that rhetoric in the early 1960´s.[83] Instead they opposed the PDP´s industrialization program because it discriminated against local capital, i.e., against them. And in this they were totally correct. In the early sixties, the Department of Puerto Rican Industry was created within EDA to promote local industry; nevertheless, by 1965 73 percent of all EDA-promoted firms were owned by foreign capital, mostly American.[84] Between 1961 and 1965, only 205 local firms were EDA-promoted, and the total investment for these, both public and private, reached only $38 million.[85] Local capital´s position within the economy was deteriorating. In 1950, non EDA-promoted firms accounted for 96.5 percent of the net manufacturing income; by 1960 this had fallen to 46

percent, and by 1970 it was only 18 percent.[86] In 1965, while 36 percent of total employment in manufacturing came from local industry, only 6.8 percent was from local firms promoted by EDA.[87] By the mid-1960's, industry in Puerto Rico was dominated by foreign capital.[88]

This was not the industrial bourgeoisie's only grievance against the industrialization program of the PDP. Above all, they opposed the kind of capital that the PDP was attracting to Puerto Rico: competitive capital. The latter competed with local capital and was attracted to the island by low wages and government subsidies. By 1957 the PER had incorporated this grievance against foreign competitive capital into its campaign against the PDP:

> We believe that Puerto Rican capital, which provides jobs and wages and profits that remain here, deserves at least the same treatment as American capital which creates jobs and wages but takes its profits back to the United States.
>
> We cannot believe that under any circumstances it constitutes a crime to have wealth, if you are Puerto Rican, while at the same time it is preached that we have to entertain and treat, to accommodate, and to grant exemptions and privileges, and give monopolies and low wages to any multimillionaire enterprise that comes to our beaches, whose dividends immediately leave our economy.
>
> We believe that a program of industrial development requires aid and understanding for the new industries, but it also requires aid and understanding for old industries...(89)

Luis Ferré criticized the presence of American competitive capital in Puerto Rico:

> Puerto Rican industry, commerce, and agriculture, which are the ones paying taxes, and which by doing so are providing the subsidy that the new industries receive, have only one benefit from this industrialization program. This is through the increase in their sales as

> the result of the rise in the buying power of the Puerto Rican labor force, and from the reduction in their tax share...

Ferré advocated the imposition of a minimum wage on foreign capital; this would increase workers´ purchasing power (and sales for local capital), and would also "stimulate high productivity in the worker." This minimum wage would ´´not apply to local firms, which may continue to pay reasonable wages which allow the consumption of their goods in Puerto Rico.´´[90] This is one reason why the industrial bourgeoisie within the statehood movement supported the federal minimum wage in Puerto Rico; and this also furthered the economic integration to the United States.

According to Ferré, then, local capital was subsidizing foreign capital, with which it had to compete in the local market; moreover, foreign capital did not provide the conditions for the economic delopment of local capital. Ferré advocated the minimum wage for American capital in Puerto Rico and demanded the complete elimination of government subsidies to foreign capital[91]--policies which expressed the local industrial bourgeoisie´s concern about American competitive capital. However, the New Progressive Party was unable to implement these policies while in power. The solution, ironically, arose out of the economic developments within the Commonwealth: the supplanting of competitive capital by monopoly capital; and in the industrialization program, the promotion of heavy industry over light industry. The annexationist bourgeoisie believed

these policies would provide the necessary conditions for the development of local capital and eliminate the competition of American capital.[92] Ferré expressed this belief in a speech announcing his recently-elected Administration's economic policy:

> We must bring to Puerto Rico industries suited to the economic opportunities here. Tax exemption does not of itself make an industry sound. We must attract industries that will make a profit because of unique economic conditions here... We are already seeing this type of industry coming to Puerto Rico. Alcoa, for example, is considering new investments in Puerto Rico. So is General Motors. General Electric and RCA are interested in expanding their operations in Puerto Rico. Air Products and Chemicals is planning to build a large industrial gas facility on the island. Oil refining and petrochemical concerns find a convenient half-way point for processing Venezuelan crude for the American market.(93)

What Ferré was proposing, though in a different manner and for a different reason, was what EDA had been doing for several years: the attraction of American monopoly capital (instead of competitive capital).

This economic policy had important consequences for the political status of Puerto Rico. The annexationists' strategy was clear: to attract monopoly capital to Puerto Rico and thereby assure the permanence of American capital after statehood. This issue clearly emerged during the U.S.-P.R. Commission on the Status hearing of 1965, in a discussion between Teodoro Moscoso and Congressman O'Brien on the relation between Puerto Rico's political status and American investments on the island:

> -Cong. O'Brien: It is my understanding... that General Motors, regardless of whether this [Commonwealth status] is transitory or whether it merges eventually into

> Statehood, does plan not only to stay in Puerto Rico, but to expand there.
> -Mr. Moscoso: That is right.
> -Cong. O´Brien: That is a basic industry. In other words, the point I am making here is, when and if we can afford Statehood, apparently your big corporations, with a broader view than the smaller garment industry, have a lot of faith in Puerto Rico.(94)

The public debate around the 1967 plebiscite opened the discussion of the relation between the island´s political status and the bourgeoisie´s position towards it. In the month of April 1967, the PDP organized the so-called "Businessmen for Commonwealth" to gather support for Commonwealth status among the Puerto Rican bourgeoisie. They also obtained support for Commonwealth status from several representatives of American capital on the island, particularly from the petrochemical sector.[95] This support was nothing new; during the Status Commission hearings, American petrochemical firms on the island, enjoying huge tax exemptions and subsidies, were among the strongest supporters of Commonwealth status.[96] In a speech to the Manufacturers Association of Puerto Rico, Ferré argued that statehood was the safest political alternative for American capital; that Commonwealth was a transitory form on the way to statehood; and he proposed "transition measures" to ease the coming of statehood for American capital. An indignant Ferré demanded that the Association not get involved in party politics (i.e., that they keep their class interests above their political differences) and suggested to the U.S. businessmen that they stay out of Puerto Rican politics.[97] Ferré did not

have to go that far. Weeks before the plebiscite, a political survey of the bourgeoisie in Puerto Rico (local and foreign) showed that 55.7 percent of the presidents and general managers of industrial enterprises in Puerto Rico supported statehood. The survey found that 51 percent of the presidents of EDA-promoted industries (mostly American) supported statehood; and that 62 percent of the presidents of enterprises belonging to the Association (mostly Puerto Rican) also supported statehood.[98] The businessmen in the PDP-sponsored organization likewise supported annexationism. This PDP bourgeoisie represented the conservative and pro-statehood sector within the party.[99]

Thus, the industrialization of Puerto Rico brought with it important changes in the politics of the island, particularly within the statehood movement. The development of an industrial economy and the decline of agriculture, particularly of the sugar industry, led to the demise of the sugar bourgeoisie within the statehood movement and the political ascent of the local industrial bourgeoisie. The industrial bourgeoisie continued to oppose the PDP´s industrialization program because it discriminated against local capital and attracted American competitive capital to the island to the detriment of local capital. These developments brought new groups into the statehood movement and led to the appearance of a new statehood program under the New Progressive Party.

The New Social Basis of Statehood

The middle sectors are also important for the contemporary statehood movement. The industrialization of the economy led to a rapid growth of middle sectors, particularly in the large tertiary sector (services, finance, government), who supported statehood.[100] From the upper strata of these sectors emerged a group, exemplified by Carlos Romero Barceló, who together with the industrial bourgeoisie gave the statehood movement a new image and would provide the social base for the New Progressive Party.

Another group of critical importance for statehood politics during this period consists of those linked to the federal government in Puerto Rico, especially federal employees on the island, whose numbers had grown substantially.[101] Because of their position within the American state, they supported statehood unconditionally. For example, in 1959, federal employees were perhaps the most adamant opponents of the Fernos-Murray bill, which would have transferred several functions of the federal government in Puerto Rico to the Commonwealth government; in the process they attacked the Commonwealth status and demanded statehood for the island.[102] This group was among the founders of Estadistas Unidos (United Statehooders), which advocated statehood in the 1967 plebiscite, and of the NPP in 1968.[103] Puerto Ricans in the U.S. military also supported statehood, especially officers. The highest

ranking Puerto Rican in the armed forces was an avowed annexationist and publicly supported statehood.[104] Support for statehood among veterans of the U.S. armed forces has been growing since the end of World War II. The number of veterans has increased from 83,034 before the Korean war to 121,348 in 1973. Veterans' benefits averaged $40 million per year between 1950 and 1969.[105] The principal veterans' organizations in Puerto Rico (American Legion, Veterans Association of Puerto Rico) are unequivocal supporters of statehood.[106]

The growing electoral support for statehood after 1956 largely came from the working class and marginals. The disintegration of the Socialist Party early in the fifties and the tight control that the PDP exercised over the labor movement during the decade led a large number of discontented labor leaders to lobby within the PER for the statehood ideology (higher wages, labor rights, welfare benefits).[107] The PDP's industrialization policy (characterized by low wages, structural unemployment, and marginalization) and the identification of the PDP with American capital led much of the working class to support statehood and the PER. Many workers continued to believe that only statehood could assure the Puerto Rican working class of the rights already obtained by the American working class.[108] Particularly important were the public drivers, who had been instrumental both in the radicalization of the labor movement in the forties and in the formation of the

PDP. Alienated by the PDP labor policy, public drivers began to support the PER early in the fifties.[109] Their importance for the PER is illustrated by the that the first statehood mayor to be elected in decades (in the town of San Lorenzo in 1960) was the leader of a public drivers' union.[110] Public drivers were also an important group in the formation of the NPP in 1967.[111]

The group that has received the greatest attention, at least by social scientists, for their support of statehood has been the "poor," or urban marginals. Migrating to the cities as the result of the collapse of agriculture, they have been left out of the productive process under industrialization; they populate the poor areas of the cities (public housing, "arrabales"), suffer from chronic unemployment or partial employment, receive subsistence wages, and depend on public welfare and services for their economic survival. Attracted to statehood as a means to raise their standard of living, the urban poor have increasingly supported the statehood parties since the fifties, particularly the NPP.[112] Less studied, but equally important in their support of statehood, are the rural marginals--those who were displaced from agriculture but remained in the rural areas, outside the labor force.[113] By 1968, both the urban and rural poor supported the NPP, attacted by its program of social reform and greater (federal) welfare benefits.[114]

The growing support for statehood parties and the electoral triumph of the New Progressive Party in 1968 are perhaps the most important phenomena in post-war Puerto Rican politics. The transformation of Puerto Rican society after the war produced quantitative and qualitative changes in the statehood movement and led to the decline of the political hegemony enjoyed by the PDP for almost three decades and the political decline of the Commonwealth.

The Crisis of Commonwealth Politics

The "crisis" of the PDP in the late 1960´s has been explained as the result of the "ideological transformations" of the party´s leadership, from the lack of "party institutionalization," or even from the continuation of ´´caudillismo.´´[115] However, there other more important factors in the PDP´s decline and its crisis of 1968, above all the social transformation that weakened the political basis of the PDP: the decline of the rural areas, with the consequent disappearance of the "agregados" and the peasantry, who had been important supporterss of the party; the growth of intermediate sectors alienated from the PDP; the transformation of the working class and its attraction to statehood; and the growth of the poor-marginal sectors in the cities and the countryside. It is on the basis of these changes that we can explain the so-called "leadership crisis" of the PDP that played such an important role in the PDP´s

electoral defeat in 1968. Another factor in the "crisis" was the conflict between two social sectors within the leadership of the party.

By the early 1960´s there were two distinct factions within the PDP. First, there was the extremely conservative and pro-annexationist "old guard" of the party. Within this were the Puerto Rican bourgeoisie who had established tight economic and political relations with the PDP and the Commonwealth, and who saw in "autonomy" (always in "permanent association" with the United States) the best protection for their interests.[116] But best-known sector among the "old guard" were the elite techno-bureaucrats in the government agencies and public corporations who had consolidated their social position under the PDP and the Commonwealth.

The so-called "new guard", mostly middle level techno-bureaucrats, were reformist and liberal. This sector became politically conspicuous in the early sixties when they attacked on the PDP leadership for their "caudillismo" and the lack of participation in the decision-making process by the intermediate leadership of the party; they also criticized the party´s program for being out of touch with the needs of the masses; and most important, they criticized the Commonwealth, with the increasing economic integration to the United States and the subordination to American capital and the concomitant loss of autonomy.[117]

The political crisis that divided the party in 1968

was the result of the conflict between these two sectors. Faced with the need to "institutionalize" the transfer of power in the government, Muñoz Marín promoted the candidacy of his political protegee, Roberto Sánchez Vilella, who was elected governor of Puerto Rico in 1964. In retrospect, that was not the best decision for Muñoz or for the party. Sánchez Vilella tried to make his own government policies, independently from Muñoz and the party´s "old guard." Primarily members of the "new guard" were appointed to his administration. Sánchez´ administration was characterized by the growing conflicts between the Executive and the Legislature, controlled by the "old guard," and the alienation of the governor and his supporters from the party machinery. By the end of his administration, Sánchez had clear ideological and programmatic differences with Muñoz and the "old guard." After he failed to win the party´s nomination for governor in 1968, Sánchez and his ´´new guard´´ left the party and formed the Partido del Pueblo (People´s Party). The PP represents the attempt by middle level techno-bureaucrats to present a new political program to widen the economic and political base of the Commonwealth. The PP´s program called for political reform and greater autonomy for the Commonwealth; and it criticized "caudillismo" and the lack of participation of the party membership in the affairs of the PDP.[118] The PP found electoral support among the urban middle sectors who desired a different path than that being followed by the PDP.[119] The members of the "new guard,"

which gave life to the PP, later dispersed: some retuned to the PDP as its "autonomist" faction; others joined the independence and statehood parties.

Another process of importance for Puerto Rican politics during the 1950's and 1960's is the decline and subsequent rise of the independence movement. The principal independence organization of this period was the Puerto Rican Independence Party (Partido Independentista Puertorriqueño-PIP). It was formed in 1947 by the pro-independence faction expelled from the PDP. In the 1952 elections it reached its electoral apex during this period, winning the second-largest share of votes; but its electoral support declined afterwards and the PIP became the third party after the PDP and the PER. The social base and leadership of the PIP came from the middle sectors (the professional and commercial petty-bourgeoisie); and the PIP's program, framed within a nationalist rhetoric, was aimed at these sectors.[120] By the late sixties the independence movement became more radical in response to the discontent of the middle classes with the economic and political situation of the Commonwealth. An electoral analysis of the 1968 elections showed that the majority of the PIP's support came from these urban middle sectors.[121]

The other independence organization of importance in this period was the Pro-Independence Movement (Movimiento Pro-Independencia-MPI). Created in 1959 by a dissident faction of the PIP, the MPI represented the most radical

sector of the petty bourgeoisie; its radicalism was due to the influence of students, particularly the Pro-Independence University Students Federation (Federación de Universitarios Pro-Independencia-FUPI). Both in the FUPI and in the MPI, the university students forced the movement away from nationalism and towards more radical ideologies. By 1969, the Political Declaration of the MPI showed a change in ideology towards a combination of nationalism and socialism. Throughout the decade, the MPI received national attention for its campaigns against the exploitation of Puerto Rico's copper mines and against the Vietnam War and the U.S. military draft. In 1971 the MPI became the Puerto Rican Socialist Party, with a Marxist program in favor of independence.[122]

In 1960 the Christian Action Party (Partido Acción Cristiana-PAC) was formed. The PAC was relatively unimportant; it challenged the PDP within a religious framework. The PAC was openly supported by the higher echelons of the Catholic hierarchy in Puerto Rico, who were markedly annexationist; the Church even declared that voting for the PDP was a sin. Although the PAC professed no position on the status issue, hoping to gather the support of both statehood and independence supporters, it was primarily supported by the most conservative and traditional sector of the PIP.[123] The PAC emerged as a moral critique of the social transformations occurring in Puerto Rico by the most traditional and moribund sector of the petty-

bourgeoisie. Although the PAC had no political impact, its moral critique of Puerto Rican society was reproduced by the New Progressive Party in 1968.[124]

To sum up, the collapse of agriculture, particulalry the sugar industry, and the expansion of industrial capitalism after the 1950's transformed the social structure and the character of political conflict in Puerto Rico. Most important for this study was the socio-economic and political decline of the sugar bourgeoisie and the consolidation of the local industrial bourgeoisie, a process with crucial consequences for the statehood movement during this period. The struggle between the sugar and industrial bourgeoisie for control of the PER led to a crisis in the party and prompted the formation of the New Progressive Party in 1968. The expansion of industrial capitalism in Puerto Rico led to the emergence of a new statehood constituency, primarily from the new middle sectors, segments of the working class, and the urban and rural poor. This new statehood constituency was organized around a program that moved away from the reactionary program of the PER. The statehood movement profited from the problems of the Commonwealth: from the inability of the industrialization program to reduce unemployment and maintain a stable rate of economic growth; and from the political difficulties in gaining more power or a permanent status. The rift in the PDP in 1968, resulting from the dispute between two sectors regarding the economic and political status of the

Commonwealth, provided the conditions for the electoral victory of the NPP in 1968. But, contrary to the opinion of many political analysts at the time, the NPP was no passing fad, no transient political movement. As shall be discussed in the next section, the NPP under the leadership of Luis Ferré, represented a new historical project for statehood; it represented a rupture with the statehood program of the PER and the emergence of a new period in the evolution of the statehood movement in Puerto Rico.

PART III: THE STATEHOOD MOVEMENT IN TRANSITION, 1952 TO 1968

The period from 1952, with the creation of the Commonwealth and the formation of the PER under García Méndez and Ferré, until 1968, with the electoral victory of the New Progressive Party under Ferré, was one of transition for the statehood movement. From a conservative movement under the leadership of the declining sugar bourgeoisie, the statehood movement turned into a more popular and progressive movement headed by rising social classes, the industrial bourgeoisie and the new middle sectors. Statehood as a program became a viable alternative. The New Progressive Party emerged as the manifestation of the new historical project of statehood with a renewed program that gained widespread support. The NPP´s electoral victory in 1968 was both a rough indicator of the increasing support for

statehood and represented the first great critique Puerto Rican society under the Commonwealth.

Ferré and the New Statehood Project

The first statehood project, the Republican project, was elaborated at the beginning of the century by the Republican petty-bourgeoisie as represented by Barbosa. It was a radical project that aimed at the total transformation of Puerto Rican society: to turn Puerto Rico into a capitalist society within the federation of the United States and its political system. It was, in a sense, an utopian conception, a view of the future. The crisis of Republicanism put an end to this statehood project. It turned statehood into a reactionary program, trying to protect the social and economic structures of a past world. A new statehood project was introduced by the Puerto Rican industrial bourgeoisie in the forties, represented in the figure of Luis Ferré. The new project was not radical, as the Republican project had been, but reformist: it did not aim at the total transformation of society but at the continuation of capitalist society with reforms. The new statehood program was elaborated not by the petty-bourgeoisie, but by the bourgeoisie. In the history of Puerto Rican annexationism there have been only these two historical projects for statehood, represented by the figures of Barbosa and Ferré. In both instances statehood

was understood as part of a wider historical project, not an end in itself.

Why Ferré and not García Méndez? Or Carlos Romero Barceló? In the first place, Ferré is characterized by great individual capability. Of great intellect, Ferré is undoubtedly the most outstanding statehood thinker of the contemporary period. Ferré is no common bourgeois, which leads us to a second element. Ferré was a member of a rising social class whose most viable alternative was to support statehood. If in the post-war period it was up to the industrial bourgeoisie to elaborate a new statehood project, it is Ferré who expressed it concretely. Ferré is conscious of his historical role as an individual and as a member of a social class that is influenced by particular social forces:

> I am not anything other than the product of the environment developed in Puerto Rico over the last fifty years under the protection of American political institutions and the new social attitudes derived from them...(125)

The New Progressive Party was Ferré´s creation. To understand its importance and Ferré´s centrality to the contemporary statehood movement, we have to understand his socio-political philosophy, the centerpiece of the new statehood project.

Capitalism and Social Justice

Ferré´s philosophy needs to be understood, first of all, in terms of his class position. As a capitalist, his

main concern is capitalism. Ferré has elaborated a social philosophy where both capitalism and his social position acquire a particular meaning. For Ferré, capitalism is a means and not an end, it is a mechanism at the service of society and not a social system. Capitalism is the means to maintain liberty and increase production in society:

> Capitalism is not a system. That is the error. It is nothing else than one of the resources of the society in which we live that guarantees liberty and progress... I am a capitalist because capitalism is a good vehicle to be free. Capitalism levels the absolute power of the government and eliminates a great part of bureaucracy. Bureaucracy can be a monster. We know that capitalism is imperfect but we have to learn to live with its imperfections and try to improve it.(126)

Thus, capitalism is the only means to maintain individual liberty, albeit imperfect. Furthermore, capitalism imposes a social function on the capitalist, a kind of "capitalist´s burden." And it is here that Ferre{DISH}´ departs from the Puerto Rican bourgeoisie who preceded him.

Within his social philosophy, Ferré´s principal interest is the relation between capital and labor. His earliest writings deal extensively with this issue, and they show his social and political inclinations. In a speech delivered at the inaguration of a welfare program for his workers at the Puerto Rico Iron Works in 1929, Ferré expressed his views on the need for regulation in capital-labor relations:

> The new industrial attitude, which is responsible for the enormous economic progress in the United States,... does not consider the employee as a peon who can be mistreated, but as a conscious and integral part of its organization, whose health and state of mind determines his productive capacity. In this new order of things, the employee, as well as capital, has the right to enjoy

his share of the profits.

After enumerating a series of welfare measures in employment, health, and old age that capital should provide labor with, Ferré concluded:

> And the employee, assured that he should not fear any misfortune, can devote more interest to his work and will cooperate with enthusiasm for the development of the industry in which he works, for he is defending his own interests.(127)

The greater the workers´ sense of security, the greater their productivity.

Ferré´s interest in labor relations surpasses the immediate concern of capital-labor relations in the factory; his main concern lies in the stability of the capitalist system. This is the issue that concerns him in one of his most important articles, written in 1941, "Social Justice, Economic Security, and Political Freedom." The problem that moved Ferré was: ´´the uncertainty, the discontent, the political passions, the hatred, and the class struggle that exists at this moment in Puerto Rico...''128 This response to the capitalist system is not produced by the system itself but is the result human nature:

> As we see it, this is born from an anachronistic atavism that still dominates modern man, inherited from pre-industrial civilization, which has its origins in man´s fear of scarcity...
> ...What has changed? We believe that the most significant event that has occurred has been the industrial revolution, born of scientific and technical progress. Thanks to it, the spectre of hunger need no longer exist...
> ...Why hasn´t this happened? As we see it, simply because man has not stopped to reorder his convictions and beliefs about what should be his socio-economic organization in the light of these new events...He has cre-

> ated a state of artificial scarcity that has brought as an inevitable result a state of restlessness and social insecurity of such magnitude, that mankind lives forever frightened on the threshold of a revolution.(129)

Social conflicts, then, come from atavistic fears that should no longer exist because the development of the productive forces under capitalism have created the conditions to eliminate scarcity. That this is not so is the result, not of the system itself, but of the men who organize its production, moved by an anachronistic system of values. The accumulation of profits is an intrinsic part of capitalism; it is the stimulus for production. But this incentive for accumulation cannot be unbounded, for this only deepens the social conflicts that cause social revolution:

> ... if we stimulate even more this concentration [of wealth] by not creating the adequate economic mechanisms that, eliminating monopolistic practices, distribute among all the members of the community part of the profits that are obtained in the development of the sources of wealth..., we shall create a state of misery and uncertainty in the majority of the men who surround us, that, on the contrary, will promote, and rightly so, a revolutionary state that will destroy through violence the work that we have tried to carry out to protect us against the spectre of scarcity.(130)

These "imperfections" in the capitalist system foment a "class hatred" against capital that should not exist. Capital fulfills a very important social function. On the one hand, the "sources of wealth" are controlled by individual capitalists. On the other hand, this has allowed them to develop the techniques of production that have benefitted the whole of society. This is due to one

incentive: "the incentive for profit." If the latter is destroyed, the whole of society will suffer.[131] As a solution to this contradiction between the profit incentive and the danger of revolution, Ferré proposed a series of reforms including: a "subsistence minimum" for all individuals; the regulation of capital to "prevent abuse and exploitation" without "obstructing the natural development of business"; a reasonable minimum wage; and a ´´sane and equitable´´ income tax law.[132] Ferré concluded:

> It is our thesis that the wise solution of our socio-economic problem requires, in the first place, the establishment of a general principle of social responsibility in the individual. That to establish a common purpose of voluntary collaboration and even enthusiasm towards that goal requires a political environment of cordiality and comprehension. That this environment of cordiality cannot be instituted by any political procedure that foments the struggle of classes based on hatreds and prejudices.
> ...That a system which encourages a sense of social responsibility to guarantee the satisfaction of the minimal needs of every citizen and which, at the same time, allows the free unfolding of economic activity under the stimulus of profit, is a system that can guarantee social justice and a rising standard of living to every citizen.(133)

What Ferré is proposing is an ethics of social responsibility which would provide social cohesion by meeting the basic needs of all classes In this way, capitalism could protect the free initiative of capital, provide social justice for the lower classes, and preserve the political freedom needed to maintain Ferré´s social scheme.

Ferré´s scheme for the regulation of the capital-labor relationship includes what he calls "industrial democracy." According to Ferré, this revolutionary principle, developed

in the United States, promoted the economic development of that country:

> Mercantile capitalism, which considered its function to be the mere creation of profits without any social responsibility, has given way to industrial democracy, which considers as its legitimate goal the exercise of its economic function as an effective means for the fulfillment of a social function.(134)

This social function is to provide what Ferré calls "social prosperity," consisting of: the increase in production; "the satisfaction of the material and spiritual needs" of the workers; to assure capital of its profits; and the capitalist´s fulfillment of his "social responsibilities" to the community. To achieve social peace, Ferré enumerated some "indispensable basic principles" to regulate capital-labor relations. First, the workers´ right to form trade-unions and to enjoy wage increases, not only "as a means to give justice to the worker and to obtain his enthusiastic collaboration," but to increase workers´ buying power so as to expand the economy. Second, the workers should limit their demands and recognize the capitalists´ right to make profits; the workers´ demands should be limited economic demands in order to prevent the intrusion of political and ideological conflicts. Finally, the capitalist and the workers should try to resolve their differences through negotiations and collective bargaining. Capital-labor relations need to be regulated by third parties because ´´not all the capitalists are ready to accept these principles with a sense of generous social

responsibility.''[135]

Capital´s "social responsibility" is a crucial element in Ferré´s social philosophy. It is the responsibility of capital to limit class conflict by limiting the accumulation of profits. The responsibility for maintaining social peace falls both to capital and to the state, which must provide the necessary conditions for economic growth[136]; likewise the struggle against communism is their responsibility. In 1960, after Castro come to power in Cuba, Ferré proposed a so-called "Eisenhower Plan" to "confront the Communist challenge" in Latin America. One of its most important measures was the increase in wages for the working class; this would stimulate the growth of a middle class in Latin America which, as in the United States, would promote democratic institutions. ´´It is this middle class which South America needs so badly to prevent the assumption of power by military dictators.''[137] The "middle class" that Ferre talks about is none other than the local bourgeoisie.[138] It is important to prevent military dictatorships because communism is the masses´ reaction to dictatorship. The "Eisenhower Plan" included: a "Common Market" for Latin America; a Marshall Plan for the area; an "International Code for International Protection" to include minimum wages, vacations, unemployment insurance, social security; and a law requiring that local capital should own at least 40 percent of any foreign venture, to "prevent the tendency to expropiate these investments." The goal of this

plan was to make the United States the ''paladin of the working classes in a very direct way, and to counteract the propaganda of Communist countries who argue that they are the only ones who try to help the poor...''[139] Thus the American state had a responsibility to promote social peace through social reform.

But the promotion of social peace in Latin America was also the responsibility of capital, particularly of American capital. Ferré argued that, even while the United States had the Monroe Doctrine to prevent outside domination, it lacks "an American Democratic Doctrine to prevent internal exploitation by local despots.''[140] While, in the United States, "the greatest productive machinery in the history of the world [has] reinforced our economic system through a social safety-net complex," in Latin America, even with the support of the United States, there are corrupt and dictatorial governments where the reactionary oligarchies join the military in tyranny and economic exploitation. ''What is worse, our own capital investments on many occasions have unintentionally helped to perpetuate this system.''[141] The prevention of dictatorships in Latin America is the responsibility of both the American state and capital: the state must promote democratic governments; and capital must act responsibly:

> ...the business community of the United States must understand that it has a challenge before it, the challenge of taking the leadership of a program for the economic development of the sister republics of Latin America... not to keep a permanent hold of subsidiaries,

> but to stimulate growth in those areas and to create a greater buying power, which inevitably will bring greater opportunities for the growth of American industry.(142)

The promotion of economic development for all classes in Latin America benefitted American capital both politically, by preventing Communist revolutions, and economically, by enlarging the markets for American goods. Ferré also emphasized the need for local capital to assume its "social responsibility" for maintaning democratic institutions and social peace in their countries. Ferré demanded that American capital in Puerto Rico assume its "social responsibility"; with regard to American capital coming to Puerto Rico to take advantage of tax exemption and government subsidies, Ferré stated:

> Industries in Puerto Rico must feel a sense of social responsibility. They must pay a decent wage to the people they employ. They must cooperate in preventing pollution of our environment. They must help train our workers. They must give endowments to our schools and universities. They must, in other words, be good citizens in our community.(143)

This is the basis for Ferré´s demand for an increase in wages in Puerto Rico and for the application of the federal minimum wage to the island. He argued that American multinational capital should be enticed to Puerto Rico because it could pay higher wages--i.e, act responsibly. He opposed the penetration of competitive capital (light industry) to Puerto Rico after the war, because it paid low wages, and lacked "social responsibility," and consequently spread "class hatreds" on the island.

Social Order and Statehood

Ferré believed that social instability is not only caused by economic contradictions but by the imbalance between technology and morality. Inequities in the distribution of wealth under capitalism are accompanied by spiritual backwardness and by the absence of a social ethic that provides cohesiveness to the social fabric. For Ferré, this tension between the material advances produced by science and technology and the population's spiritual backwardness has always existed. But he believed that spiritual progress, like individual freedom, should be above material progress. The subordination of individual freedom to material progress destroys the "individual moral discipline" needed for democracy. "By replacing this with the illusion of easy promises of welfare guaranteed by the State, the social organization of democracy crumbles." If this is a critique of socialist countries, it is also a critique of the "excesses" of the Welfare State in advanced capitalist countries and of one of the "defects" of capitalist production itself:

> material progress, with its efficient mass production within a competitive market, has seen the individual as a mere article of trade, has contributed to this serious conflict [between classes] which confronts us today.(144)

For Ferré, the way to assure the "conditions of equilibrium" between capitalist production and human freedom is to

guarantee ´´the right to non-monopolistic collective bargaining´´[145]--that is, the right of workers to organize in trade-unions in order to improve their living conditions. The absense of a "morality of freedom" in contemporary society is the result of the existing educational system, "preoccupied with the scientific-material aspect of our culture" at the expense of moral values; this has produced ´´a group of individuals who are unprepared to live within the democratic order that gave them life.´´[146]

Thus, the absence of moral ethics and spiritual values in capitalist society is not merely a humanistic problem but conflicts with the proper functioning of the system. Education provides citizens with the ethics necessary for the reproduction of the system; it serves as a corrective to class hatreds:

> Human societies need structured hierarchies; otherwise they would not function...
> In a society structured this way there should not exist social tyranny nor class hatreds. The followers, the subordinates, should look up to those in command, because the former are the servants and not the masters of the latter. But class hatreds persist due to atavistic influences. It is necessary to bring education to the rescue.(147)

Class hatreds, then, are not only the result of imbalances in the capitalist system (capitalist avarice, etc.), but also of ignorance and the lack of proper values. Social reforms are a corrective to capitalism´s imbalances; education provides the proper values.

Ferré developed his conception of moral social-ethics from the work of Eugenio María de Hostos, one of the great

Puerto Rican intellectuals, whose work Ferre called "the bible of my public life." Ferre echoed Hostos´ notion of the need for a "moral order" to sustain society over its internal conflicts. (Durkheims´s influence is this view of society is overhelming.) Reflecting on Hostos´ teachings, Ferré concluded:

> According to his teachings, freedom can only exist within a moral order firmly settled in the civic consciousness, and when this is not achieved, when moral convictions weaken, when civic virtues are relaxed..., the social order becomes corrupted and freedom turns into libertinism.

Puerto Rico´s main problem, according to Ferré, was that it lacked a "moral order" to sustain its social fabric. The transformation from agrarian to industrial capitalism in the post-war period had torned the social fabric without a social ethic to absorb the social tensions of this process. In a situation characterized by the emergence of industry, the decay of the agrarian world, the appearance of new social classes, urbanization, migration, changes in social and family structures, rapid technological change, and, above all this, the emergence of a welfare mentality, it becomes necessary to promote ´´a regime of moral self-discipline to develop in [individuals] a sense of social responsibility.´´[148] Thus, a sense of social responsibility in individuals, the result of a moral self-discipline, is necessary to create a moral order that will in turn maintain social order.

Statehood is an essential part of Ferré´s social

philosophy. At the Constituent Assembly of the Commonwealth in 1951 he defended first, not the political and economic advantages of statehood, but "the evolution towards social justice" which statehood represented. Ferre{DISH}´ described the evolution of American capitalism from an agrarian to an industrial society, establishing "its citizens´ right to life and to a decently remunerated employment under the protection of laws which safeguard the dignity of the worker"; after the New Deal the American state created a number of measures for the welfare of the worker, with a "new orientation of social responsibility in the functions of government"; the American bourgeoisie developed "the principle of a greater social responsibility towards the worker" as part of the spirit of what he calls ´´industrial democracy.´´[149] It is then that Ferré turns to the defense of statehood:

> To get this for Puerto Rico and to give Puerto Ricans a form of government that will continue to guarantee these same blessings is, I am certain, the main preoccupation of us all...
> ... united to the destiny of the Nation which has achieved social justice and human, the future of Puerto Rico must be guaranteed...(150)

Statehood guarantees that "social justice" which prevails in the United States as the result of the spirit of social responsibility within the American state and bourgeoisie will be transferred to Puerto Rico--social justice that is needed to maintain ameliorate the social instability caused by imperfections in capitalism.

Statehood is also necessary to create the vital social

order that comes from spiritual tranquility. In his attack on the Fernos-Murray bill of 1959, Ferré argued that statehood would provide Puerto Rico with the "calm and peace" needed to ´´eliminate the uncertainty in which we live, which is in great part responsible for our serious economic problems.´´[151] He reiterated this argument after he was elected governor in 1968:

> [Puerto Ricans] regardless of their progress in certain areas of material life, are restless because they feel insecure and disoriented in the higher goals of their existence, and want to restore the equilibrium between material conquests and the richness of the spirit.(152)

According to Ferré, this spiritual restlessness would be solved by statehood:

> I believe that as a federated state Puerto Rico will come out of its present condition of insecurity that today creates in it a collective psychosis harmful to its emotional stability and progress.(153)

Puerto Rico finds itself, according to Ferré, in a state of restlessness, of uncertainty, of spiritual void, with no social ethics to sustain it. Statehood would provide the elements for the establishment of an ethical-moral order. On the one hand, statehood would guarantee the infusion of those values that characterize American civilization: ´´the sense of social justice which guarantees the principle of equal opportunity for all, and peaceful democratic behaviour under a government of law...´´[154] On the other hand, statehood would provide Puerto Rico the material progress without which the creation of a new social order would be impossible:

> Those fifty states talk for themselves, with their progress, their dignity and sovereignty, with their political stability, in permanent and indissoluble union within that great nation.
> ... The fifty states receive benefits from Congress to help them solve their own problems, not as gifts, but as their right. There is no state in poverty or brankruptcy. All of them are prosperous, with numerous jobs and good wages for all of those who look for a job.(155)

Statehood represents progress, economic plenty, and prosperity; it solves the economic problems of Puerto Rico through the security provided by the transfer of federal funds. Statehood also provides the security of political stability, whereas the Commonwealth gives ''no guarantee of permanence and could lead to independence''[156] and possibly, social revolution.

To recapitulate, the second historical project of statehood in Puerto Rico was elaborated by Luis Ferré, as representative of the local industrial bourgeoisie. This statehood project must be understood within Ferré's social philosophy. Above all, Ferré wanted to preserve capitalism in Puerto Rico. He believed that capitalism is a means to provide society with material prosperity and freedom. Although it is an imperfect system, capitalism provides the best ground for individual initiative and political democracy. But class struggle persists in capitalism because of atavistic influences that allow for the unbounded accumulation of profits by the capitalists. "Industrial democracy," as it exists in the United States, is the best system to allow the necessary "incentive for profit" to coexist with the "social responsibility" of capitalists to

provide social justice to the workers. Statehood would guarantee the expansion of "industrial democracy" and "social justice" in Puerto Rico, the latter secured by the American welfare state; statehood would also provide the social ethic required for a stable society. Ferré´s statehood program conflicted with the reactionary program of the sugar bourgeoisie in the PER; it was a program that required both political and economic reforms to the existing capitalist system. The formation of the NPP represents the rise of Ferre´s program to the fore of the statehood movement. Nevertheless, it was not Ferré but the middle and working-class sectors in the PER which led the first attempts to depose the leading faction of García Méndez.

´Reaction Has Taken Over the PER´

The PER emerged from a political alliance between the sugar bourgeoisie and the industrial bourgeoisie. Aside from the obvious class affinities and support for statehood, this alliance was founded upon their common opposition to the socio-economic and political program of the PDP in the forties. The alliance was, nevertheless, riddled with internal conflicts. The sugar sector was reactionary in its social and political views: it aimed at the preservation of a social and economic structure that by the 1950´s was in total collapse. The industrial bourgeoisie was a rising class with a much more progressive social philosophy than

that of the sugar sector. This led to personal clashes in the party. Ferré began to stand out in the ranks of the PER. As early as 1948, the program of the party (then the Puerto Rican Statehood Party) showed the influence of Ferre´s social philosophy. He rose to leadership in the party by 1952, sharing power with his brother-in-law, García Méndez. Ferré was the outstanding defender of his party´s program and of statehood in the Constituent Assemblies for the approval of the Commonwealth. Ferré was the PER´s candidate for governor in the 1956 election (and again in 1960 and 1964) and the party´s electoral program was then known as ´´Luis Ferré´s program.´´[157] By 1955 a group within the PER was pushing Ferré for the presidency of the party; they openly criticized Garcia Mendez´ leadership.[158] After the 1956 elections this criticism of García Méndez´ presidency grew; although Ferré was not involved in this, it signaled the public manifestation of the contradictions of the different sectors within the PER.[159]

From 1956 to 1964, two sectors stand out in their criticism of García Méndez´ leadership: the middle sectors; and the workers sector, most of whom came from the Socialist Party. Both supported Luis Ferré for the presidency of the party. The first signs of discontent came from the middle sectors after the 1956 elections. Late that year, Jorge Luis Córdova Díaz, a statehood leader and former Associate Judge of the Puerto Rican Supreme Court, launched a virulent attack on the party´s leadership and program, specifically

against Garcia Mendez. Córdova Díaz argued that the party´s strong showing in the 1956 elections was not enough to advance the ideal of statehood. The PER needed a "radical change in its methods and program" and a new image:

> ...the ideal of statehood will not bring for the Statehood Party the votes of [all statehooders], nor even a majority, as long as they carry on their backs the enormous ballast of being identified with the reactionary, with an ultraconservative economic policy, with the big financial interests...The fact is that the leaders of the Party, with the exception of Luis Ferré, have not made themselves conspicuous for their interest in the welfare of the laborer, of the peasant, of the distressed...it is apparent that their economic and social views are that the welfare of the masses is attained through the protection and encouragement of big interests, an economic and social view represented by the slogan ´What is good for the General Motors is good for the country.´ Such basic worry for capital and the capitalists...is and of right ought to be averse to our people...
>
> It is imperative, therefore, if we believe in statehood, if we are loyal to that ideal, that it be divorced from the heavy burden of erroneous economic and social theories that now enhance the Statehood Party.(160)

Enrique Córdova Díaz, a lawyer and Jorge Luis´ brother, launched another attack on the party´s leadership and program:

> ...no minority party can expect to win a general election on the status issue alone. Any such party must come forward, in addition to the status issue, with a progressive and realistic economic and social program... The Statehood Republican Party in Puerto Rico must also shed old guard ideas and programs. In so doing it must sponsor liberal progressive programs without sacrificing the other basic principle necessary for the survival of private enterprise within a democracy governed for the welfare of the greatest number and not of the few... [and] it must advocate [these principles] under a leadership which has no ties with the past and which can win the confidence of the people.(161)

It is no surprise that the liberal middle sectors agreed with Ferré´s program and supported him for the presidency of

the party. But Ferré tried to prevent the rupture with García Méndez, claiming to support his leadership, and limiting himself to relatively mild critiques of the internal organization of the party, which in any case was a veiled attack on his brother-in-law's leadership.[162]

The reaction of the party machinery against this sector, and perhaps Ferre's unwillingness to confront García Méndez for the party leadership, forced the middle sectors to abandon the party. In 1959 they founded Ciudadanos Pro-Estado 51 (CPE-51; Citizens for the 51st State). Among its top leadership at this time were the Córdova Díaz brothers, Enrique Lugo Silva, José C. Barbosa, Jr., Josefina Llovet, Alfonso Rivera Valdivieso, and others. The organization's goal was the defense of statehood above any other political consideration, outside the ideological and programmatic framework of the PER.[163] According to Enrique Córdova Díaz, CPE-51:

> Is non-partisan, and the main reason for its existence is, perhaps, to show that the statehood movement in Puerto Rico is more extensive than the local Republican Statehood Party...a large number of people... prefer to die before giving their votes to the Republicans. Many of them are supporters of statehood.(164)

The organization got massive support from federal government employees, prevented by law from participating in political activities.[165] Up to the formation of the New Progressive Party, the CPE-51 had the support of people opposed to the leadership of García Méndez in the PER.[166] CPE-51 was instrumental in getting the supporters of statehood to

participate in the 1967 plebiscite, thereby fomenting the rupture in the PER, and in organizing Estadistas Unidos (EU; United Statehooders).[167] They were one of the most important sectors in the formation of the NPP and in Ferré´s government.

The other social sector to criticize the leadership and program of the PER was the workers sector, most of whom had come from the SP through the alliances of the forties and after the disintegration of the party in 1952. This was the most conservative and pro-annexationist sector of the SP and remained loyal to the SP until its disappearance. Their statehood ideology and opposition to the PDP moved them to the PER. But this group kept their "socialistic" views, their loyalty to the teachings of the "Master," Santiago Iglesias, and thus their presence within the PER created tensions within the party. The first signs of discontent with the leadership of García Méndez came from the workers sector.[168] The best account of the vicissitudes of this group in the PER is given by José M. García Calderón in his newspaper article ´´Reaction Has Taken Over the PER,´´ published in October of 1960. García Calderón had been a Socialist leader and joined the PER after the SP disbanded in 1952; he was elected to the House of Representatives by the PER in 1956-60. According to him, his problems with the PER leadership during his term in the House were based on one contradiction within the party:

For a long time in the Statehood Party there has been an

> ideological duel between the people who represent the philosophy and attitudes of the forces of reaction and myself, representing the anti-reactionary social philosophy, ideology, and attitudes...(169)

García Calderón argued that the workers sector had an enormous influence in the organization of the party and in the attraction of the popular vote to the PER; he even stated that the popular measures of the PER platform had been promoted by them. But the "reactionary" economic interests within the party opposed any measures that would benefit the masses. García Calderón was hated by the party leadership for his support of measures such as the distribution of shoes to poor children, compensation for the rural unemployed, a program of rural employment, distribution of land to the peasants, and other bills introduced by the PDP and opposed by the PER. The final rupture with the PER came after García Calderón submited a bill to study the anti-labor practices of the Roig Central, owned by Antonio Roig, a prominent member of the PER. The central-owner used his power in the party, including his relative Luis Ferré, to force García Calderón to withdraw the bill.[170] According to García Calderón, ´´reaction has taken over the PER´´ and uses statehood to defend its economic interests; only after statehood provides a social program for the masses will it be achieved.

The workers sector was relatively importance in the PER; they handled some of the party´s local organizations and were responsible for much of the party´s popular

support. But aside from one or two representatives in the Legislature, the workers sector had no influence in the party leadership, whose machinery was controlled by García Méndez and his supporters. After the 1960 elections the workers group began to pressure the party leadership for more power in party structures, using the local structures under their control, and trying to obtain more representation in the Legislature. In 1963 the group failed in its attempt to oust García Méndez from the presidency of the party, provoking a furious reaction by the party machinery.[171] Prior to the 1964 elections, García Méndez imposed a series of candidates over those of the workers sector, going against the decisions of the local committees and leaving the local committees out of the party structures.[172] In August 1964, the workers group left the PER and proposed the creation of a new party: ''It will be a Socialist Party, like the one of master Santiago Iglesias Pantin.''[173] The new party never did come to life, and many of its supporters later joined Ferré in the NPP. Ferré did not participate in these internal struggles against the leadership of García Méndez, although at some crucial moments he gave his support to his brother-in-law.

Thus, the PER was a party with internal schisms; the reactionary program imposed by the sugar bourgeoisie conflicted with the more progressive program of the industrial bourgeoisie, although the principal opposition to the sugar bourgeoisie's hold over the party before the 1967

plebiscite came from the middle class sector and the workers sector. These were the first to confront the program and leadership of García Méndez. Their proposals to give statehood a more socially progressive program was to be taken up by the NPP.

The statehood movement was also influenced by external factors. The integration of Alaska and Hawaii to the American federation in the fifties, the expansion of the U.S. welfare state during the sixties, and the acceptance within he U.S. of Puerto Rican statehood as a viable alternative gave the statehood movement a new vitality.

From the PER to the NPP

Alaska, Hawaii, and Federal Funds

The period from the formation of the PER to the victory of the NPP was a period of changes in the social composition, leadership, popular support, program, and ideology of the statehood movement; these changes gave the movement a new physiognomy. Two external factors were very important in this transformation, the result of changes within the American state: the granting of statehood for the first time to non-contiguous territories; and the expansion of the welfare state in the United States after the sixties.

The granting of statehood to the territories of Alaska and Hawaii gave new vitality to the statehood movement in

Puerto Rico.[174] According to the Puerto Rican annexationists, the concession of statehood to these territories destroyed the three myths used by opponents of statehood: first, the myth of non-contiguity was broken, with one of the new states separated by an ocean and the other by half of the North American continent; in fact, Puerto Rico is closer to the mainland than either of the new states. Second, the acceptance of the new states shattered the belief that the United States would not accept new territories whose native populations were non-white and from a different cultural background, as in Alaska and Hawaii. Third, it shattered the myth that only economically developed territories could be granted statehood, for Alaska and Hawaii, according to the Puerto Rican annexationists, were more economically backward than Puerto Rico.[175] These had been the traditional objections that sectors in the United States and in Puerto Rico had used against statehood for the island. After Alaska and Hawaii were admitted to the federation, sectors within the United States began to consider the possibility of statehood for Puerto Rico. The Puerto Rican statehooders took the occasion to defend statehood under the new circumstances, which gave rise to new conflicts within the statehood movement. García Méndez argued that the United States should immediately grant statehood to Puerto Rico, even though only a minority of Puerto Ricans supported statehood.[176] On the other hand, Ferré argued that under the new circumstances the task of

the Puerto Rican statehood movement was to gain the support of the majority of Puerto Ricans.[177] These differences led to the rupture between García Méndez and Ferré regarding the plebiscite. Ferré believed that statehood could win a majority only if it presented of a new social program.

Another element of vital importance for the statehood movement was the explosion in federal funds generated by President Jonhson´s "Great Society" program. Created to alleviate social tensions in the big cities in the sixties, the federals funds represented for Puerto Rican annexationists a means to win the support of the masses who would benefit from federal programs. The federal funds issue was not new to the statehood movement. In the 1940´s and 1950´s the Puerto Rican bourgeoisie had demanded federal funds for "industry, agriculture, and trade," i.e., to benefit them. As part of his social philosophy, Ferré demanded the extension to Puerto Rico of ´´the benefits of the federal laws of social security.´´[178] But these measures affected only certain social sectors, principally the employed working class: the minimum wage, social security, unemployment benefits, etc. These programs were not as far-reaching as those of the "Great Society," which reached the urban poor, whose numerical and political strength was becoming evident in by the mid-sixties.

Ferré incorporated the issue of federal funds into the statehood program. The issue was no longer how much money the government would receive for roads, schools, or local

welfare programs; now the issue was how large a segment of the population would benefit from social welfare programs. Statehood became synonymous with federal funds and public welfare:

> Let´s talk about the future of Puerto Rico... of the blessings of American citizenship. Of what this means in terms of education, of hospitals and medical services of equal quality for all--rich and poor, old and young--under the Medicare program; of social security...; of unemployment benefits... Lets talk of how Puerto Rico can get the transfer to the Island of all the programs for progress that President Johnson and Congress are expanding to the fifty states under the Johnson program for the elimination of poverty.(179)

The transfer of federal funds to Puerto Rico for public welfare functioned both as a mechanism to obtain popular support and as a very important part of the statehood strategy of the Puerto Rican bourgeoisie--the federal government would provide for the marginal and poor while the American and Puerto Rican bourgeoisie maintained their privileges. This came out clearly during an interchange between Muñoz Marín and Antonio Luis Ferré, son of the statehood leader and president of the Puerto Rican Cement Co., in the hearings on the status in 1965:

> -Muñoz:...in Puerto Rico...[the] people of high incomes would pay the Federal income tax instead of the Commonwealth income tax, which would have to be abolished, and since the Federal income tax is not too different from the Commonwealth income tax, it would not make too much of a difference to people of high incomes.
> -Ferré: Right. The people of high incomes in Puerto Rico would probably be about the same as they are now.
> -Muñoz: While the people of low incomes would have many millions of dollars in regressive taxes thrown on their shoulders.
> -Ferré: I think that, however, there would be a countervailing mechanism here called Federal expenditures to the poor people which I believe is part of President´s Johnson´s Great Society, and this would

> come into play, and play a very important part in the State of Puerto Rico.(180)

This strategy was incorporated into the statehood program by Ferre and played an important role in the NPP campaign of 1968. But the transfer of federal funds would take an even greater role in Romero´s "statehood as equality" program, becoming, as a matter of fact, the centerpiece of his statehood program.

The incorporation of Alaska and Hawaii to the American federation and the implementation of the "Great Society" program in the United States gave new vitality to the statehood program. The incorporation of Alaska and Hawaii as federated states undermined the argument that territorial non-contiguity, racial and cultural differences, and economic backwardness (relative to the rest of the United States) were obstacles to Puerto Rican statehood. The explosion of federal funds for social welfare resulting from the "Great Society" program became a mechanism to attact popular support for statehood, while also providing a foundation for the socio-economic program of the bourgeoisie. Equally important for the statehood program of the NPP was the acceptance of statehood as a viable political alternative by Congress and the elaboration of the first specific economic program to achieve statehood, the "transition program." Both came after the 1967 plebiscite debate.

Viability and Transition to Statehood

One of the crucial elements in the development of the statehood program during this period was the elaboration of the so-called "transition to statehood" program. The transition program is the result of the recognition, both in Puerto Rico and in the United States, that statehood was viable. It has to be remembered that statehood had never been considered as a political alternative within the U.S.; it was used as a poker chip by American decision-makers in their hagglings with Puerto Rican political factions. The several bills to grant statehood to Puerto Rico during the 1940´s and 1950´s were nothing else than counter proposals to the bills submitted in favor of independence; sometimes they were favors of the American Republicans to their local allies. Puerto Rican statehooders were extremely disillusioned when the United States approved the Commonwealth. Havoc was created by the Eisenhower Administration´s declarations in the United Nations in 1953 that the U.S. would support either the Commonwealth or independence. They were disappointed that a Republican Administration, which since 1948 had supported statehood for Puerto Rico and which had received the wholehearted support of local Republicans, had rule out statehood as an alternative for the future of Puerto Rico.[181] But by the early sixties statehood was again becoming an alternative for some sectors within the American state as the result of political changes, particularly in

Latin America and the Caribbean (Cuba in 1959, the Dominican Republic in 1965).

Two events that strengthened the image of viability for statehood were the Status Commission Report and the plebiscite of 1967, both of which had a tremendous influence in the formation of the New Progressive Party. The Status Commission was formed by Congress to study the viability of the three political status alternatives for Puerto Rico. Viewed by the PDP as an attempt to legitimize the Commonwealth, the Commission report was a disappointment to them when it concluded that all three alternatives were "acceptable." Another consequence of the Commission´s report was a possible strategy to achieve statehood which was immediately taken by the NPP: the transition measures to statehood. The Commission concluded that statehood "should be elevated above partisanship. No area has ever achieved Statehood without a broad public demand trascending party lines." The Commission report presented three prerequisistes to the traditional road to statehood followed by the states:

> The first prerequisite is a stable political and economic community; the second is the sustained desire for Statehood actively expressed over a period of time by a clear majority of the community; and the third is the willingness of the American people acting through their constitutional forms to accept the community as a new State...(182)

For statehood supporters political stability presented no problem, for the Commonwealth conformed to that characterization. But the economic issue was complex; as the Commission concluded: "Economics is one of the vital factors

in a Puerto Rican decision to grant statehood." The Commission report presented a possible solution:

> Unless an appropiate substitute for Puerto Rico's present special economic arrangements can be provided, it is clear that were Statehood to be granted now, it would have severe and probably disastrous consequences. Economic studies, however, indicate that sustained economic growth under the present status and a continuation of the special economic arrangements will make Statehood with adequate but not extraordinary or unprecedented provision for transition fully possible without severe risks. Professional estimates for this begins at a minimum of 15 years to a much longer period.(183)

The Commission concluded that the main problems of the transition were political and not economic, and that the economic problems should be dealt with after statehood is granted. The Commission insisted that there should be a "clear majority" for statehood; although the the cultural problem had to be solved:

> Statehood would necessarily involve a cultural and language accommodation to the rest of the federated States of the Union. The Commission does not see this as an insurmountable barrier, nor does this require the surrender of the Spanish language nor the abandonment of a rich cultural heritage.(184)

The Report concluded that "the indispensable next step in this process, if Statehood is to be Puerto Rico's destiny, is a Puerto Rican decision to seek Statehood." The implications of the Report for the statehood movement were as follows: 1) the economic issue is not a barrier to statehood; a transition period to statehood is possible. 2) the cultural issue should not prevent statehood; an accommodation is needed but the population can keep its language and cultural heritage; 3) the main prerequisite for statehood is that a majority of Puerto Ricans support it;

and its approval by the American people. The first issue was resolved by the Puerto Rican statehooders with the economic transition program to statehood; the second issue was resolved with the concept of "Creole statehood"; the third with the creation of a party that could rally behind it the majority of the Puerto Rican electorate and the support of both American parties. Thus the NPP program was born.

An important outcome of the Status Commission hearings--which was incorporated into the statehood program of the NPP--is the conception of the economic transition to statehood. This was elaborated not by a member of the statehood movement in Puerto Rico but by Dr. Arthur E. Burns, "liason consultant on behalf of Statehood for Puerto Rico." Burns' argument was that statehood is economically feasible for Puerto Rico and that it can be achieved after a period of fifteen years (in effect, he proposed statehood for 1980). Burns proposed that the economic growth of Puerto Rico was such that in fifteen years Puerto Rico would attain the economic level of the poorest states in the Union; by the end of the period, Puerto Rico would be able to assume "the fiscal responsibilities of statehood." According to Burns, Puerto Rico would benefit in its fiscal relationship as a state with the federal government, based on the fact that "Federal taxes rest less heavily on the income of the low-income States than of the high-income States" while, on the other hand, "Federal expenditures to low-income States generally exceed the Federal tax revenues derived from

them." According to Burns' estimates, Puerto Rico would receive a positive balance of $300 to $500 million annually.[185] Burns launched a virulent attack on the Commonwealth's economic development program based on tax exemption and low wages. He argued that the benefits of tax exemption are illusory, because "tax exemption as such does not generate profits" and that as an economic program it "has tended to distort economic growth in Puerto Rico" by attracting fragile and unstable industries. But Burns' opposition to tax exemption and low wages was based more on economic philosophy than on anything else:

> Tax exemption violates the principle of equity in taxation. As such, it is discrimination in favor of Puerto Rico firms having free access to the common, competitive market of the United States. Except as a short run, or temporary expedient, neither tax nor wage discrimination under the law can persist in favor of Puerto Rico as part of the American economy.(186)

Burns proposed as part of the economic development of the Island the attraction of industries of high technology that could afford to pay higher wages and that are more economically stable.

Burns outlined the "transitional policies" required for Puerto Rico to reach statehood. First, Burns proposed a reform in the fiscal system of Puerto Rico to adjust it to the federal system; local taxes would be periodically reduced, while federal taxes would be systemtically introduced. Second, Burns proposed that during the transition period Congress could transfer all the federal welfare programs that the Island would be entitled to as a state.

Third, he proposed the elimination of the tax exemption program and the creation of "other forms of promotion and incentives" that American states have already implemented, like more infrastructural facilities, better educational systems, manpower training and retraining programs, etc. Finally, Burns proposed an increase in wages up to the federal minimum.[187] For Burns, statehood is the best guarantee for Puerto Rico´s continued economic growth. But there is another, more important, advantage that only statehood can provide:

> More fully than any other status, statehood assures the certainty, stability, and security essential to long-term economic growth. It provides the larger politico-legal framework most conducive to growth. This is the advantage it has over any alternative status.(188)

Only statehood could guarantee the permanence of Puerto Rico within the economic and political system of the United States, with the security and stability that only the American state can offer.

Both the Status Commission´s conclusions and Burns´ proposals on the transition to statehood were integrated into the statehood program by Ferre´s group (to became the New Progressive Party). Prior to this, statehood was considered utopian and idealistic (citizenship, equality), without any concrete measure to make it real (except winning a plebiscite, or having Congress impose it on the Puerto Ricans, or even García Méndez´ scheme to have Florida annex the Island); furthermore, there was no strategy to achieve statehood.[189] For example, in the 1960 PER program the only

mention of statehood was:

> The constitution of Puerto Rico as a state of the American Union, the guarantee of liberty, justice, and equality of opportunities for all...; the implementation of a government of law...; the maintenece of Republican norms of government and the stimulus and protection of private initiative.(190)

The 1964 program followed the same pattern.[191] It was only after Ferré broke with the PER in 1967, with the campaign for the plebiscite carried out by Estadistas Unidos, and during the 1968 electoral campaign with the NPP, that a strategy for statehood was presented. It was April 1967 when Ferré, echoing the conclusions of the Status Commission, proposed the transition program to statehood: the need of popular support for statehood; measures for the economic transition, including the transfer of all federal programs to Puerto Rico, the gradual elimination of the tax exemption program while federal taxes were increased by ten percent annually, and the granting of local exemptions at the end of the period.[192] These and other measures taken from the Commission's Report formed the statehood strategy of 1967-68: the protection of the Spanish language and Puerto Rican culture under statehood; the increase in federal funds as a stimulus to economic growth; the attraction of American capital on the basis of local exemptions and subsidies; the defense of the federal minimum wage; federal funds to benefit the poor, etc.[193] At the same time, statehood was presented as the only political alternative that guarantees real security for American investments in Puerto Rico, through political stability.[194]

The Rupture in the PER

From the mid-fifties on, García Méndez´ conservative leadership of the PER was increasingly criticized, mainly by the middle and workers sectors of the party. Even Ferré had launched subtle attacks against his brother-in-law´s leadership. The new social sectors that were joining the statehood movement found themselves in opposition to the sugar bourgeoisie in the PER. These differences worsened after the 1964 elections and finally divided the party over the issue of the plebiscite. The industrial bourgeoisie and the middle sector of the PER abandoned the party and its sugar bourgeois leadership and formed a new statehood organization with a wider social base and a renewed statehood program.

The electoral showing of the PER in 1964, the debate around the Status Commission´s Report, and the issue of statehood´s participation in the plebiscite fomented an ideological struggle within the party that led to its rupture in 1967. After the 1964 election, a group from the middle sector began to question openly the ideological basis of the party. Though they were members of the PER, they were close to Ciudadanos Pro-Estado 51. Led by the corporate lawyer Carlos Romero Barceló, this group played around with the idea of forming another party, to be called the Liberal Reformist Party or Liberal Progressive Party. The idea was discarded and the group decided to "fight from the inside," i.e., to reform the structures of the PER, while continuing

to use CPE-51 as their political and organizational vehicle.[195] In September 1965, Carlos Romero Barceló used an internal forum of the PER to state his groups´s position: to reform the party or to create a new one. He argued that the cause of statehood was harmed by the conservative leadership of García Méndez and the PER´s links to the National Republican Party; that there are supporters of statehood inside and outside the PER who disagreed with Garcia Mendez; and that statehood needed their support to become a reality.

> ...In the political arena of Puerto Rico there is no space for any conservative party and any reactionary party. All the parties in Puerto Rico that want to have an opportunity for an electoral victory must have progressive, reformist, and liberal ideas.
> ...We have to change the name of the party, to eliminate that of Republican Party and change the leadership of this party so that the people can be convinced to the interest and sincere wish of this collectivity of carrying out a total renovation, to which all supporters of statehood in Puerto Rico can belong.(196)

The CPE-51 and Romero´s position was clear: statehood needs the masses to succeed and to attract the masses statehood needs a new image. The message was not be lost: this position became one of the elements that united the industrial bourgeois sector with the middle sectors of the PER in the formation of the "new vehicle" for statehood, the New Progressive Party. But for this to happen, a rupture between Ferré´s group and Garcia Mendez´ group was necessary.

The final rupture between García Méndez and Ferré came over the issue of the plebiscite, with García Méndez arguing against the participation of the statehood forces in the contest and Ferré arguing in favor of participation. The PER

had accepted the authority of the Status Commission, which meant that it had to accept the conclusions reached by this body. When the possibility arose that a plebiscite on the three status alternatives was to be held, García Méndez abandoned the Commission, leaving Ferré as the sole representative of statehood. According to García Méndez, the PDP was using the Status Commission and the plebiscite to legitimize the Commonwealth; to accept the Commission´s conclusions and to participate in the plebiscite was to give support to the PDP and to Commonwealth status. Furthermore, García Méndez argued that to include statehood in the plebiscite and face defeat would harm their cause.[197] For Ferré, the Status Commision´s conclusions had a different meaning: the legitimation of statehood by the Congress of the United States. To participate in the plebiscite was to show Congress that Puerto Ricans desired statehood--one of the prerequisites to statehood that the Status Commission had enumerated. Ferré argued in favor of participation in the plebiscite as the best defense of statehood:

> To achieve [statehoo], we Puerto Ricans need to express our wish to be admitted as a state. Once this desire to be part of the Union has been expressed, statehood has always been granted and Congress has taken the adequate measures for the protection of the economic welfare of the new state, through adequate measures for transition.(198)

The Status Commission Report had created a new opening for statehood which, together with the PER´s electoral drive in the 1960´s, created the opportunity to push statehood both in Puerto Rico and in the United States. The inclusion of

the statehood alternative in the plebiscite was necessary to legitimize statehood and to make it viable as a political alternative.

Although the plebiscite was the immediate cause of the rupture in the PER, the underlying cause is found elsewhere, in the social and political conflicts between different social sectors in the party: between the sugar bourgeoisie and García Méndez, on the one hand, and the industrial bourgeoisie and middle sectors grouped around Ferré, on the other. This was noticed at the time by a political analyst commenting on the PER Assembly that debated the party's position in the plebiscite:

> The outcome of the Assembly will affect the leadership and future orientation of the PER. The confrontation has turned into a struggle between the conservative old guard headed by García Méndez, and the younger Republicans united behind Ferré.(199)

The outcome of the Assembly did not surprise anyone; García Méndez tightly controlled the party machinery and his victory over the opposition was overwhelming; but it was a pyrrhic victory. Ferré began immediatedly to organize what he had promised in the Assembly: an organization to defend statehood in the plebiscite, Estadistas Unidos.[200] In his speech before the Assembly, Ferré tried to demonstrate the need to participate in the plebiscite based on the conclusions of the Status Commission. But Ferré went further: he put forward what became the political position of Estadistas Unidos and the New Progressive Party:

...If you insist that only Republicans vote for this

> party, those die-hard Republicans as we say, we will never get to power. We will never get to power; we have to win the support of people from the Popular Party so we can win an election.(201)

Thus, Ferré came to support the position of the middle sectors on the need to attract mass support for the party; to promote statehood through the use of the state apparatus. Thus, the basis for a new statehood party and program was established.

The formation of Estadistas Unidos by Ferré represented the rise to dominance within the statehood movement of the industrial bourgeoisie and the political decline of the sugar bourgeoisie. Ferre´s group gained the support of the bulk of the PER as well as the support of those statehooders outside the party. Most of the leaders of Estadistas Unidos came from the middle social sectors, coming from organizations like Ciudadanos Pro-Estado 51 and the "Statehood Democratic Movement," which gave Estadistas Unidos it liberal content.[202] The new organization was also supported by federal employees and by a group of PDP annexationists organized under Movimiento Popular Estadista (Popular Statehood Movement); it also received the support of the statehood youth organized in the Federación de Universitarios Pro-Estadidad (Federation of University Students For Statehood).[203] Most of its popular support came from the working class sectors, both inside and outside the PER, particularly public drivers and several labor leaders organized under the ´´United Workers Group.´´[204] Estadistas

Unidos was also supported by the Veteran´s Association of Puerto Rico[205] and by the statehood sector of the Manufacturer´s Association of Puerto Rico, the main organization of the Puerto Rican industrial bourgeoisie.[206]

Estadistas Unidos was the embryo of the New Progressive Party. It realized the goal of winning popular support for statehood and introduced a new statehood program representing the leading sectors of the new organization: the industrial bourgeoisie and the middle sectors. The contrast between the 1960 and 1964 PER programs and the 1968 NPP program reflect the differences between the leading sectors of these parties. The PER programs in the sixties, like those of the previous decade, defended statehood as "the guarantee of liberty, justice, and equal opportunity for all"; defended the republican form of government; and defended private enterprise. Most of the measures were of a general character, particularly those favoring the "poor" (transfer of all federal welfare programs) and the labor movement (minimum wage, collective bargaining, etc.). The more concrete measures were those which favored the local bourgeoisie: returning the public utilities to private enterprise; tax reform in favor of capital; and, above all, the end of the PDP´s agrarian reform program (selling of public lands, "the enforcement of the 500 Acres Law in an orderly, reasonable, and just manner" and to ´´rescue the sugar industry from the ruin which the prejudices of the government has brought upon it´´).[207] The only measures

adopted by the NPP were those already incorporated in Ferre´s program: those dealing with the labor issue and "social justice" and those dealing with the defense of local capital (tax reform, reform of the tax exemption program, reform of the industrialization program).[208]

Unlike the PER, the NPP´s program included concrete measures of popular appeal: the federal minimum wage, better public services, labor legislation (e.g., Christmas bonus, general health plan, indemnification), housing (more attention to slums, sale of public land), and the creation of a Department of Public Welfare; land reform including agricultural price subsidies, wage subsidies for agricultural labor, and loans for small and medium farmers; reform in public administration including wage increases and job security for public workers, and more participation of private enterprise in public planning (no mention of selling public corporations).[209] The NPP actually implemented most of these measures, which explains the party´s lasting popular appeal. The NPP´s political campaign in 1967-68 was aimed at winning popular support from the "middle class," the "working class," and the ´´poor´´,[210]; and in this it succeeded.

To recapitulate, the conflicts between the different social sectors coexisting within the PER finally erupted in 1967, leading to the rupture of the party and to the formation of Estadistas Unidos, the embryo of the NPP. The new party, dominated by the industrial bourgeoisie and the

middle class sectors of the PER, presented a new program that actively sought mass support. The NPP was Ferre´s creation, and the party´s 1968 electoral campaign and program, as well as the first NPP government administration, must be understood within the context of Ferre´s social philosophy.

The Politics of Redemption

The popular measures in the NPP program and the party´s massive popular support since 1968 have led some analysts to characterize the NPP as a "new populist annexationism."[211] While it is true that the NPP has introduced a "populist" rhetoric to the statehood discourse, we have to be very careful in characterizing the movement as populist. The NPP was not an alliance between a sector of the dominant class and the masses; rather the NPP was a project of the industrial bourgeoisie, who, with the support of allied middle sectors, were able to win popular support for a program whose goal is to stabilize capitalism. The 1968 NPP program was in no way a critique of capitalist society and its contradictions; on the contrary, it was a critique of the incomplete and distorted form of capitalism in Puerto Rico. According to Ferré, the NPP was nothing but an "instrument of redemption" of Puerto Rican society, i.e., of capitalism in Puerto Rico. The emergence of the NPP and the Ferré Administration are characterized by what I call

the politics of redemption.

What led to the rupture of the PER and to the formation of the NPP was the irreconcilable conflict of two opposing social-political programs and not simply personal conflicts (García Méndez vs. Ferré) or tactical differences (the plebiscite). Seven days after the plebiscite, Estadistas Unidos met in Ponce and agreed to form a new party. The new party was to fulfill an historical mission which surpassed statehood: it was to be the "instrument of redemption" of Puerto Rico. In his speech to the NPP Constituent Assembly in July 1967, Ferré clearly indicated what was to be the nature and goal of the new party:

> ...our people want a new instrument of redemption... we now have the supreme mandate to defend the statehood ideal for the people of Puerto Rico.
>
> This supreme mandate means that we have to create the new instrument. The people create the instruments for their own redemption and salvation at critical moments. This is a critical moment in the history of Puerto Rico. This party has had its time. The Popular Party has fulfilled its task; the Republican Party fulfilled its task... It is now up to the new party... to defend Puerto Rico at this crucial moment in its history. We are going to defend the Statehood ideal, because the Statehood ideal embraces everything. Within statehood is dignity. Within statehood happiness is guaranteed. So statehood will be the program of this new movement; of this instrument for redemption of Puerto Rico. And the second objective will be real social justice for the people...(212)

This was Ferré's central message at the formation of the United Progressive Party (as the NPP was initially known) in August 1967,[213] and in all of the party's subsequent activities.[214]

The New Progressive Party became, in Ferre's words,

the "instrument of redemption of our people in the economic level, in the political level, and in the moral and spiritual level.''[215] This was Ferre´s message during the campaign, as reflected in his speech accepting the NPP´s candidacy for Governor in June 1968:

> The New Progressive Party is the consciousness of our people that has awakened to the sad reality of [of Puerto Rico]... The New Progressive Party is the instrument that, in this historical moment of 1968, the people of Puerto Rico have created to substitute for another instrument which fulfilled its task but whose men are tired and lacking the energy to confront with imagination and practical realism the new problems that the progress of Puerto Rico has generated.(216)

For Ferré, the social problems created by capitalism in Puerto Rico lead to class conflict, threatening to destroy the social fabric of the island. To prevent this social calamity the "problems" of capitalism need to be "solved": first, by the correct application of social and applied technology; and second, by the creation of a new moral order ("moral and spiritual redemption"). This was the task confronting the NPP in its search for the redemption of Puerto Rican society:

> Our movement rejects class hatred and prejudice as instruments of political activity. Our movement believes in human comprehension, in the common effort of all classes and all the professions, to search for the necessary means to solve our problems and to eliminate conflicts destructive of energy, wealth, life, and happiness. [The NPP] is inspired in the belief that man today has at his disposal the scientific knowledge and technological resources to end hunger, sickness, poverty, and to provide all human beings the means to achieve happiness.(217)

Ferré believed that "social problems" such as class conflict could be solved, as he indicated in an interview several

years after the end of his term.

> -[Question]: When you reached power, what were the goals of your administration?
> -[Ferré]: To apply the democratic and humanitarian philosophy that I had defended throughout my life. As an industrialist, I sought the understanding between labor and capital. I do not believe, as Marx does, that they have to be in conflict.(218)

This technocratic view of society was characteristic of Ferre´s administration[219], which was predicated on the application of available "technology"; a "Cabinet of technocrats" with no "political" background; the research of social problems; and, of course, the attempt to ´´obtain the most from our relationship with the United States.´´[220]

The New Life

The "politics of redemption" was the programmatic axis of the NPP in 1968 (as part of a broader historical project); it was translated into the language of the electoral campaign as ´´the New Life.´´[221] Two issues dominated this campaign: ´´social justice´´ and statehood, in that order. Although the NPP was defined as a statehood party, it argued that "status is not at issue," i.e., that statehood was not going to be the centerpiece of the campaign as in previous decades.[222] Under the slogan "social justice," the NPP promised a solution to the social problems that the PDP had been unable to solve: drug addiction, unemployment, housing, health, agriculture, poverty; and the NPP attacked the PDP for its violation of democracy

("caudillismo," bureaucratization, "continuismo," etc.). These problems, however, could only be solved with the mechanisms provided by statehood: political dignity, equality, and federal funds.[223]

The form of the campaign was also new. The NPP introduced to Puerto Rican politics the electoral campaign "a la Madison Avenue"; they saturated the mass media (particularly TV and radio) to create the image of a party of reform, contrasted to the tired and worn PDP.[224]

The "New Life" was the pragmatic application of the "politics of redemption" which defined Ferre´s political program. In his closing campaign speech, properly titled "The New Life," Ferre promised "a New Life of progress and justice, where the humble will not be forgotten." The "New Life" was the child of that "instrument of redemption," the New Progressive Party, which embodied the practical politics of Ferre´s view of the future.[225] The NPP´s electoral program of 1968 can only be understood within the framework of the historical project articulated by Ferré.

There was some continuity between the New Progressive Party and the previous statehood movement: its anti-independence/anti-comunist rhetoric, an issue in both the 1967 plebiscite and 1968 electoral campaigns. For Ferré and other annexationists, the fervor for independence and the radicalization of the movement were the results of "class hatreds" in Puerto Rico. For the annexationists, independence was synonymous with communism. They acccused

the PDP of being pro-independence and argued that the Commonwealth would lead to independence; the PDP administrations were creating the conditions, through political and economic mismanagement, for the rise of independence/communist fervor in Puerto Rico.[226] Statehood was the only safeguard against independence/communism; this was the basis of the NPP slogan "statehood is security"--not only economic security (federal funds, economic growth, etc.), but security from independence/communism as well.[227]

Ferré´s departure frome PER before the plebiscite shook the party, taking from it the most dynamic leaderhsip. The success of Estadistas Unidos in the plebiscite and the creation of the new NPP politically undermined the PER and almost detroyed it organizationally. Already by early 1968, the majority of the PER´s members in the House of Representatives had joined the NPP.[228] Ferré and the NPP attacked the "caudillismo" of García Méndez and the conservative philosophy of the PER program. "Our movement," Ferre stated at the NPP´s Constituent Assembly, ´´will follow a completely different road from that of Mr. Garcia Mendez.´´[229] The NPP followed a policy of having no political alliance with the PER. ´´We do not need unity or coalitions with others. The New Progressive Party is united in its ideal and its philosophy of a liberal government.´´[230] Furthermore, the NPP claimed that it was the only party capable of defending statehood, after the PER´s traitorous retreat in the plebiscite.[231]

Nevertheless, the PER campaigned as the only defender of statehood in Puerto Rico[232]; its program was an amorphous and disorganized repetition of past programs ("Ferre without Ferre") whose only postulate was that statehood was the only solution to the social, economic, and political problems of Puerto Rico.[233] The disappearance of the PER after 1968 signaled the political demise of the sugar bourgeoisie--who was a major force in the statehood movement since the beginning of the century--two decades after the sugar bourgeoisie´s economic demise.[234]

The PER claimed to be the only statehood party because it demanded that the U.S. immediately grant statehood to Puerto Rico.[235] By contrast, the NPP maintained that a transition period was necessary in which to move Puerto Rico towards statehood (e.g., presidential vote, greater economic and political integration, more federal funds, "Creole statehood," etc.), and to create the necessary conditions for statehood, both in Puerto Rico and in the United States (majority electoral support in Puerto Rico, economic and political stability, and approval from Congress).[236]

The "transition to statehood" was the strategy of the annexationist industrial bourgeoisie; it was one of their principal contributions to the statehood movement. Their strategy was to create the necessary internal (majority electoral support) and external (support in Congress) conditions to achieve statehood; to accomplish this the NPP needed to win state power, as Ferre stated in a speech at

the beginning of the 1968 campaign:

> Our mission consists in convincing our people that statehood is the road to progress and security, and the only status that secures permanent union with the United States; the people, by a majority vote, need to show their support for statehood in a plebiscite... Only in this way will Congress consider the request for statehood for Puerto Rico as serious and sincere. Only in this way will Congress be obliged to fulfill its moral duty of accepting Puerto Rico as a state...
>
> But to start the plebiscite process we have to defeat the party in power, whose leadership does not believe in statehood... We have to get into power to legislate a new plebiscite. Every supporter of statehood should vote for the New Progressive Party, which is the legitimate and true defender of statehood and the only one which can defeat the Popular Party.(237)

To win state power, popular support was essential; for this reason, Ferré and his supporters abandoned the reactionary PER and created a new statehood party and program which joined "social justice" and statehood.

"Social justice" was instrumental to achieve "social peace" or the absence of of social conflict. It was Barbosa, not Ferré, who introduced the concept of "social peace" to the annexationist discourse. To both Barbosa and Ferre, "social peace/social justice" meant the elimination of "class hatred" in order to preserve capitalism in Puerto Rico. For Barbosa, this meant an alliance with the Socialist Party against the Unionists; for Ferré, a new statehood program.In Barbosa´s day, the working class and the trade-union movement were strong; whereas in Ferré´s day they were very weak.

Both Barbosa and Ferré believed that "social peace/ social justice" was necessary to preserve the social fabric

of Puerto Rico and thus to attain statehood; but Ferré also believe that statehood was necessary to achieve "social justice." There are several reasons for this disagreement. First, during the period of Barbosa, statehood was not considered a viable alternative; Barbosa proposed independence as an alternative if statehood were not granted. Independence was out of the question for Ferré and the industrial bourgeoisie in the post-war period; for independence potentially endangered the capitalist system. Second, was in Ferré´s that the American state developed the institutions to regulate class conflict in American society; so it was Ferré and not Barbosa who could argue that statehood (i.e., the integration to the American state) could secure "social peace/social justice" for Puerto Rico. Thus, for Ferré "social justice" was necessary to obtain statehood and statehood was necessary to secure "social justice".

To sum up, the formation of the NPP in 1968 represented the beginning of a new period in the evolution of the Puerto Rican statehood movement. The NPP introduced a new program of statehood, as part of a broader historical project of the local industrial bourgeoisie, who in alliance with sectors of the new middle class, lead the new statehood party. The NPP program, a departure from the reactionary PER, actively sought popular support. Within the NPP program, Ferre´s "social justice" program is joined to statehood in what we have called "the politics of redemption," which characterized Ferre´s administration.

CONCLUSION

The expansion of industrial capitalism in Puerto Rico and the increasing integration of the Commonwealth to the United States led to the reemergence of annexationism as an important political force on the island. The Commonwealth served to legitimized both U.S. hegemony in Puerto Rico and the PDP´s control over the island´s internal affairs. The Commonwealth also provided the political shell for Operation Bootstrap, the industrialization program based on the attraction of American capital through state subsidies. But by the mid-sixties the Commonwealth experienced economic and political problems. The PDP could neither expand the local powers of the Commonwealth nor get recognition for the Commonwealth as a permanent status. Operation Bootstrap failed to solve the economic and social problems of the island; a new industrialization policy was implemented emphasizing the attraction of heavy industry, seeking to take advantage of Puerto Rico´s growing economic integration to the United States. The collapse of agriculture, particularly the sugar industry, and the consolidation of a local industrial bourgeoisie led to a the shift in the leadership and program of the statehood movement. A new leadership representing the industrial bourgeoisie and the middle sectors presented a new statehood program which attracted popular support, particularly from the poor and

marginal, and led to the NPP´s electoral victory in 1968.

The period from the formation of the Commonwealth and the PER in 1952 to the NPP´s electoral victory in 1968 is one of transition for the statehood movement in Puerto Rico. A new historical program of statehood was presented by Luis Ferré; statehood became once again part of a broad historical project of a class. The statehood movement benefitted from political developments in the United States which legitimized statehood as an alternative: the incorporation of non-contiguous territories (Alaska, Hawaii) into the federation; the expansion of the welfare state; and the acceptability of statehood as an alternative for Puerto Rico. The rupture of the PER in 1967, superficially the result of tactical disagreement (participation in the plebiscite), was in reality caused by the conflict between the reactionary program of the sugar bourgeoisie and the more progressive and popular-oriented program of the industrial bourgeoisie and the middle sectors.

For the first time in the statehood movement, the NPP introduced a mechanism to actually attain statehood: the "transition" program. Following Ferre´s scheme for the attainment of social justice and social peace in Puerto Rico, the NPP became the "instrument of redemption" of Puerto Rican society, a redemption which was to be achieved under statehood. With the NPP´s electoral triumph in 1968, annexationism became the dominant political current in Puerto Rico. Furthermore, their electoral victory provided

the NPP under Ferré the opportunity to implement its program. Thus, the NPP administration of Ferré needs to be understood within the framework of the "politics of redemption," the subject of the next chapter.

NOTES TO CHAPTER V

1) On Puerto Rico´s 1953 debate in the United Nations see, Humberto García Muñiz, ´´Puerto Rico in the United Nations, 1953: An Appraisal,´´ Caribbean Studies 16:2, pp.44-91. The U.S. Department of State supported the 1967 status plebiscite on the basis that a victory for the Commonwealth would have ended the issue of Puerto Rico in the United States. See, El Mundo, January 27, 1967, p. 34.

2) The Commonwealth as a mechanism of consent is argued by Emilio Gonzalez Diaz, "El Estado y las clases dominantes en la situacion colonial." Paper delivered at the XII Latin American Congres of Sociology, held in November 21-25, 1977, Quito, Ecuador; and ´´Las bases para el consenso polí2ltico en la colonia: el problema de la democracia en Puerto Rico.´´ Claridad (Special Supplement), September 18-24, 1981, pp. 10-13. Also, Juan Manuel Carrion, "La tarea inconclusa: Notas en torno a las condiciones de transformacion social en una situacion colonial moderna o como eliminar obstaculos para el establecimiento de un estado nacional puertorriqueno." Paper delivered at the XIV Latin American Congress of Sociology, held in San Juan, Puerto Rico, October 1981.

3) Commonwealth documents appear in Office of the Commonwealth of Puerto Rico, Documents on the Constitutional History of Puerto Rico (Wash., D.C.: the Office, 1964), pp. 153-198; to be reffered as Constitutional History. A good analysis of these is found in Carmen Ramos de Santiago, El gobierno de Puerto Rico (Rio Piedras, P.R.: Editorial Universitaria, 1970), pp. 115-150.

4) Ramos de Santiago, op.cit., pp. 151-161.

5) Ibidem, p. 159.

6) Ibidem, p. 173.

7) United States-Puerto Rico Commission on the Status of Puerto Rico, Commission Report (Wash., D.C.: U.S. Government Printing Office, 1966; reprinted by Arno Press, New York, 1975), p. 6; to be reffered as Status Commission.

8) U.S. Congresmen opposition to grant more powers to the Commonwealth is discussed in Antonio Quiñones Calderón, Del plebiscito a la Fortaleza (Hato Rey, P.R.: Ramallo Brothers, 1982), p. 102-103.

9) Ramos de Santiago, op.cit., p. 198.

10) According to a survey among U.S. industrialist on the island, tax exemption and low wages were the two main factors that attracted U.S. capital to Puerto Rico early in the program; in Surendra Bhana, The United States and the Development of the Puerto Rican Status Question, 1936-1968 (Wichita: University Press of Kansas, 1975), p. 198. Tax exemption was the most important factor given for supporting Commonwealth among representatives of the American industries in Pueto Rico in the Status Commission hearings; see, United States-Puerto Rico Commission on the Status of Puerto Rico, Status of Puerto Rico: Hearings, vol.3 (Economic Factors in Relation to the Status of Puerto Rico). (Wash., D.C.: U.S. Government Printing Office, 1966), pp. 41-60, 511-520, 547-49.

11) Antonio J. González, Economia política de Puerto Rico (San Juan: Editorial Cordillera, 1971), p. 106-107.

12) Junta de Planificación de Puerto Rico, Estadísticas Socioeconómicas, 1980 (San Juan: Junta de Planificación, 1981), p. 3.

13) Salvador Lugo, Trends and Problems of the Local Puerto Rican Owned Manufacturing Industries (San Juan: Interagency Strategy Committee, 1975), p. 8.

14) Eliezer Curet Cuevas, El desarollo económico de Puerto Rico: 1940 a 1972 (Hato Rey, P.R.: Management Aid Center, 1979), p. 253.

15) Elias Gutierrez, Victor Sanchez, and Pier Caldari, Inversión externa y riqueza nacional.?Un dilema? (Buenos Aires: Ediciones S.I.A.P., 1979), p. 92.

16) Comite Para el Estudio de las Finanzas de Puerto Rico, Informe al Gobernador (Informe Tobin) (Rio Piedras, P.R.: Editorial Universitaria, 1976), p. 33.

17) U.S. Department of Commerce, Bureau of the Census, Statistical Abstracts of the United States, 1979 (Wash., D.C.: U.S. Government Printing Office, 1979), p. 879; also, Curet, op.cit., p. 124.

18) Morris Morley, ''Dependence and Development in Puerto Rico,'' in Adalberto Lopez and James Petras, eds., Puerto

Rico and the Puerto Ricans (Cambridge, Mass.: Schenkman, 1974), p. 225.

19) Ibidem, p.232.

20) Irmgard Gonzalez, "Eficiencia economica en las corporaciones publicas de Puerto Rico: un analisis exploratorio" (M.A. Thesis, Department of Economics, University of Puerto Rico, 1980), pp. 72, 74, 77.

21) Arthur J. Mann, ´´Public Expenditure Patterns in the Dominican Republic and Puerto Rico, 1930-1970,´´ Social and Economic Studies 24:1 (March 1975), p. 56.

22) Curet, op.cit., p.297.

23) Gervasio L. García and A. G. Quintero Rivera, Desafío y solidaridad: Breve historia del movimiento obrero puertorriqueño (Rio Piedras, P.R.: Ediciones Huracan, 1982), chapter 6.

24) For the Puerto Rican migration to the United States see, Centro de Estudios Puertorriquenos, Labor Migration Under Capitalism: The Puerto Rican Experience (New York: Monthly Review Press, 1979).

25) On the Commonwealth´s policy of encouraging and planning the migration of Puerto Ricans to the United States see, Manuel Maldonado-Denis, En las entrañas: Un análisis sociohistórico de la emigración puertorriqueña (Havana: Casa de las Americas, 1976).

26) Centro de Estudios Puertorriqueños, op.cit., p. 225.

27) Junta de Planificación, op.cit., pp. 1 and 9.

28) Ibidem, p. 5.

29) U.S. Department of Commerce, op.cit., p. 877.

30) Curet, op.cit., p. 320.

31) See, Victor L. Castillo, ´´La acumulación de capital en Puerto Rico: 1960-1975´´ (Ph.D. Dissertation, Facultad de Economia, Universidad Autonoma de Mexico, 1981), chapter 3.

32) David F. Ross, The Long Uphill Path (San Juan: Editorial Edil, 1976), pp. 147-151; V. Castillo, op.cit., pp. 187-189.

33) Informe Tobin, op.cit., p. 33.

34) Puerto Rico. Economic Development Administration, The Chemical and Allied Products Industry in Puerto Rico (San Juan: Office of Economic Research, 1969), pp. 5 and 12.

35) Curet, op.cit., p. 124.

36) Ibidem, p. 222-23.

37) Eduardo Aponte Hernández, ´´La descentralización del programa industrial de Puerto Rico´´ (M.A. Thesis, Department of Public Administration, University of Puerto Rico, 1972), pp. 74-79, 106-108, and 119-128. The heaviest concentration of EDA-promoted plants were in the Metropolitan area of San Juan and its vecinities, and in Ponce and Mayaguez, the other two main urban centers of the Island. See, Rafael Pico et al, Nueva geografia de Puerto Rico (Rio Piedras: Editorial Universitaria, 1975), p. 326.

38) Puerto Rico. Economic Development Administration, Planning for a Changing Industrial Structure in Puerto Rico/ Prepared by Adams, Howard, and Opperman (Planning Consultants) with Alexander Ganz and Gerald Hodge. (San Juan: EDA, 1969), p. 5.

39) Ibidem, p. 62.

40) Centro de Estudios Puertorriqueños, op.cit., p. 130.

41) See, Emilio Pantojas García, ´´Reflexiones críticas en torno al uso del concepto de dependencia como categoria explicativa en el análisis del proceso de desarrollo en Puerto Rico,´´ Homines 6:2 (July 1982-August 1983), p. 6.

42) See, Robert Goodman, The Last Entrepreneurs: America´s Regional Wars for Jobs and Dollars (Boston: South End Press, 1979).

43) Ross, op.cit., p. 85.

44) Lyman D. Bothwell, "Capital Formation in Puerto Rico, 1950-1960" (Ph.D. Dissertation, Department of Economics, George Washington University, 1964), pp. 263 and 265.

45) Ibidem, pp. 263 and 266.

46) Ibidem, p.266.

47) Junta de Planificación, Informe Economico al Gobernador, 1969 (San Juan: Junta de Planificacion, 1969), pp. A13-A14, and A17.

48) Teresita Picó de Silva, "El impacto de los fondos federales en el desarrollo de Puerto Rico" (M.A. Thesis, School of Public Administration, University of Puerto Rico, 1976), p. 20.

49) U.S. Department of Commerce, Economic Study of Puerto

Rico vol.I (Wash., D.C.: U.S. Government Printing Office, 1979), pp. 5, 164, and 165. To be referred as Krepps Report.

50) Informe economico al Gobernador, 1969, op.cit., pp. A14 and A17.

51) Junta de Planificación de Puerto Rico, Informe social 1980 (San Juan: Junta de Planificacion, 1981), pp. 51-53.

52) Richard B. Cappalli, Federal Aid to Puerto Rico (San Juan: Instituto de Derecho Urbano, 1970), p. 183-84. Also, Teresita Pico, op.cit., p. 91-92.

53) Carmen Y. Marrero Romero, ´´Consideraciones en torno a la situación de los municipios puertorriqueños como entes de prestación de servicios públicos´´ (M.A. Thesis, School of Public Administration, University of Puerto Rico, 1978), pp.63-64, and 57-62; also T. Picó, op.cit., p.125; and R. Cappalli, op.cit., p. 184.

54) Juan C. Rosado Cotto, ´´Fondos federales y la política pública del Estado Libre Asociado de Puerto Rico,´´ Revista de Administración Pública VI:2 (March 1974), p. 112.

55) R. Cappalli, op.cit., p. 183.

56) Marrero Romero, op.cit., p. 57.

57) J. Rosado Cotto, op.cit., p. 105 and 110.

58) T. Picó, op.cit., p. 114.

59) Ibidem, p. 135.

60) James O´Connor, The Fiscal Crisis of the State (New York: St. Martin´s Press, 1973), pp. 99 and 195. Also, Goodman, op.cit.

61) Junta de Planificación, Informe económico al Gobernador, 1981 (San Juan: Junta de Planificación, 1982), p. 134-35.

62) Estadísticas socioeconómicas, 1980, op.cit., p. 1.

63) Curet, op.cit., p. 177.

64) A. J. González, op.cit., p. 117.

65) Curet, op.cit., p. 179.

66) Ibidem, p. 175.

67) Ibidem, p. 255.

68) Ibidem, p. 285.

69) Ibidem, p. 293.

70) Krepps, Report, op.cit., p. 5.

71) Centro de Estudios Puertorriqueños, op.cit., p. 133.

72) Informe económico al Gobernador, 1969, p. A4.

73) Ibidem, p. A22.

74) U.S. Department of Commerce, Bureau of the Census, General Social and Economic Characteristics: Puerto Rico (Wash., D.C.: U.S. Government Printing Office, 1972), p. 192.

75) Ibidem, p. 201-202.

76) Informe económico al Gobernador, 1969, p. A26.

77) Estadisticas socioeconómicas, 1980, p. 7.

78) Informe económico al Gobernador, 1969, p. 5.

79) ´´Oreste Ramos ante los agricultores: Insta gobierno estimule agricultura como hace con la industria,´´ El Mundo, November 12, 1962, p. 1; ´´Lic. Juan B. García Méndez; Mira próximo año como el decisivo industria azúcar,´´ ibidem, August 28, 1964, p. 29; Ramiro Colón, ´´Estadidad salvaria industria cafetalera,´´ El Estado no.65 (June-July 1959), pp. 36-38. On how the PDP´s policies affected the sugar industry see, Jose A. Herero, ´´En torno a la mitología del azúcar´´ (Mimeo, 1970), pp. 68, 74, and 77.

80) ´´The greatest gain to the local businessman from Fomento´s activity appears to have been the creation of an industrial environment, particularly around San Juan.´´ Thomas C. Cochran, The Puerto Rican Businessman: A Study in Cultural Change (Philadelphia: University of Pennsylvania Press, 1959), p. 50.

81) On the decrease in the number of industrial establishments owned by local capital and the parallel transformation of Puerto Rican enterprises to corporate forms see, Emilio González Díaz, ´´Political Attitudes and Behavior of Puerto Rican Businessmen: Preliminary Notes of a Research Project´´ (Mimeo, ND), p.8-9; and Cochran, op,cit., p. 64.

82) E. González Díaz, op.cit., p. 13-14; Cochran, op.cit., p. 161; Carlos A. Rivera Galindo and Jose I. Alameda Lozada, "La sensibilidad del sector manufacturero de Puerto Rico ante los movimientos ciclicos de la economia de los Estados Unidos" (M.A. Thesis, Graduate School of Planning, University of Puerto Rico, 1976), pp. 25-27.

83) On the 1956 electoral campaign, Muñoz Marín, with sarcastic wit, refuted Ferré´s attack on the PDP´s "socialization" of the economy and its supposed anti-private enterprise attitude: ´´Luis Ferré knows what he can expect from the Government of Puerto Rico... He has bet ten and a half million dollars that he can count with it. And he knows he is going to win the bet... Furthermore, if you can judge by the amount of money invested, he has to be one of the individuals showing more trust in myself and my government...,´´ El Mundo, November 7, 1956, p. 22. Ferré had just bought several of the government´s enterprises.

84) A. J. Gonzalez, op.cit., p. 272.

85) Curet, op.cit., p. 272.

86) Informe economico al Gobernador, 1981, op.cit., p. A8.

87) S. Lugo, op.cit., p. 8.

88) Prof. Curet, no foe of Commonwealth, coments critically on its ability to protect Puerto Rican capital: ´´... it is a fact that the program of economic development under Teodoro Moscoso showed a bias in favor of North American enterprises... The Commonwealth´s impotence to provide the protection and support to Puerto Rican capital required for the development of a strong industry has been obvious. This has been so even in the case of those industries already established.´´ Curet, op.cit., p. 274-75.

89) Newspaper add by the PER in El Mundo, October 14, 1957, p.7.

90) Speech by Ferré reproduced in El Estado, num.43 (May-June 1955), p. 16.

91) El Mundo, June 1, 1967, p. 3.

92) The 1964 PER program proposed: ´´To foment the establishment of heavy industry, to provide incentives to private enterprise and to the small industrialist, to protect native producers against the competition, to create industrial cooperatives, and aid the establishment of small home industries through loans.´´ Ibidem, August 12, 1964, p.19. In the 1967 plebiscite campaign, this position is reiterated: ´´From this moment we should estimulate the establishment of industries of high productivity that can pay, at least, the federal minimum wage.´´ Estadistas Unidos, El ABC de la Estadidad (Pamphlet, published in May, 1967), p.15.

93) Luis A. Ferré, An Engineer Dreams of a Better Puerto Rico (Address by the Honorable Governor of Puerto Rico

before the Puerto Rico Section of the American Society of Mechanical Engineers, Hato Rey, Puerto Rico, February 21, 1969), p. 4. This was Ferre´s first public speech after having been named Governor of Puerto Rico.

94) Status Commission, Status Hearings, vol.3, p. 729.

95) El Mundo, April 27, 1967, p. 7; July 20, 1967, p. 42; and July 21, 1967, p. 7.

96) See note number 10.

97) El Mundo, April 27, 1967, p. 73.

98) Ibidem, July 1, 1967, p. 60.

99) Ibidem, July 14, 1967, p. 3; and July 17, 1967, p. 25.

100) See, Aaron G. Ramos, "The Development of Annexationist Politics in Twentieth Century Puerto Rico," p. 265-66, and Juan Manuel Carrion, "The Petty Bourgeoisie and the Struggle for Independence in Puerto Rico," p. 248-49, in Adalberto Lopez, ed., The Puerto Ricans (Cambridge, Mass.: Schenkman, 1980); Henry Wells, La modernización de Puerto Rico (Rio Piedras: Editorial Universitaria, 1972), p. 340.

101) Federal expenditures for salaries for federal employees in Puerto Rico increased from $46 million in 1950 to $141 million in 1969. Informe economico al Gobernador, 1969, p. A4.

102) El Estado num.63 (Jan.-Feb. 1959), p. 14.

103) El Mundo, May 31, 1967, p. 1; and June 8, 1967, p. 26.

104) El Estado, num.42 (March-April 1955), pp. 9 and 11.

105) M. Meyn and J. Rodríguez, ´´El aparato militar norteamericano en Puerto Rico,´´ Casa de las Americas XXI:123 (Nov.-Dec.1980), p.13; Informe economico al Gobernador, 1969, p. A15.

106) El Estado VIII:39 (Sept.-October 1954), p. 14-15; El Mundo, January 26, 1967, p. 46.

107) El Estado VI:33 (May-June 1953), pp. 13 and 15. On the transition of several SP members to the PER see, Quinones Calderon, op.cit., passim.

108) El Mundo, October 27, 1964, p. 7; and July 1, 1967, p. 14.

109) Ibidem, November 5, 1956, p. 1.

110) Ibidem, November 10, 1961, pp. 1 and 20.

111) Ibidem, January 26, 1967, p. 2.

112) Marcia Rivera, Elecciones de 1968 en Puerto Rico: Análisis estadístico por grupos socio-económicos (San Juan: CEREP, 1972), p. 39; Rafael Ramirez, El arrabal y la política (Rio Piedras: Editorial Universitaria, 1977), passim; Luis Nieves Falcon, La opinión pública y las aspiraciones de los puertorriqueños (Rio Piedras: Centro de Investigaciones Sociales, University of Puerto Rico, 1970), p. 237. The marginal/poor sectors were already supporting statehood parties during the fifties; see, Juan Jose Baldrich, "Class and the State: The Origins of Populism in Puerto Rico, 1934-1952" (Ph.D. Dissertation, Department of Sociology, Yale University, 1981), pp. 227, 229, and 234.

113) On the rural support for the NPP see, Nieves Falcon, op.cit., p. 239; Luis E. Agrait, ´´Las elecciones de 1968 en Puerto Rico,´´ Revista de Ciencias Sociales XVI:1 (1972), p. 40-41.

114) For the notion that the support for the NPP among the marginal/poor was a "protest vote" against the PDP see, A. G. Quintero-Rivera, Conflictos de clase y politica en Puerto Rico (Rio Piedras: Ediciones Huracan, 1976), p. 138; also, A. Ramos, op.cit., p. 268.

115) The best known supporters of these notions are: Luis Nieves Falcon, ´´El futuro ideológico del Partido Popular Democrático,´´ Revista de Ciencias Sociales IX:3 (September 1965), pp. 237-262; Kenneth Farr, Personalism and Party Politics: Institutionalization of the Popular Democratic Party of Puerto Rico (Hato Rey, P.R.: Inter-American University Press, 1973); Henry Wells, op.cit., p. 348-49; Robert Anderson, Gobierno y partidos políticos en Puerto Rico (Madrid: Editorial Tecnos, 1970), p. 268-69.

116) See the statements from the representatives of "Businessmen for the Commonwealth" Alfonso Valdes and Manny San Juan in El Mundo, July 14, 1967, p. 3, and July 17, 1967, p. 25.

117) On the PP´s political program and evolution see, Farr, op.cit.; Ismaro Velázquez, Muñoz y Sánchez Vilella (Rio Piedras: Editorial Universitaria, 1974). An early critique of the PDP´s industrialization program by one of the outstanding representatives of this sector was Jenaro Baquero, ´´La importación de fondos externos y la capacidad absorbente de nuestra economia,´´ Revista de Ciencias Sociales VII:12 (1963), pp. 79-92.

118) The PP´s program appears in Reece B. Bothwell, Puerto Rico: Cien años de lucha política (Rio Piedras: Editorial

Universitaria, 1979), vol.I, pt.1, pp. 959-977; also I. Velazquez, op.cit., chapter 17 and passim; and C. Ramos de Santiago, op.cit., pp. 419-27.

119) On the PP's electoral support for the 1968 elections see, M. Rivera, op.cit., p. 25-26 and 50.

120) R. Anderson, op.cit., p. 132-33; J. M. Carrion, "The Petty-Bourgeoisie...," p. 246.

121) M. Rivera, op.cit., pp. 24 and 54.

122) C. Ramos de Santiago, op.cit., p.465-84; the 1969 MPI Declaration is Presente y futuro de Puerto Rico: La doctrina de la nueva lucha de independencia (Rio Piedras: Mision Nacional Pedro Albizu Campos, 1969), and the political thesis of the PSP is La Alternativa Socialista (Rio Piedras: Ediciones Puerto Rico, 1974).

123) R. Anderson, op.cit., p. 132.

124) The PAC programs are found in Bothwell, op.cit., vol.I, pt.1, pp. 837-43, and 834-36 for 1960, and pp. 896-906 for 1964; also, C. Ramos de Santiago, op.cit., pp. 330-46.

125) El Estado num.49 (June-July 1956), p. 7.

126) Quoted in Pepe Ramos, Ferré: Autobiografia dialogada (San Juan: Panavox Multimedia, 1976), p. 195.

127) Luis A. Ferré, El proposito humano, ed., Antonio Quiñones Calderón (San Juan: Ediciones Nuevas de Puerto Rico, 1972), p. 12.

128) Ibidem, p. 14.

129) Ibidem, p. 15-16.

130) Ibidem, p. 16.

131) Ibidem, p. 17.

132) Ibidem, p. 21.

133) Ibidem, p. 22-23.

134) Ibidem, p. 25.

135) Ibidem, p. 26-27.

136) Ibidem, pp. 30-35; this 1965 speech is titled "The Social Function of Free Enterprise."

137) Ibidem, p. 339.

138) El Estado, num.45 (Sept.-October 1955), p. 5.

139) Ferré, El propósito humano, p. 340-41.

140) Ibidem, p. 342-43.

141) Ibidem, p. 343.

142) Ibidem, p. 344.

143) Ferré, An Engineer Dreams..., p. 5.

144) Ferré, El propósito Humano, p. 91.

145) Ibidem, p. 92.

146) Ibidem, p. 92-93.

147) Ibidem, p. 351-52.

148) Ibidem, p. 95.

149) Ibidem, p. 237.

150) Ibidem, p. 238. Also, p. 257-58.

151) Ibidem, p. 254.

152) Ibidem, p. 293.

153) Ibidem, p. 321.

154) Pepe Ramos, op.cit., p. 194.

155) Ferré, El proposito humano, p. 278-79.

156) Ibidem, p. 279.

157) El Mundo, November 5, 1956, p. 20.

158) Ibidem, December 20, 1955, pp. 1 and 20.

159) See the article by Frank Torres in El Estado, num.47 (Jan.-Feb. 1956), p. 19.

160) Jorge L. Córdova Díaz, ´´The 1956 Election and Statehood,´´ ibidem, num.51 (Nov.-Dec. 1956), p. 14.

161) Enrique Córdova Díaz, ´´Modern Republicanism and the Statehood Party of Puerto Rico,´´ ibidem, p. 17.

162) For example, El Mundo, December 30, 1955, p. 1, and

January 22, 1958, p. 4.

163) Ibidem, May 6, 1969, p. 19.

164) Quoted in Wilfredo Figueroa Diaz, El movimiento estadista en Puerto Rico (Hato Rey: Editorial Cultural, 1979), p. 68-69.

165) Ibidem, p. 68.

166) El Mundo, December 16, 1961, p. 32, and December 12, 1960, p. 23.

167) On their support for the participation in the plebiscite see, ibidem, December 10, 1962, p. 8; on their role in organizing Estadistas Unidos see, ibidem, January 25, 1968, p. 1.

168) El Mundo, December 12, 1965, pp. 1 and 20.

169) Jose M. García Calderón, ´´La reacción se ha apoderado del PER,´´ ibidem, October 29, 1960, p. 18-19.

170) Ferré tried to have Garcia Calderon withdraw the bill. The latter recalled his conversation with Ferré: ´´I reminded Luis Ferré of his reputation in Puerto Rico as a liberal; and I told him that he should honor that reputation... I wasted my time. I demand too much. The ideological duel [between the forces of reaction and those opposed to it] was evident once again.´´ Ibidem, p. 19.

171) Ibidem, July 1, 1963, p. 1

172) Ibidem, June 11, 1964, pp. 1 and 12, and August 28, 1964, p. 26.

173) Ibidem, p. 1.

174) Ibidem, July 25, 1958, p. 3; W. Figueroa Diaz, op.cit., p. 59-60.

175) El Mundo, July 7, 1958, p. 7; El Estado, num.61 (Sept.-October 1958), p. 1-2.

176) El Mundo, July 11, 1958, p. 1.

177) Ibidem, July 14, 1958, p. 16.

178) Ibidem, July 26, 1956, p. 5.

179) Ferré, El proposito humano, p. 257-58.

180) Status Commission, Hearings, vol, part 3, op.cit., p.

232.

181) See the reply of Luis López Tizol, editor of El Estado, to Eisenhower's policy in VI:36 (Jan.-Feb. 1954), p. 5. For García Méndez and Ferré's reply see ibidem, VIII:42 (March-April 1955), pp. 14-17.

182) Status Commision, Report, op.cit., p. 14.

183) Ibidem.

184) Ibidem, p. 15.

185) Status Commission, Hearings, vol, part 3, op.cit., p. 626.

186) Ibidem, p. 627.

187) Ibidem, p. 631-32.

188) Ibidem, p. 634.

189) See the articles by García Méndez in El Estado, VI:36 (Jan.-Feb. 1954), pp. 17 and 20-27; ibidem, VIII:39 (Sept.-October 1954), pp. 11-13; ibidem, num.44 (July-August 1955), pp. 22-31; and Reece Bothwell in ibidem, num.49 (June-July 1956), pp. 21-25; and Lopez Tizol in ibidem, pp. 26-28.

190) El Mundo, September 28, 1960, p. 30.

191) Ibidem, August 12, 1964, pp. 19, 26.

192) Ibidem, April 27, 1967, p. 73.

193) For the 1967 plebiscite campaign see, ibidem, June 1, 1967, p. 3; June 3, 1967, p. 1; July 21, 1967, p. 19; and Estadistas Unidos, EEl ABC de la estadidad, passim. For the 1968 electoral campaign see, El Mundo, November 21, 1967, p. 36; October 10, 1968, p. 41; October 12, 1968, p. 14; October 14, 1968, p. 38; October 15, 1968, p. 22; and August 9, 1968, p. 1.

194) In ibidem, April 27, 1967, p. 73.

195) A. Quiñones Calderón, op.cit., pp. 47-49. Among those in the group were Raymond Acosta, Antonio Monroig, Jose Menendez Monroig, Peter Kryzanouski, Mario Gonzalez, Abidam Archilla, and Rafael Rivera Garcia.

196) Ibidem, pp. 57, 60, and 62.

197) Ibidem, p. 84.

198) Ferré, El propósito humano, pp. 258-59, and 281.

199) A. W. Maldonado, ´´Asamblea PER: Confrontación entre García Méndez y Férre,´´ El Mundo, January 21, 1967, p. 1.

200) Ibidem, January 23, 1967, pp. 1 and 20; January 24, 1967, p. 1; January 25, 1967, p. 1. The events and controversies surounding the January 22 PER Assembly and the formation of Estadistas Unidos are discussed in Quiñones Calderón, op.cit., pp. 88-134. Ferré´s speech before the Assembly is found in El propósito humano, pp. 264-75.

201) Ferré, ibidem, p. 273.

202) El Mundo, January 25, 1967, p. 1; W. Figueroa Diaz, op.cit., p. 82-83. Among the organizers of Estadistas Unidos were Ferré, Romero Barceló, Justo Méndez, Menéndez Monroig, Benjamin Franklyn Cerezo, Enrique and Jorge Luis Córdova Díaz, Hernán Padilla, Francisco Ponsa Feliú, Ramón Llobet, and Oreste Ramos, Sr.

203) El Mundo, June 8, 1967, p. 26, and July 22, 1967, p. 71; W. Figueroa Diaz, op.cit., p. 83.

204) El Mundo, January 26, 1967, p. 2; July 1, 1967, p. 14; and June 6, 1967, p. 1.

205) Ibidem, January 26, 1967, p. 46.

206) Ibidem, p. 63.

207) Ibidem, September 28, 1960, p. 30; and August 12, 1964, p. 19.

208) See note 92.

209) Bothwell, op.cit., vol.I, pt.2, pp. 913-23; El Mundo, October 8, 1968, p. 34; October 9, 1968, p. 43; October 10, 1968, p. 41; October 14, 1968, p. 38; October 15, 1968, p. 22; and October 16, 1968, p. 62.

210) El Mundo, September 5, 1967, p. 1; November 27, 1967, p. 36; December 19, 1967, p. 20; December 21, 1967, p. 73; February 21, 1967, p. 40; April 11, 1968, p. 28; August 6, 1968, p. 23; August 9, 1968, p. 1; September 12, 1968, p. 40; and September 17, 1968, p. 27.

211) Aaron Ramos, op.cit., p. 267-68.

212) Ferré, El propósito humano, p. 285-86.

213) Ibidem, pp. 289-91. This Assembly is discussed in Quiñones Calderón, op.cit., pp. 167-206.

214) In his acceptance speech as NPP candidate for Governor, p.294; "El Puerto Rico olvidado," (October 1968), pp. 298-307; "La Nueva Vida," 1968 campaign closing speech, pp. 308-14; and in his First Speech to the Legislature, January, 1969, pp. 147-160, all in El proposito humano.

215) ´´Ferré: Puerto Rico descubrió su derrotero en Plebiscito,´´ El Mundo, November 21, 1967, p. 36.

216) Ferré, El proposito humano, p. 294. Also in his ´´El Puerto Rico olvidado´´ speech, in ibidem, p. 299. And ´´PNP recalca es necesario buen gobierno,´´ El Mundo, October 8, 1968, p. 34.

217) Ferre, El proposito humano, op.cit., p. 112. This is repeated in his January 1969 First Speech to the Legislature, ibidem, pp. 147-160.

218) Pepe Ramos, op.cit., p. 216.

219) Ferré, An Engineer Dreams of a Better Puerto Rico, pp. 1 and 3; El proposito humano, pp. 115-21, and 159.

220) Pepe Ramos, op.cit., p. 217.

221) ´´Promete ´Nueva Vida´,´´ El Mundo, September 16, 1968, p. 31; Ferré, El proposito humano, pp. 308-314.

222) El Mundo, September 1, 1967, p. 12; and November 21, 1967, p. 36; El proposito humano, p. 296.

223) The 1968 NPP electoral campaign issues are discussed in Ruth Martínez Saldaña, ´´Anatomía de un partido político en su lucha por llegar al poder: El caso del Partido Nuevo Progresista´´ (M.A. Thesis, School of Public Adminstration, University of Puerto Rico, 1972), p. 12; and William Ríos, ´´La campaña electoral del Partido Nuevo Progresista en 1968,´´ paper delivered at the "Puerto Rican Annexationism" Conference held in the University of Puerto Rico, April 14 and 21, 1983.

224) W. Ríos, ibidem; and Marina Plaza Arroyo, ´´Financiamiento de partidos y campañas políticas en Puerto Rico´´ (M.A. Thesis, School of Public Administration, University of Puerto Rico, 1971), pp. 14 and 19.

225) Ferré, El proposito humano, op.cit., p. 308.

226) On the NPP anti-independence/communism discourse see, El Mundo, July 22, 1967, p. 14; ibidem, p. 71; ibidem, April 6, 1968, p. 4; ibidem, October 8, 1968, p. 8; Ferré, El proposito humano, p. 279; Estadistas Unidos, El ABC de la estadidad, op.cit., p. 26-27.

227) This anti-independence/anti-communism rhetoric within the statehood movement is not particular to the NPP. The PER made it the most outstanding issue in its program. For the 1968 PER program see, Bothwell, op.cit., vol.I, pt.2, part. p. 1033.

228) El Mundo, April 17, 1968, p. 1.

229) Ibidem, July 17, 1967, p. 1.

230) Ibidem, November 28, 1967, p. 1; also, April 10, 1968, p. 26; and Ferre, El proposito humano, p. 291.

231) El Mundo, November 21, 1967, p. 36; April 10, 1968, p. 26; April 17, 1967, p. 1; and Ferre, El proposito humano, pp. 285, 290, and 196.

232) El Mundo, October 10, 1968, p. 29.

233) See, Bothwell, op.cit., vol.I, pt.2, pp. 1028-1033.

234) Old habits (and interests) die hard; and sometimes they do not even fade away. In August 1982, Miguel A. García Méndez was still arguing about the need to strengthen Puerto Rican agriculture through the revitalization of the sugar industry. In The San Juan Star, August 5, 1982, p. 3.

235) EEl Mundo, October 10, 1968, p. 29. This issue was involved in the struggle between the PER and the NPP for the recognition of their own organization as GOP representative in Puerto Rico. In 1968 the PER was named GOP representative and obtained from the U.S. party the support for Puerto Rican statehood if so desired by the population. Ibidem, August 7, 1968, p. 1, and August 10, 1968, p. 1.

236) Ibidem, October 12, 1968, p. 14.

237) Ferré, El proposito humano, p. 296-97. Also, El Mundo, September 1, 1967, p. 12; May 13, 1968, p. 1; and October 8, 1968, p. 34.

CHAPTER VI

THE NEW PROGRESSIVE PARTY AND THE POLITICS OF REDEMPTION

The electoral victory of the New Progressive Party in 1968 marks the end of Popular Democractic Party´s political dominance since the forties and the advent of the NPP and of statehood as major forces in Puerto Rican politics. It is surprising, then, that no proper attention has been given to the movement, or the party, so relevant to Puerto Rican politics since 1968. Even an astute observer of Puerto Rican politics raised the question, several years after the first NPP victory, of whether the statehood movement was a "rising force" or whether it was merely a "suggestive slogan" for mass mobilization, deciding in favor of the latter.[1] The attention given to the NPP has been based on its relationship to the status issue (statehood) and to the cultural issue (assimilation); more recently, attention has been given to the social basis of the NPP.[2] But little attention has been given to the NPP administrations, which have controlled the Commonwealth government for twelve years from 1968 to 1984, or to the statehood program elaborated by the NPP.[3] Even less interest has been shown in a comparative study of the NPP under the respective leadership of Ferré and Romero. Chapters 6 and 7 are an attempt to make a contribution in these significant areas of contemporary

Puerto Rican politics.

As argued in the previous chapter, the NPP represents a rupture of the previous statehood movement, as represented by the Republican Statehood Party, both in terms of its social base and its program, particularly its stand on statehood. At the time of its first electoral victory, the NPP was dominated by Luis Ferré, the NPP's first president and governor of Puerto Rico. As this chapter will demonstrate, as governor, Ferré attempted to implement a specific socio-economic and political program, which I have termed the "program of redemption." This program aimed at providing social and political stability for Puerto Rico--a crucial requisite for the attainment of statehood--and, more importantly, for the survival of capitalism on the island. The Ferré Administration was unable to implement the program of redemption because of structural constraints and the internal schisms that plagued the party by the time of its 1972 electoral defeat.

Statehood was an important issue during the first NPP administration, but it was not the immediate concern of Ferre's program. Furthermore, statehood became a divisive factor in the NPP; it was the issue around which the programmatic and ideological differences in the party were fought. The NPP was born as an alliance of loosely-knit factions, with important differences between them; statehood was the unifying element around which these factions coalesced. Disagreement about what the main goal of the

party should be and the party's electoral defeat in 1972 led to a "crisis." The rise of Carlos Romero Barceló to the party helm represents the solution to the party's organizational crisis and the ascendance of a new socio-economic and political program, the central issue of which is statehood.

Part I of this chapter will deal with the state and economic structures in Puerto Rico during the seventies. The Commonwealth's industrialization program, based on the attraction of American capital to the island through massive subsidies and incentives, deteriorated by the mid-sixties; labor-intensive industries declined during this period and the local government could not solve the resulting socio-economic problems. A new industrialization policy, based on attracting capital-intensive industries, was implemented by PDP and NPP governments in an attempt to promote economic stability on the island. But the new policy could not provide stable economic growth and, moreover, caused higher unemployment. The federal government had to intervene in order to promote social stability, and to stabilize the local market and stimulate demand for mainland goods by spurring local consumption. The subsidization of growing sectors of the population by the federal government has led to greater support for statehood.

Part II deals with the organization and discourse of socio-political conflict in Puerto Rico in this period. Statehood, and the social and political programs that it encompasses, became the major issue in Puerto Rican politics

after 1968. Ferré's program of redemption was an attempt to redefine the economic and political position of the local bourgeoisie within the Commonwealth and to use the Commonwealth as an instrument to promote statehood. The Popular Democractic Party acquired a defensive character, even during the 1972-76 government of Rafael Hernández Colón. Vacillating between the autonomist and annexationist tendencies within the party, the PDP focused on the defense of Commonwealth as the centerpiece of its political and economic program. The two other major political forces during this period, the labor movement and the independence movement, experienced a similar process of growth and increasing radicalism at the turn of the seventies and of political decline and conservatism at the end of the decade. The independence movement, organizationally and ideologically fragmented, has lost its influence in the political arena. The labor movement, heavily disciplined by successive NPP and PDD administrations and weakened by economic depressions, has lost its independent political role.

Part III deals with the NPP politics and government administration under Ferré. It will be argued that during his administration, Ferré tried to implement a particular socio-economic and political program, the "program of redemption," whose goals were: to attain social stability through the use of state programs (e.g., rise in incomes and services, more federal funds); to promote economic stability by strengthening the position of local capital in the

island's economy and by redefining the economic role of American capital in Puerto Rico; and to promote political stability by furthering the political integration of Puerto Rico to the United States (federal funds, the attainment of the presidential vote, the strengthening of the ties of citizenship) and through statehood. The collapse of this program was not the result of the party's defeat in the 1972 elections, although its defeat precipitated the collapse, but of the internal contradictions within the party. The rise of Romero Barceló to the command of the NPP signifies the emergence of a new leadership and, more importantly, the ascendance of a new party program, including a new strategy for the attainment of statehood.

PART I: STATE AND ECONOMY

The Commonwealth and the Policies for Economic Growth

By the mid-1960's, the contradictions in the Commonwealth's industrialization program affected Puerto Rico's economic growth. Thus, the Commonwealth reformed its economic policy to emphasize promotion of heavy industry. There were also attempts by both the PDP and the NPP to reform the political structure of the Commonwealth. But up to this date, Commonwealth's structures remain in essence unchanged. The Commonwealth's problems in the mid-1960's were only the omen of the crisis that would affect it during the 1970's.[4]

In this section we will discuss the origins of the crisis of the Commonwealth and the attempts to reform it.

The PDP´s light industry-based industrialization model, which led to the 1950´s "miracle of economic growth," began to deteriorate in the mid-1960´s. The leading sectors of the PDP reacted by revising the Commonwealth´s economic program to attract heavy industry. That this policy was to be implemented in its full vigor by a pro-statehood government only indicates the non-contradiction between the Commonwealth structures and a program for statehood. As indicated in several Economic Development Administration (EDA) reports during his term, the Ferré administration planned on heavy industry as the centerpiece of the industrialization program.[5] The Ferré administration emphasized the oil refining industry as the axis of the new economic policy. This fulfilled Ferré´s demand for high wages, high productivity, and "social responsibility". His administration proposed the Petroleum Base Project as the centerpiece of the program. The project called for the expansion of the petrochemical industry and the construction by the government of a deep water port for super oil-tankers. The project was rationalized in the following way:

> The Petroleum Base Project will produce the fuels needed to meet Puerto Rico´s incipient ´energy crisis´; produce the feedstocks needed for expansion and diversification of the petrochemical industry and thus, indirectly, provide new basic materials needed for the development of Puerto Rican light industry.(6)

Although the project was elaborated by the Ferre Adminis-

tration, and under Ferre´s social-economic philosophy, this economic policy was adopted by the PDP administration of Rafael Hernández Colón (1973-1977), as an EDA report of 1974 indicates: ´´The diversification and vertical expansion of this group of industries from existing cores is a major objective of Puerto Rico´s Economic Development Administration.´´[7] Unfortunately for Hernández Colón, the industry--and with it the economic policy on which it was based--began to collapse during his administration.

The collapse of the petrochemical industry in Puerto Rico, like labor-intensive light industry before it, was due to the structure of the Commonwealth. The businesses that settle in Puerto Rico are foreign (mostly American) owned. Production and profits are exported; little money is reinvested in Puerto Rico. Industrialization has rested on attracting American capital seeking fast and large profits. This policy does not promote economic stability; in the last two decades the Commonwealth has changed its economic policy from one of promotion of light industry to heavy industry (petrochemicals) to pharmaceuticals and electronics to service industries and finally to non-productive financial capital.

The petrochemical industry collapsed in the mid-1970´s due to the changes in the world economy and subsequent American changes in economic policy. The petrochemical industry settled in Puerto Rico in the mid-fifties, but it was only after the late 1960´s that it expanded abruptly.[8]

The reason for this is twofold. In the first place, EDA reformed its economic policy (exemptions, subsidies) to attract this kind of industry to the Island (chapter 5). Second, in the late 1960´s the United States government reviewed its foreign oil import policy. The importation of oil to the United States (and Puerto Rico) had been restricted by quotas since the 1950´s. In 1968 the oil quota for Puerto Rico was not only increased considerably, but foreign oil was subsidized by a tax on American oil. The resulting expansion of the petrochemical industry in Puerto Rico was phenomenal. Three companies in 1960 increased to ten by 1972; ten plants in 1960 expanded to 49 by 1973. Except for the Commonwealth Oil Refining Co. (CORCO--the world´s biggest independent refinery at the time), the industry in Puerto Rico was dominated by U. S. multinationals: Union Carbide, PPG, Gulf, Esso Standard, Occidental, and the non-American owned Royal Dutch Shell, and Phillips. Out of the 49 plants, some 39 were subsidiaries of U.S. multinationals, 4 were "foreign", and 8 were "local" (i.e., CORCO, incorporated in Puerto Rico by U.S. investors). Almost two-thirds of the plants were located in long-term exemption areas (over 15 year exemptions). The value of their shipments increased from $180 million ($131 million to the U.S.) in 1968 to $427 million ($381 million to the U.S.) in 1972. Their total assets were estimated at $1.6 billion in 1973.[9]

This situation changed drastically in the mid-1970´s.

The rise in the oil prices raised the price of foreign oil to that of the United States, removing the incentive to settle in Puerto Rico. As a reaction, the United States government considerably reduced Puerto Rico's foreign oil quota and eliminated its subsidy. The collapse of the industry was as drastic as its rise: by 1983 there were only two gasoline refineries in Puerto Rico; CORCO has been struggling against bankruptcy for the past six years; the "greatest petrochemical complex in the world" was reduced to rusty junk in less than a decade.

The chemical industry was also favored by the policy of attracting heavy industry.[10] Although it did not gain the prominence of the oil, the expansion and development of the chemical industry has been the axis of the manufacturing industry in Puerto Rico since the late seventies. It achieved a tremendous growth; production increased from $9.8 million in 1960 to $109 million in 1970, and $1,778 million in 1981. By 1970 it already represented 11.4 percent of total manufacturing income, and by 1981 this had increased to 41 percent.[11] Nearly all the plants in the chemical industry are EDA-promoted, and most of them are subsidiaries of U.S. multinationals: Ely-Lilly, Bristol Myers, Park and Davis, Searle, Upjohn, Cyanamid, Smith Kline, Squibb, Warner Lambert, Abbot, Baxter, A. H. Robbins, American Hospital Supply, and others. Their numbers increased from 46 (40 U.S. subsidiaries) in 1973 to 93 in (85 U.S. subsidiaries) in 1980.[12] These companies have benefitted the most from the

new EDA incentives and subsidies, particularly the Romero administration´s PRIDCO and AFICA.[13] Furthermore, they gained the most from the revision of IRS code 936, increasing their exemptions from federal income taxes (to be discussed in the next chapter).

While rising unemployment forced the masses to question the economic legitimation of the Commonwealth, the failure of one type of industry after another questioned the ability to assure economic stability. Furthermore, the industrialization program required increased state subsidies and incentives and more investments by the local government to keep it working. The Commonwealth´s limited capacity to provide social and economic services promoted a more extensive intervention by the federal government in these areas, undermining further the economic and political legitimacy of the Commonwealth.

The Crisis of Commonwealth

The deterioration of the Commonwealth is not merely economic but also political. The Commonwealth government has lost the capacity to guarantee economic and social stability. On the other hand, the integration of the Commonwealth to the American state has increased and the U.S. government has assumed the responsibility of securing social stability in the Island. In the face of the Commonwealth´s economic and political deterioration,

statehood has become a viable alternative for sectors both in the United States and Puerto Rico.

Since its creation, the Commonwealth's economic policy has been rationalized as a way to create the jobs required to raise the population's standard of living. While this belief may have had some relevance during the heyday of labor-intensive light industry, by the early seventies it had lost all meaning. The relationship between investment and employment has been a negative one. Unemployment fluctuated around twelve percent during the sixties, but since 1975 it has been around twenty percent, reaching twenty-five percent in 1983.[14] The economic policy of the Commonwealth has been based on the promotion of manufacturing as the main source of employment, but since the early 1970's the predominant areas of manufacturing have been capital-intensive, not labor-intensive. Manufacturing's share of the gross national income rose from 26 percent in 1970 to 47 percent in 1980, but during the same period, the share of total employment in manufacture decreased .6 percent.[15]

Increasingly during the 1970's, the major incentives for American and other foreign capital to settle in Puerto Rico have been the subsidies and tax exemptions given by the Commonwealth and U.S. governments. The manufacturing industry in Puerto Rico is almost totally subsidized by the Commonwealth; EDA-promoted plants provided 82 percent of the net manufacturing income in 1970 and 92.5 percent in 1980.

The share of Puerto Rico´s total income produced by EDA-promoted plants increased from 21 percent in 1970 to 44 percent in 1980. During the 1970´s, manufacturing in Puerto Rico was dominated by the chemical-pharmaceutical and electronics industries. The share of the chemical-pharmaceutical sector in net manufacturing income increased from 11 percent in 1970 to 36 percent in 1980; the share of the electronics sector increased from 18 percent in 1970 to 27 percent in 1980. That is, these two sectors provided nearly two-thirds of all the manufacturing income and 30 percent of the total income of Puerto Rico by 1980.[16] As impressive as these figures are, the impact of these industries on the rate of employment were minimal. In 1980, the chemical-pharmaceutical and electronics industries provided only one-third of all employment in manufacturing and only 6 percent of the total employment in Puerto Rico.[17] This has stimulated "structural unemployment" (as characterized by a U.S. Commerce Department study), i.e., the incapacity of the Commonwealth´s economy to provide the proper levels of employment for the population.[18]

"Structural unemployment" reflects on the standard of living of the population; the latest Census report indicates that 62 percent of the population in Puerto Rico is under the U.S. poverty level.[19] This means that the state has maintain the population. With the industrialization of the economy since the 1950´s, the rate of participation in the labor force has decreased. During the sixties and seventies,

the rate of participation fluctuated between 42 and 45 per cent.[20] Those out of the labor force had to be supported either by those working (36 percent of those capable) or by the state. The first alternative is largely unfeasible. In 1975, 25 percent of all families had all their members out of the work force; 10 percent had all their members unemployed; and 44 percent had only one member working.[21] Yet this did not result in a decline in the standard of living. The number of families with an income of less that $5,999 decreased from 75 percent in 1970 to 19.5 percent in 1975. The net income for all families rose from $3,066 in 1970 to $6,006 in 1978.[22] The solution to this puzzle is obvious: the growing dependence of the population on state subsidies. Transfer payments from the state represented 25 percent of the personal income of Puerto Ricans in 1970; it increased to 28 percent by 1978.[23]

Maintenance of the population has fallen upon the American federal government. The transfer of federal funds to Puerto Rico increased 500 percent from 1970 to 1982. In 1970, $699 million in federal funds was transfered to the Island; it reached $4.5 billion by 1978. Already by the early 1970´s the largest item in these funds to Puerto Rico was transfer payments to individuals; this reached 40 percent of all federal funds in 1970, increasing to 61 percent by 1982. (See Table 6.1) That is, almost two-thirds of all federal funds to Puerto Rico were devoted to the maintenance of the population. The impact of these transfers

is better understood when compared with the total personal income in Puerto Rico. As shown in Table 6.2, the percentage of transfer payments as share of personal income increased considerably, reaching 28 percent by the end of the seventies. The federal government has undertaken the major burden in this area: by 1982 federal funds represented over three-fourths of total government transfers to individuals, providing 22 percent of the total personal income of Puerto Rico.

The political consequence of this process is crucial: the American state has created its own political constituency in Puerto Rico. If we add those that depend on federal funds for survival, those working for the federal government in Puerto Rico, and those employed by the Commonwealth government on federal programs or with federal monies, we have a clear notion of the basis of support for the American state in Puerto Rico. The contemporary statehood movement in Puerto Rico benefits from this social support for the American state in the Island. This is the reason why the statehood program, particularly under Romero, has revolved around the issue of the role of federal funds in Puerto Rico. This is why Romero appeals to the issue of statehood; even against a government discredited by corruption and incompetence, statehood remains an effective tool in maintaining the NPP´s popular support.

The Commonwealth became increasingly incapable of either defraying its own costs or dealing effectively with

the social problems that its policies promoted. As seen in Table 6.3, federal funds have been around one-third of the Commonwealth's total income since 1970, reaching 36.5 percent in 1980. Though the Commonwealth's receipts have increased, so have its share of federal funds. Table 6.4 shows that the bulk of federal funds to the Commonwealth go to education, social services, and health. If we add those funds assigned to unemployment insurance and CETA funds (which between 1975 and 1980 were the biggest share of federal funds to the municipalities), it can be clearly seen how federal funds to the government complement transfers to individuals. That is, federal funds in Puerto Rico have provided basic services and income to the population. This also explains the unbridled increase in public employment in the seventies (from 15.5 percent of total employment in 1970 to 24.4 percent in 1980).[24] These figures take on added meaning if we consider that 65.4 percent of the Commonwealth's 1981-82 budget was aimed at "social development" (i.e., education, health, welfare, employment and housing).[25] Although the Commonwealth government assigns over two-thirds of its budget to provide services and to maintain the population, these functions could not be properly fulfilled without the transfer of federal funds to Puerto Rico. Table 6.5 shows clearly that the transfer of federal funds to Puerto Rico was aimed primarily at providing income, services, and employment to the population.

The fiscal crisis of the Commonwealth reflects its own

economic and political decline. As shown in Table 6.6, from the early seventies to the present almost two-thirds of the recurrent receipts of the Commonwealth came from individual income and excise taxes. This kind of fiscal structure most affects those working for a wage and those in the lower income groups, who have no tax breaks and are most heavily burdened with excise taxes. This structure is in itself a subsidy to the corporations.[26] In 1982, corporations paid only 17 percent of all taxes ($320 million). 936 corporations took advantage of exemption from federal taxes on profits transfered to the United States. They paid only $85.4 million from a toll gate tax on profits sent to the U.S.--only four per cent of all profits. A recent study concluded that individuals working for EDA-tax exempt corporations avoided some $2.2 billion in taxes to the local government between 1948 and 1976 (77 percent of it since 1968).[27]

Although there are no real figures on the direct and indirect subsidies given by the Commonwealth to the corporations, an indicator is the public debt, which increased 400 percent, to $8 billion from 1970 to 1980. As seen in Table 6.7, the bulk of the public debt is carried by public corporations, reaching 75 percent of the total in 1982. Seventy-three percent of the public corporations' debt corresponds to those providing subsidized services to the corporations: electricity, water and sewage, telephone, ports, public buildings, the Commonwealth's shipping

company, and EDA.[28] The absolute increase in the Commonwealth's debt reflects its need to borrow money both to cover its expenditures and to provide more subsidies to foreign capital (e.g., AFICA). The fiscal crisis of the Commonwealth is the result of its effort to attract American capital through subsidies and exemptions.

Thus, by the mid-seventies the Commonwealth was not able to provide either economic or social stability. The federal government took over this role through the massive transfer of funds. But these funds also played an important economic role in Puerto Rico by stimulating demand in the island; they became a very important element in the process of economic integration of the island to the United States.

Economic Integration

The economic integration of Puerto Rico to the United States has remained constant throughout the century. Its form, however, has changed according to the dominant form of accumulation: production of sugar, light industry, heavy industry, and high techonology. The economic consequences have been: American control of the main productive sector (successively, sugar, textiles, petrochemicals, pharmaceuticals, electronics); production for the American market; import of capital goods and raw materials for this production and consumer goods for the population; and constant expansion of American finance capital to support

all of the above. By the early 1970´s there were changes in the dominant kind of production (from light industry to heavy industry) and in the kind of capital controling the productive process (from competitive capital to monopoly capital). But by the late 1970´s two new elements added to the form of economic integration: the preponderant role of the American state as an economic intermediary, and the emergence of financial capital as a leading sector of the economy--and of U.S. capital in Puerto Rico. This last issue will be discussed in our next chapter.

Federal funds fulfill a very important role in Puerto Rico´s economy: by 1981, transfer payments represented 25 percent of the disposable personal income; total federal funds were 41 percent of the island´s gross product; in 1977 federal funds provided an estimated 11 percent of the island´s gross investment.[29] But a recent study by the U.S. Commerce Department concluded that the economic role of federal funds has to be taken with skepticism. For example, only a very small amount of federal funds are used for physical capital investment and ´´a limited portion of these...funds are used for what could be called ´directly productive´ purposes.´´[30] The federal study questioned the soundness of federal programs for employment in an economy characterized by "structural unemployment," where these programs do not provide any solution to the increasing need for employment in the population. Programs to raise labor productivity through education were characterized as foreign

to the needs of the job market.[31] The Commerce Department study reached two conclusions regarding the role of federal funds in Puerto Rico´s economic development:

> First, most of the grants and loans that are directed at specific targets primarily reflect Federal priorities which in some cases are not fully consonant with Commonwealth priorities. Second, the matching requirements stipulated by many Federal programs in noneconomic development categories tend to divert available Commonwealth funds that might be directed to economic development purposes.(32)

If this is correct, what is then the economic role of federal funds in Puerto Rico?

The Commerce Department study singled out three areas of "Puerto Rico´s economic reliance" on the United States: 1) as a source of capital; 2) as the main source for exports and imports; and 3) ´´as a source of income support by way of transfer payments for a sizable portion of the population.´´[33] Even though this last statement is accurate, the economic role of federal funds transcends income maintenance; as the report itself argues, federal funds ´´are important in meeting social needs and they spur consumption and demand.´´[34] As a consequence, for example, 85 percent of the funds in federal food and nutrition programs return to the United States acording to a Commonwealth estimate.[35] Between 1970 and 1982 Puerto Rico´s imports increased from $2.5 billion to $9.3 billion; between 25 and 35 percent of these were in consumer goods. Consumption expenditures increased during the same period from $2.6 billion to $4 billion.[36] This increase in both comsumption and import of

consumer goods, in a decade characterized by growing unemployment and economic marginality, can only be explained by the transfer of federal funds to Puerto Rico. This situation benefitted American producers, since most imports came from the United States; in 1981, 61 percent of all imports to Puerto Rico were from the U.S.; the bulk of other imports consisted of oil and derivatives.[37]

The Federal government has become an intermediary in the production and circulation of commodities in Puerto Rico. It subsidizes U.S. capital both in the mainland and on the island. It exempts American capital ventures in Puerto Rico from taxes (as does the Commonwealth government) and subsidizes American capital in the mainland by pumping money into the Island's economy that allows consumption of U.S.-made goods. Puerto Rico's economy produces commodities for the American market and consumes American commodities. The two poles, production and consumption, have no direct relationship in terms of a "Puerto Rican market." The essential link between both has increasingly been the American state.

In conclusion, the Commonwealth structure has faced critical problems at the economic and political levels. The industrialization program has been unable to provide economic stability and an adequate level of employment for the population. The federal government has had to intervene to provide social stability through the massive transfer of funds to the population and to the Commonwealth government. Furthermore, the federal government has become an important

link in the economic integration of Puerto Rico to the United States by stimulating demand in Puerto Rico. This situation sets the basis for the support of statehood among broad sectors of the population and it has determined the politics of both the NPP and the PDP. Economic and political integration has set the parameters for the program and ideology of both the pro-statehood NPP and the autonomist PDP.

PART II: SOCIAL AND POLITICAL CONFLICT

The precise determination of which social classes and groups support what specific political party or movement is always a complex task. The social scientist can only approximate this phenomenon. Developments in Puerto Rico during the last decade make this relationship more complex yet: economic and political integration of Puerto Rico to the United States has moved the two major political parties in the same direction, although at different levels. The response by the leadership of the New Progressive Party is clear: total integration to the United States, through statehood. The Popular Democratic Party, whose annexationist sector has strengthened its power within the party, defends an autonomist relationship with the United States, increasingly promoting greater ties of "permanent union."

This similarity in political goals is related to the convergence of the leadership of both parties. But specifying the leading sector in each party is somewhat complex.

This is the case in terms of the New Progressive Party. Maldonado-Denis has argued that the Puerto Rican "dependent bourgeisie" (i.e., linked directly to American capital) provides the leading nucleus of the statehood party.[38] Other authors are more specific; Quintero-Rivera has called the NPP the instrument of the "new intermediaries" of American capital and Mattos Cintron has argued that it is led by the sector of the intermediary bourgeosie linked to unproductive capital (insurance, finance, services).[39] Pantojas has argued that the leading nucleus of the NPP since 1967 is the industrial and banking bourgeoisie, getting the support from the "comprador" bourgeoisie (finance, real state, commerce), the petty bourgeoisie, the new middle sectors linked to the dominant bourgeoisie, with popular support coming from the marginals/poor and sectors of the working class.[40] These kinds of statements present some analytical problems. General assertions do not aid in specifying the particular weight of any sector within the movement; even though the Puerto Rican bourgeoisie selects statehood over independence, there are sectors of it that support the PDP and whose material basis is different from that of the statehood bourgeoisie. Also, some imprecise conclusions may be reached without adequate analysis, e.g., the NPP is dominated by the "unproductive" bourgeoisie or it is an instrument of the "new intermediaries."

This study emphasizes which sector of the bourgeoisie dominates in particular moments, and how this reflects in

the program and ideology of the statehood movement. The Puerto Rican bourgeoisie (not linked directly to American capital) has historically been a competitive bourgeoisie. This has moved it towards annexationism, though perhaps not directly to the statehood movement. Since the mid-century, the leading sector within the local bourgeoisie has been the industrial sector (linked to banking). This sector took a leading role in the formation of the NPP in 1967. During the 1970´s, a series of factors weakened the position of the industrial bourgeoisie: the dominion of American monopoly capital over industry and commerce, and the rise of finance capital (both American and local). Within the NPP a group of intermediate sectors linked to American capital (like corporation lawyers Carlos Romero Barceló and Baltasar Corrada) took the leading role in the party. They presented a new statehood program and sought the support of the finance capital sector of the bourgeoisie (both American and local).(Chapter 7)

Since 1968, political conflict in Puerto Rico has evolved around the struggle between the PDP and the NPP, between Commonwealth status and statehood. In my understanding, the NPP has set the tone of the conflict, making statehood the paramount issue of the last decade. Of the last sixteen years the NPP has had total or partial control over the government of the Island for twelve. The first NPP administration (1969-1973) atempted to implement Ferré´s redemptionist program--to provide the social

stability necessary to confront the malfunctionings of the capitalist system in the island. Ferré tried to provide some economic stability for both local capital and the population through the state apparatus, by stimulating local demand through increasing people´s income. This resulted in a considerable increase in the government´s expenditures and consequently to an increase in the public debt. As part of his program, Ferré successfully pressured the federal government to extend federal programs to Puerto Rico. Ferré also received support from the government bureaucracy through wage increases and better employment conditions. Furthermore, he sought to weaken the Commonwealth politically by promoting more political integration to the United States; for example his demand for equal treatment in federal programs and the manipulation of a Committee on the Status toward obtaining of the presidential vote.

But Ferré´s administration was confronted with a series of political issues. His government coincided with the first of the 1970´s recessions in the United States (which extended to Puerto Rico) and with the transition from light industry to heavy industry in the economy; the economic condition of the island was very unstable. During his government the labor movement reemerged: "independent" (i.e., Puerto Rican) trade-unions were formed, public employees were increasingly organized, the labor movement grew more radical, and the number and intensity of both public and private strikes increased, thus ending the "labor

peace" period fomented by the PDP. Along with this the independence movement also reemerged, characterized by the radicalization of its programs, the appearance of terrorism, and linkages to the labor and student movement. It became the main political opposition to the state (e.g., in campaigns against the U.S. draft and the Vietnam war, against the exploitation of the mines, etc.) This was the context under which the only PDP administration in the last sixteen years came into power.

The Popular Democratic Party and the Defense of Commonwealth

The programmatic axis of the PDP since the early seventies has been maintenance and reform of the Commonwealth as the only form which provides economic and political stability to Puerto Rico. The 1968 debacle immediately brought a change in the leadership of the party. This new leadership came from the ranks of the "new guard," from the internal reform movement that led to the schism of 1968. Unlike Sánchez Vilella and his group who broke away with the PDP, this sector remained loyal to Munôz and stayed within the party. By the early 1970's this conservative "new guard" became the leading sector, ideologically and organizationally, of the PDP. The majority of its members came from the middle and upper strata of the state bureaucracy and from intermediate social sectors with no direct linkage to American capital.[41] The initial position of this group,

headed by the young lawyer and Muñoz protege Rafael Hernández Colón, was that the only way to secure the Commonwealth was to reform to it.

The so-called "Pronunciamiento de Aguas Buenas" (The Aguas Buenas Pronouncement) in 1970 provided the first indication of this group's programmatic inclinations. The pronouncement addressed the climate of conflict that characterized the early seventies in Puerto Rico:

> Puerto Rico is going through a very difficult and confused period of its history. The political climate has become one of acute confrontation between the separatists on one side and the annexationists and assimilationists on the other. There is a rising economic crisis that endangers the achievements that took such great efforts to attain. Industrial development is declining and the harmony between capital and organized labor has been broken. There are delicate problems in the relations with the Federal government and in the fulfillment of its functions in Puerto Rico.(42)

The solution to this crisis is a greater autonomy for the Commonwealth; more autonomic powers would solve the conflicts between the separatists and the annexationists, between capital and labor, between the Commonwealth and the Federal government.

The amelioration of conflicts with the Federal government would be achieved through the elimination of the two main issues of conflict with the American government at the time: the exemption of Puerto Rican youth from the military draft and the withdrawal of the U.S. Navy from the islands of Vieques and Culebra. The demands for Commonwealth control over immigration, working conditions, labor-capital

relations, and minimum wage were aimed at the reduction of the conflict between capital and labor. Along with this, a PDP victory would reduce the tensions between the separatists and the annexationists. Other autonomist demands were aimed at attracting American capital: demands for more autonomy in areas like shipping, customs, and tariffs, reforms in the federal internal revenue codes, and in labor laws.[43]

The American government has opposed any attempt to reform the Commonwealth. This was once again reaffirmed when in 1975 the Hernández Colón Administration submitted to Congress the "New Compact" with demands for greater self-government powers for the Commonwealth; the bill was strongly opposed by several branches within the Executive and by Congress and was shelved.[44] The PDP maintained its demands for more autonomy throughout the seventies. In 1978 the PDP testified before the Decolonization Committee of the United Nations, where it accused the United States of hindering the political development of the Commonwealth.[45] But after 1980 these demands ceased as a result of repeated opposition by the U.S. government and the rise of the annexationist sector within the party.

The PDP has maintained its original industrialization program: attraction of American capital through subsidies and incentives. Economic transformations obliged the PDP to expand the its incentives: more tax exemptions, a relaxation of federal laws in Puerto Rico that affect industry

(environment, minimum wage), the provision of more infrastructure and labor-training subsidies, etc. It also supported ''the maximum use of Section 936 of the Internal Revenue Service Code, which is only applicable to Puerto Rico because of its Commonwealth status.''[46] That is, the Commonwealth was legitimized as the only possible status to maintain incentives for American capital. In its 1976 electoral program, the PDP maintained that "federal tax exemption on profits, which is inherent to the Commonwealth, constitutes a vital incentive for the industrialization of Puerto Rico." Thus, only the Commonwealth provides the conditions for the economic development of the Island.[47] The PDP also argued that the Commonwealth status is the only political form capable of maintaining social peace in Puerto Rico. As the middle ground between independence and total annexation, it is the only alternative to brutal conflict. Because of the political polarization between the separatists and the annexationists, the Commonwealth becomes the only way to overcome ''this annihilating conflict...The Commonwealth is the reconciliation of the Puerto Ricans. It is the peace of the Puerto Ricans among themselves.''[48]

The developments of the last two decades have made the management of the Commonwealth increasingly difficult even for the autonomists, as shown by the Hernández Colón Administration. The economic recession of 1973-74, the new U.S. foreign oil policy, and the increased unemployment fomented by the expansion of heavy industry deteriorated the

economy of the Island. During his administration the number of strikes, particularly in the public sector, increased and with them the level of confrontation between the government and the labor movement. For the first time in Puerto Rico´s history, the National Guard intervened in a labor dispute. Social tensions were eased with the explosion in federal funds during Hernández Colón´s term. But even this fomented a division within the PDP regarding the relationship of these funds to Puerto Rico´s political status. The sector headed by Hernández Colón argued that federal funds were necessary to maintain stability; they even demanded "parity" with the other states in the distribution of federal funds as a "right of citizenship" and expanded government agencies to deal with the transfer of these funds. Another sector, which included Muñoz Marín and other prominent "autonomists," argued that the massive transfer of federal funds to Puerto Rico would increase the level of integration of the Commonwealth to the Federal government. The Solomonic solution to these differences was to work for more "discretion" for the Commonwealth in the use of federal funds through the assignment of a block grant to the local government.[49]

The policy of maintaining Puerto Rico´s profitability for American capital led the Hernández Colón Administration to foster new subsidies to capital. In 1974 a so-called Commission on Tax Reform made public its study on the subject and concluded that no reform of the Commonwealth´s

fiscal structure was needed. It reaffirmed the PDP´s argument that tax exemption "has been an effective instrument for the realization of the function that corresponds to it within the development strategy that orients the economic policy of the Commonwealth," which is, to "maintain a high rate of return on investments" by American capital in order to create new jobs. The Commission concluded that the program of tax exemption to foreign capital should be expanded to new areas, for longer periods of exemption. It also recommended "new incentives for production" to "stimulate investment" in Puerto Rico, including investments by "possession corporations" taking advantage of Section 931 of the IRS code.[50] The government of Hernández Colón followed the recommendations of the Commission. In that same year the Industrial Incentives Law was amended to exempt those funds of the "possession corporations" deposited in banks in Puerto Rico from local taxes. Similarly, this administration supported the approval of Section 936 of the IRS code in 1976 and tried to obtain more freedom in the use of these funds for corporations and banks.[51] Other subsidies were the extension of tax exemption to industries already settled in Puerto Rico, wage subsidies to new industries, and the creation of new training programs, particularly for the pharmaceutical and electronics industries.[52] His administration also supported the Ferré Administration project to build a government-financed oil industrial complex with a deep water port for

oil supertankers. This project was heavily opposed in the island and finally died after the events of 1973-74. Hernández Colón´s government bought the telephone company from ITT and made it into a public corporation; similarly, he created the P.R. Shipping Corp. out of several U.S. shipping companies. In both cases the companies involved were losing money and the objective of the government was to secure those services for foreign capital.

The economic deterioration of Commonwealth and U.S. government opposition to any reform of its structure have forced the PDP to defend the Commonwealth as the centerpiece of its program. Commonwealth status was questioned internally, by the statehood movement, and externally, within the United States. Statehood became a viable option not only in Puerto Rico but in the United States as well (chapter 7). The absence of two important political forces, the labor movement and independence movement, contributed to this situation.

Labor and Independence Movements

At the social level, a main concern of the NPP and PDP governments was their relationship with the labor movement. During the previous two decades, labor had functioned under the "labor peace" policy of the PDP. The early seventies experienced the reemergence of the labor movement in the political arena of the Island. This reemergence was

characterized by the rise of trade-union activity and the formation of new labor organizations ("independent" unions, confederations) and more overt political participation. Although this activity was general, the labor movement experienced its greatest growth in the public sector. The number of "Puerto Rican" unions (i.e.,formed outside the officially recognized U.S. unions) increased, particularly in the public sector. These were more militant unions, as shown by the increase in the number of strikes and the pressure for the right to syndicalize (prohibited in Puerto Rico). It was also a more political labor movement, with ties to the left parties in the island.

The increase in the number of strikes and the attempt to organize the public sector were consequences of the attempt to maintain wage levels and employment security in a deteriorating economy. The greatest activity was in the public sector for to several reasons: the growth in government bureaucracy was accompanied by a demand for greater party loyalty (particularly after the Ferré Administration), increasing the sense of insecurity and dependency of public employees. The electoral triumph of the NPP in 1968 broke the ties between the labor movement and the PDP, particularly in the public sector, providing more autonomy to the labor movement from the government´s policies. Also, the radicalization (the shift towards socialism) of the independence movement made it pay more attention to the labor movement; many independence cadres

took leadership positions in the labor movement, providing more radical postures.[53]

This development within the labor movement was retarded after the mid-seventies. The economic crisis most affected those very industries with the most militant trade-unions (e.g., in the petrochemical industry). Rising unemployment and lack of jobs led the labor movement in the private sector to restrict its demands for higher wages and better working conditions. Furthermore, the new industries settling in the Island offered their employees relatively better benefits (higher wages, better working conditions, insurance) in exchange for their non-syndicalism. On the other hand, the labor movement in the public sector has faced administrations opposed to their claims. Both the Hernández Colón and the Romero Barceló administrations have been confrontative with the public employees' organizations and used force against them. The Romero Barceló Administration, in particular, has tried to destroy or control the major public employees' organizations. Both the PDP and the NPP have strongly opposed the syndicalization of the public employees.[54] The labor movement has lost whatever autonomy it had. Weakened organizationally and as a class, the working class in Puerto Rico has divided its support among the two major parties, and has abandoned any attempt at independent political organization. But both the PDP'S use of the working class' lower standard of living as an incentive for foreign capital and a historical identification with the

achievements of the American working class imbeded in federal legislation (minimum wage, unemployment insurance, social security, the welfare system), have driven the working class to increasingly support the NPP.

Another important political phenomenon of the seventies was the radicalization and deradicalization of the major independence parties. By 1972 the Puerto Rican Independence Party (PIP) presented itself as a social-democratic party with strong Marxist rhetoric, and in 1971 the Pro-Independence Movement (MPI) was transformed into the Puerto Rican Socialist Party (PSP), a self-proclaimed Marxist-Leninist party. But by the early 1980's, both parties were far from their early-seventies rhetoric. The PIP emerged as the traditional nationalist party of the post-war period, strongly influenced by professionals (intellectuals, lawyers) and the commercial and agrarian petty-bourgeoisie, with definite conservative positions. The PIP took more radical postures toward the early seventies. Under the direction of the new leadership, headed by Ruben Berrios and Carlos Galliza among others, the PIP in 1972 presented a program which included: a defense of "democratic socialism" and the "Socialist Republic," "nationalization of the means of production," workers control, and socialized medicine. Its tactics were "peaceful militancy" and participation in the electoral process; its goal independence.[55]

The results of the 1972 elections led to an internal struggle which threw out the most radical sector of the

party. The more conservative new leadership (Berrios) took charge of the organization. A new program was elaborated, leaving out the "Marxist" rhetoric and emphasizing the "social democratic" character and ties to the Socialist International of the party. The new program favors "an alternative model for economic development," and argues that "dependent capitalism" and "colonialism" cause the economic problems of Puerto Rico. The program aims at attracting wide sectors of the middle class.[56] The PIP strategy during the last few years has been to argue that independence is the best alternative for Puerto Rico and the United States, and to try to convince the U.S. to grant independence under the PIP.[57]. To attain this, the PIP has modified its program to a more conservative and nationalist posture, emphasizing a "national reconstruction plan" as its economic strategy. It also distanced itself from more radical independence parties and has sought international support for independence and the party.[58]

The PSP´s programmatic transformation parallels PIP´s. The PSP emerged from the transformation of the MPI to a Marxist-Leninist party in 1971. The MPI had been the most radical independence organization throughout the sixties, and the entrance of radicalized members of the middle class (particularly students) moved it to the left, as shown in its Political Declaration of 1969. The peculiar aspect of the transformation from MPI to PSP is the fact that it was carried out primarily by the same leadership. Juan Mari

Brás, the Secretary General of the MPI since its formation, became the new Secretary General of the PSP, and led the transformation. The political programs and organizational activities of its early days strongly reflected the Marxist-Leninist ideology of the party: emphasis on organizing the working class, the role of the Leninist party in the socialist revolution, dictatorship of the proletariat, etc.[59] More than in the PIP, the tensions between the nationalist and socialist ideologies and the different methods of achieving them has divided the PSP. After very discrete partipation in the 1976 elections, the PSP underwent a process of internal debate where it reaffirmed its socialist character. But a disastrous showing in the 1980 elections divided the party once again. In search for a reorganization of the party, the main leadership, headed by Mari Brás and Gallizá (in the PSP since 1975), proposed abandonment of Marxism-Leninism and a new emphasis on independence and nationalism.[60] The proposal was not totally accepted by the membership and the PSP came to its 1982 Congress divided: the main leadership, coming mostly from the MPI, supported the conversion of the party to a front of national liberation (i.e., going back to the MPI), but a young and more radical sector, with ties to the labor movement and academia, defended the maintenance of the party within a Marxist ideology and program.[61] The PSP Congress reaffirmed the leadership's proposals, strengthening the position of those coming from the MPI and rupturing the party.[62]

The evolutions of the labor movement, disciplined by the economic crisis and by NPP and PDP governments, and of the independence movement, ideologically and organizationally fragmented, have strengthened the statehood movement. The weakening of the labor movement and PDP labor policies have moved sectors of the working class to the NPP. Facing the crisis of Commonwealth, the ideological and programmatic fragmentation of the independence movement has led to statehood as the viable alternative.

The coalition of forces that came together around Estadistas Unidos in 1967 and formed the NPP in 1968 changed the political framework in Puerto Rico for years to come. The NPP represents a rupture with the PER; new forces took the command of the statehood movement and presented a new statehood program that was able to mobilize wide sectors of the population. The increased economic and political integration of Puerto Rico to the United States and the deterioration of the Commonwealth largely determined the growth of the statehood movement during this period. It is in this context that the first NPP government, the Ferré administration of 1969 to 1973, has to be understood.

PART III: THE NEW PROGRESSIVE PARTY AND THE POLITICS OF REDEMPTION

The electoral triumph of the New Progressive Party in 1968 gave control over the Commonwealth government to a

loosely-knit coalition of the local bourgeoisie and the intermediate social sectors, with mass support from the popular sectors (poor, marginal) under a program of "social justice" and statehood. The sector of the industrial bourgeoisie under Ferré, the leading group in the party, attempted to implement the "program of redemption": to attain economic and political stability through the erradication of social conflict among classes. During the last years of the Ferré Administration, conflicts between the leading sectors of the party began to emerge. The electoral defeat of 1972 weakened the bourgeois sector of the party and allowed the intermediate social sectors of the party under the leadership of Carlos Romero Barceló to take the command of the organization and its program. This sector, which controlled the Commonwealth government after 1976, promoted a new political program (which I have called the "politics of equality"): the social, economic, and political stability of Puerto Rico can only be achieved through the complete economic and political integration (i.e., total "equality") of the island to the United States. The tensions between both programs and social sectors continued to affect the NPP, and this was one of the reasons for the schism of the early 1980´s and the formation of the Renovation Party. This section will analyze the Ferré Administration and its program of redemption, and the events after the 1972 elections that led to a new program and leadership in the party under Romero Barceló. Chapter 7 will deal with the

Romero Barceló Administration and statehood program.

The Ferré Administration and the Program of Redemption

Social Justice

The first New Progressive Party government attempted to implement Ferre´s program of redemption--the search for stability through the erradication of social conflicts. "Social justice"--increasing personal income, providing services to the masses, and stimulating economic growth through an increase in demand--was the means to achieve "social peace." This was to be implemented through the use of the state apparatus. "La Gran Tarea" (The Great Task) of the NPP was to lead Puerto Rico to a "Nueva Vida" (New Life) of social peace and economic prosperity under the American federation.

Contrary to the views of other authors,[63] I believe that Ferré´s program of redemption was neither mere electoral rhetoric nor a smoke screen to get the support of the popular masses. I shall argue in this section that Ferré tried to implement a historical project of his class from the local executive; his failure will be discussed later. An examination of Ferre´s earliest public goal statements clearly show his social philosophy and programs. In his Governor´s inagural address in January of 1969, Ferré described the "New Life"´s purpose:

> By removing these extreme inequalities [existing in Puerto Rico], prosperity will flourish in all the sectors of our society... And finally, the elimination of explosive tensions--inevitable consequence of injustice--will provide us with a firm social stability.(64)

The "New Life" would bring progress "without destroying the indispensable incentives to labor and production"; it was to be a ´´New Life of mutual comprehension and common creative effort.´´[65] The attainment of the "New Life " was the NPP´s "Great Task":

> Our Great Task is to create a better world... a world abundant in material goods... rich in spiritual values... conscious of its moral obligations and inspired in a generous and comprehensive sense of justice that allows poverty and necessity to be abolished, the indispensable requisite to achieve a durable peace.(66)

The Great Task was also to be ´´oriented towards a future of permanent union with the nation which we are part of,´´ i.e., statehood.[67]

The "New Life"´s goal of achieving a "durable peace" (i.e., "social peace") was built upon the two objectives of ´´social justice´´ as elaborated by Ferré: to improve the masses´ standard of living (better wages, more services) and to promote economic growth by stimulating demand (increase in consumption). "Social justice" meant the incorporation of those marginal to society into the mainstream to secure stability; it was a bourgeois program to insure the reproduction of capitalism. This was the message that Ferré presented to the Manufacturers Association in an early speech:

> We have also promoted innovative social legislation. I know that to many of you this has been a source of

> preoccupation. It should not be. All of our social legislation is based on solid principles to stimulate economic progress... Without a healthy industrial development that creates well-paid jobs there is no social justice.
>
> All I can say to you is that with social legislation of this kind were are adding to our effort a whole third of our population that still lives in extreme poverty or that is earning low wages. It is an investment for future years and that is the way to see it...
>
> I only ask you to trust this administration, headed by someone who has had experience in the world of industry.(68)

Ferré not only warned the bourgeoisie that this was a bourgeois program but also demanded their public and material support to achieve ´´social justice´´ as a matter of class self-interest.[69]

The principal measure of "social justice" was wage and income increases. From the beginning of his administration, Ferré gave public employees wage increases, more benefits (increased pensions, retirement plans, health benefits), and better working conditions (e.g., tenure).[70] Ferré also introduced the Christmas bonus, where the employer had to give a fixed percentage of the employees yearly salary as a bonus in December.[71] These measures were not only an attempt to increase the purchasing power of the population (particularly at Christmas) but were also aimed at increasing the NPP´s support among the workers, particularly those from the public sector. Another measure of "social justice" was the rise in agricultural wages and the granting of a wage subsidy to the sugar industry. This was aimed at improving the standard of living of the agricultural worker and easing the labor shortage that was hurting agriculture.[72] Ferré

also tried to implement a general health service program, where all medical institutions and doctors had to provide services to every person; the government would defray the cost for those unable to pay.[73] The Ferré Administration also passed a law granting property titles to those living on government lands and giving land to those with housing needs. This measure tried to solve the grave problem of housing, using government land with no commercial or agricultural value.[74] Another measure was a law granting subsidies of bank loans to university students, designed not only to increase the loan capacity of the banks but to stimulate higher education in the lower economic strata.[75] Other measures of the Ferré Administration were in the area of drug addiction and crime (to provide social order).[76]

Although these measures gathered support for Ferré and the NPP, they nevertheless did not achieve the desired social and economic goals.[77] On the contrary, the Ferré years saw an increase in social and political conflict, caused in part by these very measures. The major social problem confronting the Ferré government was the conflict between labor and capital. Between 1969 and 1972 there were a total of seventy strikes in Puerto Rico, over half of these in the public sector (including workers legally unable strike).[78] One of the causes was precisely the NPP arrival in management of the local government, which undermined the delicate "labor peace" agreement between the public employees´ organizations and the PDP. Also, the NPP´s

attempt to penetrate and control the state apparatus alienated large sectors of the public workers.[79] Furthermore, the NPP´s rhetoric and measures in favor of public employees fostered their claim for more rights and benefits (including the right to organize in trade-unions). Stimulated by a recession, inflation, and rising unemployment (from 9 percent in 1969 to 12 percent in 1973) the workers in the private sector also increased their participation in strikes and their labor militancy. Labor strikes and militancy were also stimulated by the rising radicalization of the labor movement during this period.

Other factors destabilized the "social peace" sought by Ferré´s administration. The number of land invasions--in both public and private land--increased, stimulated by Ferré´s land distribution program. The people involved claimed lack of attention from or discrimination by the government.[80] But perhaps the most crucial political conflict was the confrontation with the independence movement. The growth and radicalization of the independence movement during this period and the NPP´s open annexationism increased the tensions between the independentists and the government. All the big issues in which the independence movement was involved (the campaign against the U.S. Navy presence in the islands of Culebra and Vieques, the anti-draft/anti-Vietnam war campaign, the university strikes and riots, land invasions, labor strikes) ended in direct confrontation with the government. The Ferré Administration

also coincided with the rise of underground activities by pro-independence groups.[81] The response of the Ferre´s government to the breakdown in "mutual comprehension" was the use of force against them, particularly by the police.[82]

The failure of the "social justice" measures to obtain "social peace" was accompanied by their failure to stimulate economic stability. The increase in the number of public employees, in their salaries and benefits, and in the total expenditures of the government affected the fiscal capacity of the government. For the first time in decades there was a big budget deficit, which lowered the borrowing capacity of the government and its power to stimulate investment. The rise of government expenditures did not offset the decline in real investments.[83] Already by 1972 the "social justice" measures had failed. But Ferré tried a last attempt to implement his redemption program: the still-born "Patrimony for Progress."

The Patrimony for Progress: "Making Every Citizen a Capitalist"

´´The Patrimony for Progress,´´ proposed by Ferré in 1972, was without any doubt the best example of his attempt to implement his social philosophy through control over local government. Conceptualized during the fifties as the counterpart to the PDP´s "Operation Bootstrap," the "Patrimony" was elaborated during Ferre´s administration by

several advisers, among them Rosestein Roda (adviser to President Frei of Chile) and the American economist Louis O. Kelso. The importance of the "Patrimony" within Ferre´s redemption program and his social philosophy was stated by Ferré himself years after his electoral defeat of 1972:

> [Question]: What was your most painful legislative defeat?
> [Ferré]: The Patrimony for Progress. Although throughout my life I have defended capitalism, I am a strong supporter of social justice. Capitalism, as it exists today, is an obstacle to justice...
> [Question]: Why was the bill for the Patrimony for Progress defeated?
> [Ferré]: For lack of vision. My goal was to make of every citizen a capitalist, or if you prefer to call it by another name, to socialize capital. My bill...pretended to give the citizens of low incomes an additional economic source through their ownership of shares in government-controlled enterprises... We cannot deny history. Humanity is moving towards socialized distributive justice.(84)

The ´´Patrimony for Progress´´ was proposed by Ferré in his message to the Legislature in 1972 and submitted months later as an Executive bill.[85] The "Patrimony" aimed not only at materializing Ferré´s redemption program but also ´´to stop socialism.´´[186]

The "Patrimony" was Ferre´s last and most far reaching attempt to implement his redemption program. As such, it was based on his social philosophy that only "social justice" through reforms will assure the reproduction of the capitalist system. Ferré defined the objective of the Patrimony as follows:

> We need a revolutionary change in our socio-economic structures that maintains the advantages of free enterprise but that provides an opportunity for the worker to participate in the general enrichment of

> society. Only this way can we reduce the enormous difference between capital and labor and achieve a real life of equal opportunity for all Puerto Ricans, and eliminate the great social tensions that today make men unhappy...(87)
>
> We need to find a solution that modifies democratic capitalism in such a way that its social injustices are corrected, while its advantages are kept... We need to find the means to make of every citizen a capitalist, so that he can share the benefits of the wealth created but within a regime of liberty.(88)

"Of every citizen a capitalist" was the goal of the "Patrimony": to eradicate social conflict by turning society´s members into one class, the capitalist.

The mechanism to implement the "Patrimony" was simple: a corporation would be created with a Fund or Patrimony whose shares would come from investments by the workers and a proportional share of investment by the government, which would also provide loans for the workers to invest. The Fund was to invest in productive activities and its tax exempt profits would be distributed to the shareholders (the workers) at periodic intervals.[89] The "Patrimony" was an ingenious mechanism to try to eradicate class conflict: those workers with shares in the Fund would become capitalists, since the Fund would invest in "productive" activities; if all workers participated in the "Patrimony," the differences between capital and labor were supposed to be eliminated. Labor disputes would be among the working class itself, between the employees and the shareholders. With no class differences, social peace would be assured.

Aside from the attempt to make every citizen a

capitalist, the Patrimony´s other main goal was to provide ´´a strong stimulus to the economy of Puerto Rico through investments in the industrial, commercial, and agricultural sectors...´´[90] It was an attempt to remedy one of the most serious economic problems at the time: the low rate of investment in the economy, particularly by local capital. If implemented as planned, the Patrimony would have provided capital for "the investment in firms with some interest for Puerto Rico" and whose management would be in the hands of the local capital.

The "Patrimony for Progress" was still-born. Outside the inner circle of Ferré´s advisers, the majority of the NPP leadership did not understand the nature of the project. Its debate in an electoral year, along with fissures within the party, did not gather much support for the bill in the NPP. But the greatest opposition to the bill came from the PDP-controlled Senate; nothing could be granted to the NPP-controlled Executive in an election year. Furthermore, criticism of the bill by several well-known economists (including Paul Samuelson) raised grave doubts about its viability.[91] The "Patrimony for Progress" and the rest of Ferré´s redemptionist program died in November 1972 with the NPP´s electoral defeat and the weakening of Ferré´s position inside the party. The industrial bourgeoisie inside the NPP failed to implement a very important part of its program.

Ferré´s attempt to implement measures for "social justice" and the Patrimony were aimed at the redefinition of

capitalism in Puerto Rico and at the provision of social peace. These measures were either a failure or could not be implemented. More successful was Ferré´s use of the state apparatus.

Management and Control of the State Apparatus

One of the issues that divided the PER in 1967 was Ferré´s position on the need to control the state apparatus in order to advance statehood. The same logic was applied in terms of the implementation of the redemptionist program; "social justice" could only be promoted from the state apparatus.[92] According to Ferré, direct intervention of the state was necessary to abolish the social inequities that endanger the existence of capitalism:

> I believe the government has the responsibility to generate, through public and private investment, a level of security under which no family should live. ... The State, whose end consists in the realization of the common good, cannot disregard its obligation to seek the betterment of the standard of living of the worker.(93)

Thus, the implementation of the redemptionist program and the realization of the "New Life" made the use of the state apparatus indispensable.

Ferré´s notion of the government was a technocratic one. One of the functions of the state was to confront social problems. These "problems" could be solved with due attention and adequate and available technology. This view was reflected in his statement that, ´´I think engineers, by

temperament, are well suited to be governors.''[94] For Ferré, social manipulation is a matter of technology and has nothing to do with social relations. Government should not only be entrusted to solve social "problems" but to anticipate them as well.[95] To implement his program, Ferré proposed the use of available technology and its use by ´´a Cabinet of technocrats,´´ free of any political influence;[96] it would try to ´´apply our best scientific and technological skills to the problems of government, with a particular emphasis in keeping a well-balanced social equilibrium.''[97]

But Ferré´s "technocrats" were not exactly "value free"; his Cabinet included several college professors, a banker, a merchant, a hospital-owning doctor, and a sugar-lobbyist "statesman". All but two were outstanding supporters of statehood and Republicans. While during the previous administration of Sánchez Vilella more than two-thirds of the Executive administrators were career government bureaucrats and less than three percent came from the private sector, under Ferré one-third came from the private sector and less than one-third came from the government bureaucracy.[98] Several reasons account for this. After twenty-eight years of PDP government, the NPP had no trusted high-echelon bureaucrats. Furthermore, Ferré maintained that individuals coming from the private sector were better prepared technically and had a greater ideological affinity with his program. There was also a purely political reason; the NPP realized that it had to achieve the maximum possible

control over the state apparatus both to implement its program and to maintain political power.

This process of penetration and control of the state apparatus was carried out at two levels. First was the penetration from below through the increase in government employees identified with the NPP.[99] The second mechanism was the imposition of new decision-making structures over the different government agencies.[100] Related to this was Ferré´s creation of a number of boards, committees and research centers under the control of the Executive and outside the formal structures of the existing government. With financial and technical aid from the federal government, MIT, and the Ford Foundation, Ferré began early in his administration to create these institutions.[101] In 1970 Ferré proposed the creation of the Institute for Social Technology, which gathered outstanding figures to "study the important social problems of Puerto Rico with the best and most advanced methods available to modern technology." Ferre also created the Center for the Study of North and South America, whose function was to "improve the comprehension between the two great cultures of this hemisphere, the North American Saxon culture and the Hispanic culture," and the role of Puerto Rico as the vital link between both.[102] That same year, Ferré formed the Governor´s Financial Committee as an advisory committe on economic matters.[103] Early in his administration, Ferré created a series of education and health boards to make public policy and check on the affairs

of the respective executive departments. Thus, by the end of his administration, Ferré had created structures that supplanted or controlled areas of the PDP-created state apparatus, like the Planning Board, the Departments of Health and Education, and the Economic Development Administration.

The most important of Ferré´s institutions was the Governor´s Advisory Committee for the Development of Government Programs, headed by his son, Antonio Luis. The Advisory Committee formed twelve committees to study four areas: economy, public administration, social issues, and environment. Among their main recommendations were: reform the education system, emphasizing technical instruction; foment the development of agriculture; develop a system of mass transportation; strengthen family planning programs as a means to offset the population growth; strengthen the existing environmental laws; and reform the fiscal system. There were two reccmmendations of particular economic interest. First, a proposal for a new tax rate for corporations. Second, a proposal to reform the existing tax exemption program for EDA-promoted corporations; this included ´´the design of a more effective system of incentives and the elaboration of programs that stimulate the Puerto Rican local corporations.´´[104] These proposals reflected the interest of the Ferré Administration in reforming the Commonwealth´s industrialization program away from American capital and toward local capital.

Local Capital and the Program of Redemption

The measures of "social justice," the "Patrimony for Progress" and the Governor´s Advisory Committee´s proposals reflected the economic policy of the Ferré Administration: the defense of local capital. Ferré represented the local industrial bourgeoisie, a competitive bourgeoisie without access to the most advanced technology, dependent on low wages, and whose production is restricted to the local market. While the PDP policies undermined this sector in favor of American capital, Ferré attempted to redress this discrimination. From the very first days of his administration, Ferre´s position was clear: ´´...I will not foment nor sign any legislation that I am convinced will place the industry of the island in a disadvantaged position before the industry of the mainland.´´[105]

This policy was not merely an issue of conflicting economic interests; it was based on the historical redemptionist program of the Puerto Rican bourgeoisie. The control of the means of production by the local bourgeoisie not only assures the existence of this class but the reproduction of capitalism itself on the island. This is the economic policy stated in Ferre´s first message to the Legislature in 1969:

> Since the beginning of the industrialization program, an active policy to attract foreign capital was adopted. The moment has come to adopt a more active policy to attract the participation of the local entrepreneur, particularly in commerce, construction, and finance. The participation of the local entrepreneur is important not only for economic reasons but also for powerful social

> reasons. A people that does not preserve the control of its sources of employment and wealth develops serious political, social, and emotional tensions. We have to prevent this from happening in Puerto Rico.(106)

The defense of local capital was, thus, an integral part of the program of redemption.

This policy was incorporated into the economic program of EDA, the Commonwealth's agency entrusted with the implementation of the industrialization program. A 1971 EDA Report argued on:

> the necessity to balance investment, in order that control of an important part of business here should be in the hands of local residents. The purpose is that important decisions which the private sector makes from day to day with respect to the economy respond to the better interest of our society. This effort in no way means that we have lost interest in attracting investments from the United States and foreign countries.(107)

The same report outlined steps for the defense of local capital:

> Local firms tend to concentrate on the domestic market. This is to be expected since the local market and the use of local raw materials constitutes the areas in which Puerto Rican industrialists can naturally achieve greater success. Accordingly, Fomento has reserved these areas for the promotion of local businesses and joint ventures in which resident investors have control.(108)

The economic policy of the Ferré Administration was elaborated at two levels: first, the defense of local capital in production for the local market; second, the promotion of American capital of "high productivity," whose production was for the American market. This policy was presented in another 1971 EDA report reflecting the NPP's policies:

> Industrial growth will be induced, as in the past two decades, principally by the export of manufactured goods. Nevertheless, an important role is assigned

> during the coming decade to the import substitution of manufactured goods as a consequence of the expanding local market. The structural dynamism of growth, consistent with the evolution of the industrial structure in favor of sectors of higher productivity, will make possible further increases in the role of industry as a source of income.(109)

This policy of "import substitution" was the defense of local capital before U.S. industrial competitive capital in the local market. Another EDA report, entitled Action Program to Stimulate Development for the Seventies, included among its main proposals the promotion of "greater participation of Puerto Rican entrepreneurs in industry"; the promotion of savings--thus establishing an internal basis for investment; and the creation of scientific and technological research institutes (clearly of benefit to local capital, which lacked strong R & D capacity).[110]

The Ferré Administration used the state apparatus to implement concrete measures in favor of local capital. The rise in wages and benefits, the Christmas bonus, the increases in public services and government expenditures were all intended to augment the income level of the population and stimulate consumption, thus stimulating local production of goods and services. Even the policy of getting more federal funds was legitimized in this sense.[111] Furthermore, EDA's new emphasis was shown at different levels. Under the Ferré Administration the number of local firms receiving aid from EDA increased.[112] Since the EDA program was designed to favor American capital, the kind of aid to local capital was different. One of the most

important areas of support to local capital was through the loans granted by the Government Development Bank. In 1969, loans to local manufacturing reached $7 million, increasing to $17 million by 1972; similarly, loans to agriculture increased from $6 to $12 million during the same period.[113] For the first time during the Commonwealth´s industrialization program, Ferré introduced new tax exemptions and subsidies for local capital.[114] Other issues also reflect Ferre´s defense of local capital. Against his beliefs, Ferré opposed a bill in Congress to impose the federal minimum wage in Puerto Rico, solely on the basis that it would hurt local capital the most.[115] EDA opened a branch office in New York to promote the sale of Puerto Rican goods produced by local capital in the U.S. market and to aid local capital in its trade with the United States.[116] The Ferré Administration also promoted trade between Puerto Rico and other countries, even Puerto Rican investments in the outside.[117]

The other sector of the local economy that received the support of the Ferré Administration was agriculture. Agriculture, particularly sugar and coffee, had been alienated under the industrialization program of the PDP; it was deteriorating rapidly due to higher wages, the lack of a stable and cheap supply of labor, low levels of investments, and inadequate subsidies from government. Puerto Rican farmers, particularly in sugar and coffee, supported the NPP. But although Ferré´s measures openly favored these sectors, they were also related to the redemption program.

The development of agriculture was needed for economic growth, the provision of jobs, and the maintenance of social stability.[118] Solving the "problem" of agriculture was merely an issue of technical planning and the availability of resources.

Ferré´s early measures were aimed at strengthening sugar and coffee production. Along with a new law raising agricultural wages, a new government wage subsidy to agriculture and loans to sugar ($100 million) and coffee ($24 million) were approved. The previous year´s aid to agriculture was $2 million. Also, closed sugar centrals were exempted from taxes as an incentive for their reopening. Ferré created the Sugar Industry Rehabilitation Program, whose purpose was to increase sugar production to one million tons and to treble employment in that sector.[119] These measures aimed to alleviate the lack of labor, subsidize centrals and colonos, and solve the low investments in sugar.[120] But none of these measures solved the problems of the sugar industry. It was obsolete, without any capacity for recuperation; its structural problems could not be solved by any monetary infusion. As a result, Ferré almost totally nationalized the sugar industry in the following year. 65 percent of the total sugar cultivated land and 100 percent of the centrals and sugar refineries were taken by the government.[121]

In 1970, under the Land Administration Authority, Ferré began the process of nationalization with the

expropiation of several sugar centrals that had already announced the termination of their operations, including Guanica central (owned by Gulf & Western), and Aguirre and Cortada centrals (owned by the Aguirre Corporation, a Franco-American partnership). It also rented eight other sugar centrals, operated three sugar refineries, and had under its control some forty thousands cuerdas of sugar land.[122] The expropiation of these sugar centrals was financially lucrative for the absentee-owned sugar corporations, which not only recovered their investments but kept the best lands for real estate speculation. However, I do not hold that this was only to save U.S. capital from a huge financial loss.[123] In the first place, the nationalization of the sugar industry secured the continued existence of the rum industry of the Island, whose interests were closely linked to the annexationist bourgeoisie and whose excise taxes provided millions to the public purse. Second, it protected the livelihood of thousands of colonos who depended on the sugar centrals and refineries and who gave the NPP massive political support. Third, the nationalization of the sugar industry secured employment and income for thousands of workers in the most economically backward areas of the island, keeping this way ''the tranquility and progress of a whole region of Puerto Rico.''[124]

None of the attempts to develop local industry and agriculture in Puerto Rico had the long-term effect desired by the Ferré Administration. Local capital's share of

industrial production in Puerto Rico has decreased dramatically in the last decade; to speak of a sugar industry in Puerto Rico today is an absurdity. These were some of the greatest failures of the Ferré Administration. More successful was the attempt to develop a new economic policy toward American capital.

The Ferré Administration and American Capital in Puerto Rico

The Ferré Administration developed an economic policy that both sought to promote local capital and wanted to attract foreign industries with high productivity and wages, producing for the foreign market. This economic policy implied a reform in the kind of capital to be attracted and the kinds of subsidies to be granted. From the beginning of his administration, Ferré tried to amend the tax-exemption program to accomodate it to his economic policy:

> ...the important function performed by the tax incentives program in stimulating Puerto Rico´s industrial growth must be continued. But the increasingly complex nature of current, and future, industrial development demands that this tool be adapted to cope with the needs of different kinds of enterprises and the needs of different areas.(125)

There were two immediate results of this policy. First Ferré tried to revise the tax-exemption program to force U.S. corporations in Puerto Rico to pay taxes to the local government. His 1970 Message to the Legislature proposed that "the tax burden falls more in that sector that is able to pay taxes," with the proviso that there would be ´´a

substantial difference with the federal income tax system, so that investing in Puerto Rico may still be atractive´´ to American corporations.[126] Although the Ferré Administration was not able to reform the tax system so that foreign corporations would have to pay taxes, it did amend the exemption program closer to its economic policy. EDA´s policy was aimed at the exclusive promotion of heavy industry.[127] A corollary was the reduction in aid and exemptions to foreign light industry; financial aid and subsidies to foreign manufacturing industries by the Government Development Bank and the Puerto Rico Industrial Development Company were reduced after 1969.[128] Local light industry was the main beneficiary. Another indicator is the relative decrease in total employment in EDA-promoted firms, along with the absolute decrease in the number of EDA-promoted firms between 1969 and 1972.[129]

Under the Ferré Administration, the emphasis of EDA´s industrialization program was on heavy industry: capital with a strong "social responsibility," that can pay high wages and taxes, and promote stability. This particular economic policy was also important for the creation of an economic infraestructure that would provide more areas for the development of local capital. This was indicated in a 1971 EDA report:

> The metal, petroleum, chemical products industries and machinery manufacture are becoming increasingly dependent on other local firms which supply components and services. Thus, industrial development is moving gradually towards the implementation of interdependent

> industrial complexes.
> ...[Heavy] industries represent the core of future large industrial complexes. They will produce basic and intermediate materials to be processed into finished goods by other satellite plants.(130)

EDA planned on the creation of an integrated industrial complex whose axis would be heavy industry and around which locally controlled satellite industries would develop. The main sectors of heavy industry were to be the petrochemical industry (oil and related products, chemicals and pharmaceuticals) and the metalic-electronics industry.[131] The promotion of industries by EDA under Ferré reflected this priority; for example, pharmaceutical firms increased from 34 to 47 between 1969 and 1972, while firms in the electronic machinery and precision instruments increased from 36 to 62 during the same period.[132]

The most important economic policy issue for the Ferré Administration was the oil industry. Since the early days of his government, Ferré came to the defense of the oil industry. During his first year of government, Ferré asked President Nixon to exempt Puerto Rico from the restrictions in imports and production imposed on the U.S. oil industry and to allow the island to buy oil in new markets.[133] This lobbying was effective and Nixon lifted certain restrictions in 1973. More impressive yet was Ferré's granting of tax exemption to Union Carbide for seventeen more years, so that the company would remain in the island, an action contrary to his usual policy of not using tax exemption to retain industries in Puerto Rico.[134] It was during Ferré's

administration that the most important oil and related firms settled in Puerto Rico.[135] Perhaps the most resounding action in favor of the oil industry was the proposal for the construction of an oil super port on the island of Mona, off the west coast of Puerto Rico.[136] This proposal was part of a so-called Petroleum Base Project, whose plans included the construction of a deep-water port, oil storage and transshipment facilities to stimulate the growth of the oil industry in Puerto Rico. The project was designed to: provide cheap electricity to other industries in Puerto Rico, stimulate the growth of the petrochemical industry, and "provide new basic materials needed for the development of Puerto Rican light industry," i.e., to promote the expansion of local capital.[137] Although the Petroleum Base Project was taken up by the Hernández Colón Administration, changes in the world oil market and mass opposition to the project in Puerto Rico put an end to the proposal.

The other economic area that was strongly supported during Ferre´s administration was copper mining. Since the early 1960´s, the existence of exploitable mine deposits in the island became an issue of great concern for the government. For different reasons, none of the previous PDP administrations could come to an agreement with the mine companies for the commercial exploitation of the copper. One of Ferre´s first concerns as governor was precisely a search for a common agreement.[138] A 1969 EDA report on the chemical and allied products industry mentioned the future installa-

tion of copper smelters in the South coast by the American Metal Climax and the Kennecott Copper.[139] Behind these actions lay Ferré´s economic policy in favor of local capital: to promote foreign industries that could provide the infrastructure for the development of local industry. In this case the exploitation of the copper mines by American copper corporations that would induce the growth of locally controlled satellite refining and processing metal industries that would supply semi-processed materials to heavy industries, like machinery and electronics.[140] The metals industry in Puerto Rico was one of the economic areas of higher growth in the island, with half of the firms owned by local capital and over 80 percent of its production aimed for the local market.[141] The Ferré Administration and the copper companies never reached an agreement on the exploitation of the mineral; thus, copper mining was never started.[142]

To conclude, the results of Ferré´s economic policy toward American corporations in Puerto Rico were mixed. His administration achieved the transition to an industrialization program based on heavy industry. Nevertheless, the proposals for the development of industrial complexes around oil and copper were still-born. Ironically, spurred by the rising unemployment and the fall in real investment, during his last year as governor Ferré had to desist from imposing taxes on American corporations and reforming the tax exemption program; during this year the only increases of

his administration in the number of firms promoted by EDA and their total employment were achieved.[143] Other issues regarding political status pressured Ferré to continue the existing industrialization program.

Ferre´s redemption program was an attempt by the local industrial bourgeoisie to provide economic and political stability in the face of the deepening crisis of the Commonwealth. Measures like "social justice" and the Patrimony for Progress were intended to provide social stability through the elimination of class conflict. Economic stability was to be based on the consolidation of the economic basis of the local bourgeoisie and on the redefinition of the role of American capital in Puerto Rico. The main objective of Ferre´s redemption program was to provide a sound basis for the reproduction of capitalism in the island. This is not to say that no attention was paid to the issue of statehood. Statehood was important in Ferré´s program for it was seen as the ultimate basis for political stability. The Ferré Administration indeed used the state apparatus to promote the advancement of statehood. But statehood, ironically, became one of the issues that divided the NPP.

The Issue of Statehood

One of the most conflictive issues for the NPP during Ferre´s administration was that of statehood. One of the reasons for this was the internal differences around the

issue of statehood in the NPP. But the Ferré Administration's contradictory management of the statehood issue came from the lack of a clear notion of how to use the state apparatus to promote statehood. On the one hand, Ferré came to power with the notion that statehood is a long-term endeavor that required the support both in Puerto Rico and the United States. Several measures, like the promotion of a cultural program ("Creole statehood") and the creation of a political basis of support in the U.S. (affiliation of NPP members with both the Republican and the Democratic parties) were steps in that direction. But on the other hand, Ferré and the NPP argued that a statehood party in government could use the state apparatus for the advancement of statehood. The best example of this is the promotion by the Ferré Administration of several measures to increase the political integration of Puerto Rico to the United States. Ferré's economic policies are another issue in this regard. To be able to demand statehood, Puerto Rico needed a strong and stable economy. The attempts to foment the growth of local capital, to decrease tax exemptions for American corporations, and to promote a greater integration of American capital to the economy of the Island through integrated industrial complexes, were all measures directed at the strengthening and stability of the Puerto Rican economy as a requisite of statehood.

Ferre's statehood strategy was a subjectivist one; the people must be "educated" in order that they consciously

accept statehood. The NPP´s task is to create the "will" of Puerto Ricans for statehood as an indispensable prerequisite for the granting of this status by Congress.[144] Although Ferré acknowledged that his election was not a mandate for statehood, he did argue that his party´s task was to promote the advantages of statehood among the people.[145] One of the first issues dealt with in the pro-statehood education campaign was the issue of cultural assimilation. Ferré and the NPP developed a strategy to defend statehood from this accusation. To reply to the charge that statehood meant cultural assimilation, Ferré introduced the notion of the difference between patria (fatherland) and nación (nation). Patria is the place of birth, the native country, the people and its customs. Nación is the government to whom the individual must be loyal, the political institutions that unite a people, the authority which rules and guides the lives of the people. For the Puerto Ricans, "Puerto Rico," the island and its people, is the patria; but they must be loyal, based on the ties of citizenship, to the nación, to the United States.[146] Furthermore, the concept of estadidad jíbara emerged as the cultural program of statehood under the NPP.

Under Ferré, the concept of estadidad jíbara represented the cultural program for statehood. This conception implied that under statehood, as defended by the NPP, there would be no cultural assimilation; Puerto Ricans would be able to keep their language and customs.[147] Furthermore, statehood under estadidad jíbara will provide the cultural

autonomy required to protect Puerto Rican culture and language. This notion was elaborated by the statehood ideologue Reece B. Bothwell. Bothwell dusted off an article he had written in the 1940´s (discussed in chapter 4) on the relation between statehood and American federalism and presented it as part the estadidad jíbara. Bothwell argued that the U.S. federation, like Switzerland, Canada, and the Soviet Union (i.e., multinational federations), provides the component states the power to control all their cultural affairs, including that of language. According to Bothwell, statehood ´´will guarantee our internal autonomy, our personality and identity as a people of Hispanic background.´´[148] According to Ferré, the goal of the NPP is ´´to keep preserving the Puerto Rican patria within our loyalty to the American nation.´´[149] Thus, estadidad jíbara becomes part of the strategy for statehood--the essential link between the Puerto Rican patria and the American nación.

Ferré´s management of the statehood issue was very cautious. Although in a sense all the measures of his administration were directly or indirectly related to the attainment of statehood (political stability, economic viability, popular will), public debate of the issue took a secondary level. Ferré knew that he did not have a popular mandate for statehood and that the process of "educating" the people for statehood was necessary. This explains why the public promotion of statehood took a subordinate position to the government tasks.[150] There were two reasons for

this approach. First, it was based on Ferré's programmatic philosophy that priority should be given to the promotion of social and political stability, prerequisite not only for the viability of statehood in Congress, but also, and more important, for the maintenance of capitalism itself in Puerto Rico. Second, this policy was also based on Ferré's "gradualist" approach to statehood--statehood will be achieved through a process of gradual conviction by the population of the "advantages" of statehood. One of the mechanisms to attain this was through the process of increasing the political integration of Puerto Rico to the United States.

Political Integration: The Issues of the Presidential Vote, Federal Funds, and Culebra

The NPP under Ferré elaborated the notion that the road to statehood was through the increased integration of the Commonwealth to the American state, using the Commonwealth state apparatus itself.[151] This policy took the view that the Commonwealth was a transitional status toward statehood; this legitimized any attempt to reform it.[152] In any case, the structures of the Commonwealth itself (industrialization program, increased economic and political integration) and the actions of the PDP's annexationist sector gave the NPP the instruments to push for the reform of the Commonwealth.

Perhaps was the most outstanding issue used by the NPP

to promote political integration was that of the presidential vote. This was demanded by the PDP in the 1967 plebiscite. Taking advantage of the contradictions in the PDP (annexationists versus autonomists), the NPP took the presidential vote as their main pro-statehood reform of the Commonwealth. One of the results of the 1967 plebiscite was the proposal to create some Ad Hoc Committees on the possible areas of growth for the Commonwealth. In May of 1969, Ferré formed these committees, giving priority to those areas favoring statehood.[153] In July of that year, Ferré named the members of the committee, including members from Congress, the NPP, and the annexationist sector of the PDP. The conclusions of the committee were expected: a recommendation to seek the presidential vote for Puerto Rico.[154] Although the debate around the issue of the presidential vote opened the internal contradictions in the NPP, there was common agreement that the presidential vote was a step towards statehood.

For the NPP, the attainment of the presidential vote was a crucial step to advance statehood. Since early in the century, Puerto Rico had been economically but not politically integrated to the United States. Although the Commonwealth was a step in that direction, there was still a political space that made a more rapid transition to statehood difficult. The presidential vote was that step to advance political integration with the United States. It emphasized the direct ties of Puerto Ricans with the

American state. The annexationists presented it as "an inherent right of our citizenship" and as a ´´legitimate claim´´ of the U.S. citizens in Puerto Rico.[155] The presidential vote was also the instrument needed to provide Puerto Ricans with the "participation in the federal government to defend there with more force and effectiveness our rights and interests," including a possible petition for ´´the ulterior development of the Commonwealth or a transition towards statehood or independence.´´[156] The presidential vote would also integrate the Puerto Ricans to the American political process and ´´will make it easier for them to understand statehood.´´[157] Some sectors within the NPP even saw the presidential vote as an important part of a strategy for statehood. According to Justo Méndez, then NPP vice-president, the electoral victory of 1968 gave the NPP the right to move Puerto Rico toward statehood. Méndez proposed a three-tier plan for statehood: 1) to obtain the presidential vote; 2) to demand two Resident Commissioners with the power to vote in Congress; and 3) to celebrate a new plebiscite after a 1972 NPP electoral victory.[158] Like many other NPP proposals, this was still-born. The bill submitted by Ferré died in the PDP-controlled Senate and the NPP lost the election of 1972. The presidential vote is perhaps the best example of how the NPP under Ferré supported any measure to increase the integration to the United States and opposed any that would give more powers or autonomy to the Commonwealth.[159]

A more successful attempt to increase the political integration of the Commonwealth to the United States was the Ferré Administration´s policy to increase the amount of federal funds coming into the island. Federal funds were an important part of Ferre´s program to provide social stability in Puerto Rico. This notion was central to Ferré´s request for more federal funds for Puerto Rico, as reflected in his letter to President Nixon in 1969:

> In the past, federal aid has been available in a limited form to the [U.S.] citizens of Puerto Rico. This is like limiting the dose of medicine administered to a patient to only a fraction of what he really needs.(160)

Federal funds were to be the "medicine" to cure the social "diseases" (unemployment, poverty, social marginality) of Puerto Rico. One of the achievements of the Ferré Administration was to elaborate for the first time a public policy with regard to federal funds. From early in his administration, Ferré and the NPP Resident Commissioner began a campaign in the United States to include Puerto Rico in new federal programs and increase its share of those in which it already participated.[161] In February 1969, Ferré named a committee to study the role of federal funds in Puerto Rico and the mechanisms to increase the island´s participation in federal programs; in July he created the Division of Federal Aid Programs of the Planning Board, charged with the coordination, compilation of data, and assesment of any issue dealing with federal funds.[162] The actions by the Ferré Administration raised awareness among

U.S. decision-makers of the need to increase federal funds to Puerto Rico, and within several years Puerto Rico's share in federal funds increased dramatically.[163]

The campaign to get more federal funds for Puerto Rico was also part of the strategy to achieve greater political integration to the United States. The claim for "equal treatment" in the apportionment of federal funds to Puerto Rico was based on the "right" of U.S. citizens in Puerto Rico to receive the benefits of their citizenship[164] and thus achieve a greater participation in the affairs of the "Nation." Furthermore, federal funds, like the presidential vote, could be used as an instrument to "educate" the people on the advantages of statehood:

> When our people see that the federal government holds a large key to the solution of our everyday problems in Puerto Rico and when they realize, through the presidential vote, that they are able to move the federal machinery on their own behalf, there will be no stopping them. They will want to participate more and more and that is statehood.(165)

To obtain a greater share of federal funds for Puerto Rico was to show the Puerto Ricans the benefits of statehood; it was the best mechanism, also, to show the people that only statehood could guarantee the flow of federal funds to Puerto Rico.[166]

Part of the strategy for increasing Puerto Rico's political integration to the United States was the strengthening of the ties of citizenship between Puerto Ricans and the American state through the defense of their rights as citizens. If the quest for the presidential vote

and more federal funds were examples of this, perhaps the best use of this strategy was shown in Ferre´s management of the conflict over the U.S. Navy´s use of the island of Culebra. During the Second World War, and with the approval of the PDP, the Navy had taken over part of the island and used it for its military maneuvers. This situation affected the life and lifelihood (fishing, agriculture) of the inhabitants of Culebra. By 1970, the quantity and quality of the opposition to the Navy presence in the island had increased; the independence movement joined the people of Culebra in demanding the withdrawal of the Navy from the island. Later on, the PDP-controlled Senate joined in the opposition movement to the Navy presence in Culebra. This presented the possibility of a great conflict against the United States presence in Puerto Rico. In what perhaps was one of its most astute political maneuvers, the Ferré Administration intervened and changed the nature of the conflict. According to Ferré, his goal was to ´´maintain the conflict within its authentic limits, that is to say, a legitimate demand of American citizens that their rights be respected against the arbitrary attitude of a dependency of the Federal government.´´[167] By having the government take charge of the conflict, Ferré took the issue out of the hands of the anti-annexationist forces and turned it into a bureaucratic issue. Informed by Ferré of the political consequences that this issue could have in Puerto Rico and Latin America for the United States, President Nixon

intervened in the matter and forced the Navy to negotiate with the Puerto Rican government.[168] After years of negotiations, both with the Ferré and Hernández Colón administrations, the Navy withdrew from Culebra in 1975.

The Ferré Administration´s attempt to increase the political integration of Puerto Rico to the United States was an integral part of its redemption program. Greater political integration represented a greater flow of federal funds to the island, a crucial element in Ferre´s scheme to promote social stability. Political integration meant also the strengthening of the ties of citizenship of Puerto Ricans to the American state. Greater political integration was a source of political stability, necessary for the reproduction of capitalism in Puerto Rico. The implementation of Ferré´s redemption program, nevertheless, was not very successful. The measures for achieving "social justice" and for protecting local capital did not achieve the expected results, the Patrimony for Progress was still-born, and the role of the American corporations in Puerto Rico was never totally redefined. These, along with the internal conflicts in the party and the defeat of the NPP in the 1972 elections, led to the collapse of the program of redemption and of Ferre´s position within the party.

The Collapse of the Program of Redemption

The electoral defeat of 1972 unraveled an internal

crisis in the NPP. The several factions that had loosely joined in 1968 to lead to the NPP to victory began to show their differences in public. The party machinery, which prior to the 1972 contest had shown signs of deficiencies, became extremely inarticulate. The crisis ended with the rise of the Mayor of San Juan, Carlos Romero Barceló. The rise of Romero Barceló represented more than new leadership; it was the emergence of a new statehood program. The NPP 1972 electoral defeat represented the crisis in leadership and program of the bourgeois sector in the party. The Romero Barceló leadership represented the intermediate social sector, and the promotion of a new statehood program which I have called "the politics of equality." In essence, statehood is seen as an end goal and not as part of a greater historical project. The "politics of equality" is the basis for the understanding of the NPP during the administration of Romero Barceló. This will be the subject matter of chapter 7.

The historical formation of the New Progressive Party laid the basis for the internal conflicts of 1973-74 and the rise of Romero Barceló to the party leadership. The NPP was formed as a loosely-knit coalition of several annexationist sectors coming from distinct organizations (the PER, Citizens for the 51st State, Americans for Democratic Action, "Populares" for Statehood), many of them with clear political and ideological differences. Even among those coming from the PER there were differences between the

Liberals (who tended to support the Democratic party of the United States) and the Republicans (more conservative). A former NPP representative, Benjamin Franklin Cerezo, described the formation of the party:

> This was a party that cemented the impossible. The desire to defeat the [PDP] joined many people that otherwise would nct have even greeted each other. They were several parties in one.(169)

This fomented a lack of programmatic unity among the party leadership. This led an analyst to conclude that ''no matter how long you search for it, you cannot find an essence that you can hold and say: This is the New Progressive Party.''[170] This is partly correct; for example, the diversity of legislative bills submitted by the NPP during this period reflected the diversity of interests and ideological positions in the party.[171] But there was an unifying essence in the NPP that was crucial for its formation: the defense of statehood. The NPP emerged as an organization from Estadistas Unidos, founded with the sole purpose of defending statehood in the 1967 plebiscite. Statehood was the only element that provided the party its ideological coherence, and was also the source of its major internal conflicts.

This diversity of interests in the NPP affected the organizational structure of the party. The NPP was a very loose organization, without a clear and precise demarcation of its internal power structure:

> ... the New Progressive Party, because of its accidental origin and its unexpected electoral triumph in 1968, is

> a weak party in its internal structure. Its external lines of authority are not clearly defined. Luis A. Ferré, the principal leader and founder of the party, is the only one that has indisputable leadership within the party. But the other positions, as well as the popular election slates, are divided on the basis of an intense power struggle, that can lead to the weakening of the party [in 1972].(172)

To speak of a NPP Legislative caucus during the party's first administration would be a gross exaggeration of reality. The conflicts among the NPP legislators were among the main problems of the party during this period. The differences between the "conservatives" and the "liberals" in both chambers of the Legislature prevented approval of legislation and even impeded the approval of bills coming from the Governor's office.[173] For example, the "liberal" Cerezo was ousted from his top position in the House by his "conservative" NPP colleagues.[174] This disorganization and lack of a central power structure showed itself also in the formation of local power machines with almost total autonomy from the central party machinery. The most outstanding one was that formed by the Mayor of San Juan (the NPP bastion), Romero Barceló. His machinery was so strong that it not only survived the 1972 defeat but it was extended to the rest of the island.

The basis of this lack of organizational unity in the party came from the absence of programmatic unity. This is not to imply that the NPP had no program. As we have tried to demonstrate in this and the previous chapter, the NPP under Ferré tried to implement the program of redemption.

But this program was not supported by all sectors within the party. In this regard, the statements made by Antonio Quiñones Calderón on the party unity are very important. He is one of the outstanding founders of the party and was Press Secretary to both Ferré and Romero Barceló; he also remains the most important chronicler-propagandist of the NPP. Describing the attempt by Ferré to implement his redemptionist program, Quiñones Calderón concluded:

> To face this challenge, without any doubt, was the task that don Luis Ferré understood as his first priority in La Fortaleza [the Governor´s mansion].
>
> Did the party leadership understood this in the same way? Was it understood by the majority or a great sector of the statehooders...? The response to both questions is no. I perceived it then and confirmed it later through the period of that anguished administration.
>
> As a matter of fact, throughout the three decades of struggle against the [PDP] and Muñoz, all the statehooders--the old ones that were members of the group of extremist Republicans and the young ones that came later on--had turned into "die-hard" statehooders, who demanded "Statehood Now" above everything else.(175)

The unifying link of the party was statehood. That explains why most of the conflicts among the NPP legislators came from their differences regarding social issues and why Ferré had so many problems pushing his programs through the Legislature, even among his own party members.

This lack of support reflected a reality already evident by the end of the first NPP administration: the existence of two non-complementary programs in the party, each one grouping around it the leading sectors of the party. As had happened in the PER years before, the clash between these sectors and their programs was fought at the

ideological level, around the issue of statehood. The bourgeois sector headed by Ferré argued in favor of a "gradualist" approach to statehood and saw statehood as part of a broader historical project that did not require immediate statehood to be successful. But another statehood program was slowly rising around the intermediate social sectors headed by Romero Barceló. They represented an ''immediatist'' or ''radical'' approach: ''Statehood Now.''[176] Their differences came out in the debate around the presidential vote. For Ferré, the Puerto Ricans were not yet ready for statehood, so the presidential vote would strengthen the "permanent union" within the Commonwealth status, as a measure of education toward statehood. For Romero, the attainment of statehood was the most important task of the NPP, so that the presidential vote was a step toward statehood in the immediate future. Romero supported a status plebiscite after the 1972 elections if the NPP won, an idea that Ferré did not wholeheartedly support. By this time, other differences had already come out in the open. Ferré argued for the continuation of tax exemption as part of the industrialization program, particularly as a weapon against unemployment. Romero, on the other hand, argued for the immediate termination of tax exemption as a transitory measure towards statehood.[177] Furthermore, Romero was already arguing that statehood should become the "ideological basis," the only program of the NPP, a position strongly opposed by Ferré.[178]

The Rise of Romero Barceló

Up to the 1972 elections, Ferré kept organizational and programmatic control of the party. In the 1972 NPP Assembly Ferré was once again named candidate for Governor, without any form of opposition. But Romero´s power in the party was already evident by this date. After a fierce struggle, Romero was named First Vice-president of the party and several of his proteges were named to the top leadership of the organization.[179] The 1972 electoral program still showed Ferré´s influence, with emphasis on the "achievements" of Ferre´s administration in the socio-economic area and other measures related to the redemption program--"The Great Task," the "Patrimony for Progress," "social justice," etc.. Both the electoral program and campaign downplayed the issue of statehood, emphasizing the party´s goal of achieving statehood "in the shortest possible term," which would ´´depend fundamentally in the expression of the will of the people of Puerto Rico.´´[180]

The defeat in the 1972 elections increased the disunity in the party and led to a crisis at all levels of the NPP. Greatly resentful of the defeat, Ferré accused the Puerto Ricans of not having voted wisely; people close to him stated that the cause for the defeat lay in the emphasis some party sectors placed on the issue of statehood (a clear reference to Romero). Ferré presented his resignation to the

party presidency and promised to move away from public and party politics forever.[181] Romero responded to this claim by stating that the cause of the defeat was the party's "excess of confidence" (clearly referring to Ferre´s campaign on the "achievements" of his administration) and argued that the issue of statehood had nothing to do with the electoral results. He also reaffirmed statehood as the "ideological basis" of the party. Party members close to Romero accused Ferré´s government of being the direct cause of the defeat and supported his resignation from the party presidency.[182] The NPP disorganization after the 1972 elections reached such a level that members of the party leadership publicly claimed for the party´s unity, organization, and revitalization.[183] The party division widened. For example, the conflicts between the NPP "liberals" and the "conservatives" in the Legislature increased and even some NPP legislators announced their legislative independence from the party.[184] Ferré´s self-imposed alienation immediately after the defeat and the exacerbation of differences in the party leadership created an organizational and power void in the NPP that Romero filled.

Under the banner of the party reorganization, Romero Barceló took the control of the party and imposed a new statehood program. Romero came out from the 1972 elections unhurt, consolidated San Juan as a NPP stronghold, and became the most outstanding party member occupying a public post in that period. Romero had been a founding member of

Estadistas Unidos and of the New Progressive Party; his organizational capacity was his main political asset. A rude and straightforward politician, he had rivaled Ferré in prowesss by defeating the strongest local political machinery of the PDP in Puerto Rico, San Juan. Immediately after the 1972 elections, Romero´s name was mentioned inside and outside the party as the person to replace the "old man" in the top leadership of the party.[185] In his role as NPP First Vice-president, the second highest post in the party, Romero was named by the Presidential Council, the NPP´s top decision-making body, to direct the party reorganization in November 1972. From the beginning of the process, Romero showed a total control of the reorganization campaign, repeatedly clashing with other party leaders.[186] Romero´s NPP reorganization was structured at two levels. First, the creation of party unity at the organizational level, creating a centralized power structure and taking disciplinary actions against those opposed. Second, Romero placed statehood as he party´s sole ´´ideological basis.´´[187]

Romero´s NPP reorganization throughout 1973 was not without opposition. Throughout the process, which culminated in November of that year with the approval of new party by-laws, the internal conflict became known as the ´´Ferré-Romero conflict.´´ Ferré and his group accused Romero of total control and reorganizing the party in his favor and that in doing so he had alienated several sectors in the party--particularly the "liberals." There was also

debate between "immediate" statehood or "gradual" statehood, and between statehood and social reform.[188] Romero´s control became evident with the approval of the new party by-laws at the end of 1973. The preamble stated that the NPP was founded to fight social problems and that statehood is the best instrument to do so; statehood "guarantees the full citizenship equality and political sovereignty, at the same time that guarantees our progress and economic security." This seems to be a compromise among both factions, but leaning more toward Romero´s position.

But more important was the structural reorganization of the party. First, the position of President-Founder was created to prevent a fratricide struggle for the presidency between Ferré and Romero. Ferré was later named President-Founder and Romero party President. Second, a party legislative caucus was formed, requiring the strict participation and loyalty of all its members, i.e., an internal organism to keep in check the work and positions of all NPP legislators. Third, party primaries were required for all positions of the Legislature, mayoralties, and municipal assemblies. Fourth, an amendment was introduced to require that no party member could hold the position of or run for Senator, Representative, Mayor, Assemblyman, or Governor for more than eight consecutive years.[189] Taken as a whole, the reorganization of the party directly benefited Romero and his group. Romero was in control of the party machinery and the new legislative caucus subordinated the

NPP legislators to the party authority. Since they had the greatest political and organizational strength in the party, the changes in the by-laws requiring primaries and an eight-year limit for all elective positions guaranteed Romero and his group the majority of the party's elective positions in the 1976 elections and thus the party control. Table 6.8 shows the results. The 1972 elections showed a continuity in the NPP legislative representation; on the other hand, the results of the 1976 elections show a rupture in the party's legislative representation, with only twelve incumbents of the forty-seven NPP legislators.

The NPP 1974 Convention legitimized Romero's position in the party, although it was not totally free of conflict. A considerable group supported Ferré for the party presidency and opposed Romero's policy of "Statehood Now," emphasizing the need for a program of social reform. As expected, Ferré was named President-Founder and Romero President of the party, with almost absolute powers over the organization; the party's new top leadership was completely loyal to Romero.[190] Both Ferré and Romero demanded the party unity to confront the PDP in the coming elections. Ferré, acknowledging his decreased strength within the party, was resigned, at least publicly, to remain as "founding father and counsellor" of the NPP, and admited that "Romero has become the propelling force, injecting new blood into the party.''[191] A new period in the history of Puerto Rican annexationism had thus began.

The rise of Romero Barceló to the command of the New Progressive Party represented the end of any attempt to implement Ferre´s program of redemption. The NPP under Romero, more than any other party ever, has turned statehood into a massive political force. The control of the Commonwealth state apparatus since 1976 by the Romero group has turned Estadidad ahora from a partisan statehood program into public policy.

CONCLUSION

The election of Luis Ferré in 1968 marks the ascension of statehood and of a statehood party to the dominance of Puerto Rican politics, breaking the nearly three decade hegemony of the Popular Democratic Party. It marked as well the emergence of a new statehood program within the annexationist movement in the Island. More crucial yet, it signifies the the rise to the control of the Commonwealth state apparatus of a pro-annexationist industrial bourgeoisie. The growth of the contemporary statehood movement, as represented in the New Progressive Party, has been shaped by the economic and political crisis of the Commonwealth. The Commonwealth´s industrialization program, based on the attraction of American capital through tax exemption and subsidies, failed in providing economic growth and reducing unemployment. Furthermore, the task of providing social and

political stability was taken by the federal government.

The goal of the first NPP administration, of Luis Ferré, was to provide the basis for the stable reproduction of capitalism in Puerto Rico. Ferre´s redemption program, the centerpiece of this project, aimed at eliminating social conflict, to be achieved by the implementation of "social justice" measures, the Patrimony for Progress, and a greater flow of federal funds to Puerto Rico. Economic stability was to be assured, according to this program, through the consolidation of the economic position of local capital and the redefinition of the role of American capital in the island. Also, political stability would come as a result of a more solid political integration of Puerto Rico to the United States, to be attained through mechanisms like the presidential vote, more participation in federal programs, and the strengthening of the ties of citizenship of the Puerto Ricans to the American state. As a whole, the program of redemption was not successful; most of the measures failed or could not be implemented at all. Furthermore, Ferré´s program suffered from the internal schism in the NPP; it was not fully supported or understood by the majority of the party. The crisis that erupted after the defeat of the NPP in the 1972 elections led to the rise of a new leadership and program in the party, represented by Romero Barceló; it also meant the collapse of Ferre´s position and program within the party. The government administration and statehood program of the NPP under Romero

Barceló is the subject of the next chapter.

NOTES CHAPTER VI

1) Robert W. Anderson, Gobierno y partidos políticos en Puerto Rico (Madrid: Editorial Tecnos, 1970), p. 283.

2) Examples of studies dealing with the NPP emphasizing the status issue are: Carmen Ramos de Santiago, El gobierno de Puerto Rico (San Juan: Editorial Universitaria, 1970); Ben S. Stephansky, ´´Puerto Rico,´´ in Tad Szulc, ed., The United States and the Caribbean (New Jersey: Prentice Hall, 1971); Andrés Sánchez Tarniella, Los costos de la estadidad para Puerto Rico (Rio Piedras: Ediciones Bayoan, 1980).

3) The only study of the Ferré Administration is Ruth Martínez Saldaña, ´´Anatomía de un partido político en su lucha por llegar al poder: El caso del Partido Nuevo Progresista´´ (M.A. Thesis, Graduate School of Public Administration, University of Puerto Rico, 1972).

4) See, José A. Herrero, La economia de Puerto Rico: el presente crítico (Rio Piedras: Department of Economics, University of Puerto Rico, 1975); Samuel Torres Roman, La problematica economica de Puerto Rico (Rio Piedras: Department of Economics, University of Puerto Rico, 1976); and Henry Wells, ´´Development Problems of the 1970´s in Puerto Rico,´´ Revista/Review Interamericana 7:2 (Summer 1972), pp. 169-192.

5) Puerto Rico. Economic Development Administration, Puerto Rico´s Industrial Development: Past Performance and Glance at the Future (San Juan: Office of Economic Research, 1971), p. 15.

6) Puerto Rico. Economic Development Administration, Toward an Industrial Development Policy for the 1970´s: The Key Role of the Petroleum Base Project (San Juan: Ofice of Economic Research, 1973), p. 16. The Project was approved by the Ferré Administration in 1972; see, El Mundo, December 13, 1972, p. 1A.

7) Puerto Rico. Economic Development Administration, The Petroleum Refining, Petrochemical and Allied Products Industries in Puerto Rico (San Juan: Office of Industrial Economics and Promotional Services, 1974), p. 2.

8) Luz E. Echevarria Segui, "El desarrollo de la industria pesada en Puerto Rico (M.A. Thesis, Public Administration, University of Puerto Rico, 1979), pp. 36-40.

9) EDA, The Petroleum Refining..., pp. 2 and 6-9.

10) Puerto Rico. Economic Development Administration, The Chemical and Allied Products Industry in Puerto Rico (San Juan: Office of Economic Research, 1969), pp. 19-22.

11) Junta de Planificación, Informe Económico al Gobernador, 1982 (San Juan: Junta de Planificacion, 1983), p. A7; and ''The Drug and Pharmaceutical Industry in Puerto Rico,'' Puerto Rico Business Review 5:7-8 (July-August 1980), p. 18.

12) Puerto Rico. Economic Development Administration, The Drug and Pharmaceutical Industry in Puerto Rico (San Juan: Office of Industrial Economics and Promotional Services, 1973), pp. 2-3 and 5; and "The Drug...," pp. 15 and 17.

13) ''AFICA Helps Union Carbide Finance Project,'' Puerto Rico Business Review 5:3 (March 1980), p.1 and 15. AFICA stands for Industrial, Medical, and Environmental Pollution Control Facilities Financing Authority. The main beneficiaries of AFICA have been the pharmaceuticals.

14) Junta de Planificación, Serie historica del empleo y grupo trabajador en Puerto Rico, 1979 (San Juan: Area de Planificacion Economica y Social, 1980), p.1; also, El Nuevo Día, February 19, 1983, p. 3.

15) Junta de Planificacion, Informe Econmico al Gobernador, 1981 (San Juan: Area de Analisis y Asesoramiento Economico, 1982), pp. A7, A27.

16) Ibidem, p. A7-8.

17) Ibidem, pp. A27, A57; Serie Historica de empleo..., p. 27.

18) U.S. Department of Commerce, Economic Study of Puerto Rico (Washington, D.C.: U.S. Government Printing Office, 1979), vol.I, p. 4. Also known as the Krepps Report.

19) ''Census Report Discovers 62% of Island Under Poverty Level,'' San Juan Star, August 7, 1983, p. 1.

20) Serie histórica de empleo..., p.1 and 4.

21) Junta de Planificación, Informe Social 1980 (San Juan: Area de Planificacion Economica y Social, 1980), p. 43.

22) Ibidem, pp. 31, 51.

23) Ibidem, p. 51.

24) Informe económico al Gobernador, 1982, p. A25.

25) Ibidem, p. 257.

26) Aureo Torres Torres, "La politica contributiva y la equidad en el sistema contributivo de Puerto Rico" (M.A. Thesis, Public Administration, University of Puerto Rico, 1978), pp. II, 2, 68, and 74.

27) Luis P. Costa Elena, ´´I.R.C. Section 936 and Fomento Income Tax Exemption in Puerto Rico,´´ Revista del Colegio de Abogados de Puerto Rico 41:2 (May 1980), p. 237.

28) Informe economico al Gobernador, 1982, p. 282.

29) Ibidem, p. 408; Economic Study of Puerto Rico, p. 16.

30) Economic Study of Puerto Rico, p. 205.

31) Ibidem, pp. 194-200.

32) Ibidem, p. 15. This was also the conclusion reached by economist James Tobin´s report on Puerto Rico´s finances; see, Comite para el Estudio de las Finanzas de Puerto Rico,Informe al Gobernador (Rio Piedras: Editorial Universitaria, 1976), p. 59. To be quoted as Tobin Report.

33) Ibidem, p. 4.

34) Ibidem, p. 14; also, Tobin Report, op.cit., p. 59.

35) The comments are by Nelson Famadas, Chairman of the Governor´s Economic Council, in El Nuevo Día, April 10, 1983, p. 4-5.

36) Informe economico al Gobernador, 1982, p. A11.

37) Ibidem, p. 155.

38) Manuel Maldonado-Denis, Hacia una interpretación marxista de la historia de Puerto Rico y otros ensayos (Rio Piedras: Editorial Antillana, 1977), p. 51.

39) Respectively, Angel G. Quintero-Rivera, Conflictos de clase y política en Puerto Rico (Rio Piedras: Ediciones Huracan, 1976), p. 138, and Wilfredo Mattos Cintron, La política y lo político en Puerto Rico (Mexico: Ediciones Era, 1980), p. 158.

40) Emilio Pantojas Garcia, ´´Estrategias de desarrollo y contradicciones ideológicas en Puerto Rico: 1940-1978,´´ Revista de Ciencias Sociales 21:1-2 (March-June 1979), p. 112-113.

41) Juan A. Ríos Vélez, ´´Análisis del diseño de la rama ejecutiva para determinar el tipo de gobierno que se quiere implantar´´ (M.A. Thesis, Public Administration, University

of Puerto Rico, 1981), p. 38.

42) In Reece B. Bothwell, ed., Puerto Rico: Cien años de lucha política (Rio Piedras: Editorial Universitaria, 1979), vol.I, pt.2, p. 1034.

43) Ibidem, pp. 1034-1039.

44) On the "New Compact" see Roberta Ann Johnson, "Puerto Rico: The Unsettled Question," in Richard Millet and W. Marvin Will, eds., The Restless Caribbean: Changing Patterns of International Relations (New York: Praeger, 1979), pp. 103-114.

45) See the speech of the then President of the PDP, Miguel Hernandez Agosto, before the United Nations Decolonization Committee, 1126th Meeting, GA/col/1968, August 29, 1978.

46) PDP 1976 Program, in Bothwell, op.cit., vol.I, pt.2, p. 1260. Also the 1972 Program in Guia para las elecciones de 1972: programas oficiales (San Juan: Banco Popular de Puerto Rico, 1972), p. 20-21.

47) Bothwell, ibidem; and Guia para las elecciones de 1972, p. 37.

48) Guia para las elecciones de 1972, p. 37.

49) Teresita Picó de Silva, ´´El impacto de los fondos federales en el desarrollo de Puerto Rico´´ (M.A. Thesis, Public Administration, University of Puerto Rico, 1976), pp. 50-58.

50) Puerto Rico. Comision Sobre la Reforma Contributiva, La exención contributiva industrial (San Juan: Comision Sobre Reforma Contributiva, 1974), pp. 4, 8-11. IRS Section 931, and its successor Section 936 will be discussed in the next chapter.

51) Costa Elena, op.cit., part 2, 41:1 (February 1980), pp. 112-126.

52) Pedro J. Cordova, "La promocion industrial: Desarrollo economico o creacion de empleos" (M.A. Thesis, Public Administration, University of Puerto Rico, 1978), pp. 29-34.

53) See, Gervasio L. García and A. G. Quintero-Rivera, Desafio y solidaridad: Breve historia del movimiento obrero puertorriqueño (Rio Piedras: Ediciones Huracan, 1982), chapter VII; on the labor movement in the public sector, Jesse Pou Rivera, "Public Employee Organizations in Puerto Rico" (M.A. Thesis, Public Administration, University of Puerto Rico, 1973); on the number and nature of strikes throughout the period see, Luis Torres Rodríguez, ´´La intervención policíaca en los conflictos obrero-patronales

entre los años 1971 al 1973´´ (M.A. Thesis, Public Administration, University of Puerto Rico, 1975), and Puerto Rico, Oficina del Gobernador, Consejo Asesor del Gobernador Sobre Política Laboral, Las huelgas en el sector publico en Puerto Rico (San Juan: Consejo Asesor, 1978).

54) See Pensamiento Crítico 1:4 (May 1978), special issue on the subject; and ibidem, 1:2 (March 1978), p. 2-3.

55) From the 1972 PIP program in Bothwell, op.cit., vol.I, pt.2, pp. 1040-1055, and 1092-1181.

56) From the PIP 1976 program in ibidem, pp. 1376-1391; also, Ruben Berrios Martinez, Hacia el socialismo puertorriqueño (np:np, 1975).

57) Rubén Berríos Martínez, ´´Independence for Puerto Rico: The Only Solution,´´ Foreign Affairs 55 (April 1977), pp. 561-583; also, El Mundo, October 30, 1980, p. 11D; San Juan Star, February 28, 1982, p. 17;and ibidem, April 10, 1983, p. 2.

58) On the PIP´s recent economic program see the articles by Ruben Berrios Martinez,in El Mundo, March 10, 11, and 12 1982, pp. 6A, 5A, and 8B, respectively. On the PIP´s relations with the PSP see El Nuevo Día, October 4, 1981, p. 6, and October 28, 1982, p. 37. For the PIP´s international campaign, San Juan Star, January 2, 1983, p. 6, and January 9, 1983, p. 3; and El Nuevo Día, April 14, 1983, p. 11.

59) Partido Socialista Puertorriqueño, La alternativa socialista: Tesis Política del PSP (np: Ediciones Puerto Rico, 1974), and Programa Socialista (np: Ediciones Puerto Rico, 1975).

60) Juan Mari Brás, ´´Organizarnos y unirnos para la independencia,´´ Claridad, September 25-October 1, 1981, p. 10-11; January 15-21, 1982, p. 4-5; and March 26-April 1, 1982, p. 11.

61) See Claridad, February 26-March 4, 1982, p. 15; San Juan Star, July 11, 1982, p. 6-7; and October 15, 1982, p. 3.

62) The PSP Congress´ results are reviewed in Claridad, October 29-November 4, 1982.

63) Ruth Martinez Saldana, op.cit., pp.III, and 29-30; Quintero-Rivera, Conflictos..., p. 138, where the author characterizes the NPP popular vote as a "protest vote"; and Aaron G. Ramos, ´´The Development of Annexationist Politics in Twentieth Century Puerto Rico,´´ in Adalberto Lopez, ed., The Puerto Ricans (Cambridge, Mass.: Schenkman, 1980), p. 268.

64) Luis A. Ferré, El propósito humano, edited by Antonio Quiñones Calderón (San Juan: Ediciones Nuevas, 1972), p. 6.

65) Ibidem, pp. 148, 160.

66) Ibidem, p.176; also, ´´Ferre insta a abolir desigualdad social,´´ El Mundo, June 1, 1970, p. 1A.

67) Ibidem, p. 195.

68) Ibidem, p. 54. The speech was Ferre´s acceptance of the Manufacturers Association´s "Citizen of the Year" award.

69) ´´Ferré pide ayuda a empresarios para acabar pobreza,´´ El Mundo, April 25, 1969, p. 8A.

70) Ibidem, June 30, 1969, p. 1A; ibidem, July 2, 1969, p. 12A; ibidem, June 22, 1970, p. 1A; ibidem, April 22, 1972, p. 3A; and ibidem, April 27, 1972, p. 3A.

71) Ibidem, June 16, 1969, p. 3A; and ibidem, July 1, 1969, p. 1A.

72) Antonio Quiñones Calderón, La obra de Luis A. Ferre en La Fortaleza (Santurce, P.R.: Servicios Editoriales, 1975), pp. 64 and 66-67. Also, El Mundo, April 14, 1969, p. 10B; ibidem, November 8, 1969, p. 5A; ibidem, February 25, 1972, p. 5A.

73) Quiñones Calderón, op.cit., pp. 82-86; also, El Mundo, June 21, 1969, p. 1A.

74) El Mundo, June 16, 1969. p. 3A; ibidem, October 5, 1972, p. 14D; and Quiñones Calderón, op.cit., p. 117.

75) Quiñones Calderón, ibidem, p. 76-77; also, El Mundo, June 25, 1969, p. 1A; ibidem, September 1970, p. 14A.

76) Quiñones Calderón, ibidem, pp. 79-82, 86-88, 120-121, and 139-142. Also, El Mundo, March 27, 1969, p. 5A; and ibidem, March 26, 1971, p. 1A.

77) ´´Objetivo ´Nueva Vida´ es abolir indigencia,´´ El Mundo, August 6, 1969, p. 11E; ´´Ferré reafirma deseo resolver desempleo,´´ ibidem, August 30, 1969, p. 10A.

78) L. R. Torres Rodriguez, op.cit., p. XVI-XX.

79) J. Pou Rivera, op.cit., p. 250-55. Also, ´´Acusan a Ferre de ´politizar´ instituciones,´´ El Mundo, September 20, 1972, p. 17A.

80) El Mundo, February 22, 1972, p. 1A.

81) Maldonado-Denis, op.cit., pp. 262-97; also on the UPR riots, El Mundo, November 12, 1969, p. 1A; ibidem, December 15, 1969, p. 3A; and ibidem, March 12, 1971, p. 1A.

82) L. R. Torres Rodríguez, op.cit., pp. 88-108; El Mundo, March 10, 1971, p. 11A; ibidem, March 14, 1971, p. 1A; ibidem, March 11, 1972, p. 1A; ibidem, April 26, 1972, p. 1A.

83) Tobin Report, op.cit., pp. 46-54 and 27-33.

84) Pepe Ramos, Ferré: Autobiografía dialogada (San Juan: Panavox Multimedia, 1976), p. 220.

85) Ferré, El propósito humano, pp. 210-232; ´´Ferré envía bill crearia Patrimonio para el Progreso,´´ El Mundo, March 10, 1972, p. 3A.

86) ´´Ferré ve Patrimonio detendría socialismo,´´ El Mundo, October 18, 1972, p. 10E.

87) Ferré, El propósito humano, p. 229.

88) Ibidem, p. 77. The image is inevitable: the Patrimony is, of course, Marx upside down.

89) Ibidem, p. 230; also Quiñones Calderón, op.cit., pp. 239-241.

90) Ibidem, p. 78. Some sectors of the Puerto Rican bourgeoisie supported the Patrimony, particularly those in banking; see, El Mundo, February 9, 1972.

91) El Mundo, March 8, 1972, p. 3A; ibidem, April 21, 1972, p. 3A; ibidem, April 27, 1972, p. 1A.

92) Ferré, El proposito humano, p. 43.

93) Ibidem, pp. 58. 73.

94) Luis A. Ferré, An Engineer Dreams of a Better Puerto Rico (Address by the Honorable Governor of Puerto Rico before the Puerto Rico Section of the American Society of Mechanical Engineers, Hato Rey, Puerto Rico, February 21, 1969), p. 1.

95) Ferré, El proposito humano, p. 60; also, An Engineer Dreams..., p. 3.

96) P. Ramos, op.cit., p. 217.

97) Ferré, El proposito humano, p. 48.

98) J. A. Ríos Vélez, op.cit., ppp. 19, 28.

99) El Mundo, April 22, 1972, p. 1A.

100) Edgardo L. Martínez Nazario, ´´Estudio histórico-teórico sobre el desarrollo administrativo del sector público en Puerto Rico´´ (M.A. Thesis, Public Administration, University of Puerto Rico, 1971), p. 94.

101) Quiñones Calderón, op.cit., p. 95.

102) Ferré, El proposito humano, p. 180.

103) ´´Establece Consejo Financiero del Gobernador,´´ El Mundo, August 9, 1970, p. 19A.

104) Quiñones Calderón, op.cit., pp. 96-100.

105) Ferré, El proposito humano, p. 54.

106) Ibidem, p. 154. The similarities in Ferre´s discourse with that of Barbosa in the 1920´s are more than coincidental; they express an essential tension within Puerto Rican annexationism: the social consequences of the unbounded expansion of American capital in the Island.

107) Puerto Rico. Economic Development Administration, Economic Development in Puerto Rico During the Last Twenty Years (San Juan: Office of Economic Research, 1971), p. 13.

108) Ibidem, p. 15-16.

109) EDA, Puerto Rico´s Industrial Development..., p. 14-15.

110) EDA, Economic Development in Puerto Rico..., p. 22-23.

111) Ferré, El proposito humano, pp. 5, 212-13.

112) Salvador Lugo, Trends and Problems of the Local Puerto Rican Owned Manufacturing Industries (San Juan: Interagency Strategy Committee, 1975), pp.8, 50.

113) Ibidem, p. 21.

114) For Ferre´s subsidies to local capital see, El Mundo, January 30, 1969, p. 1A; ibidem, June 28, 1969, p. 1A; ibidem, July 23, 1970, p. 12A; ibidem, January 28, 1971, p. 1A; ibidem, April 2, 1971, p. 16B; ibidem, April 16, 1971, p. 21A; ibidem, April 28, 1971, p. 13C.
For PRIDCO´s aid to local capital see S. Lugo, op.cit., p. 37-38.

115) Ibidem, May 5, 1971, p. 6A; ibidem, April 24, 1971, p. 1A.

116) Quiñones Calderón, op.cit., p. 105-106.

117) El Mundo, August 28, 1969, p. 1A; ibidem, June 23, 1970, p. 1A.

118) Ferré, An Engineer Dreams..., p.7; also, Ferré, El propósito humano, p. 156.

119) El Mundo, April 2, 1969, p. 1A; ibidem, June 25, 1969, p. 1A; ibidem, November 8, 1969, p. 5A; ibidem, February 25, 1972, p. 5A; Quinones Calderon, op.cit., pp. 64, 67. See also, Joselo Sánchez Dergan, ´´La industria azúcarera operada por el gobierno de Puerto Rico: Necesidad de una política pública azúcarera´´ (M.A. Thesis, Public Administration, University of Puerto Rico, 1975), pp. 102-109.

120) Quiñones Calderón, op.cit., pp. 69, 224; J. Sanchez Dergan, op.cit., p. 82.

121) J. Sanchez Dergan, op.cit., p. 82. Production of sugar cane decreased from 465 tons in 1969 to 287 tons in 1972, in Socio Economic Statistics, p. 7.

122) J. Sanchez Dergan, ibidem, pp. 136-140; Quinones Calderon op.cit., pp. 123-25; El Mundo, August 21, 1970, p.19B.

123) This is the position of Ruth Martínez Saldaña, op.cit., p. 43-44.

124) Ferré, El propósito humano, pp. 198, 216.

125) Puerto Rico. Economic Development Administration, Planning for a Changing Industrial Structure in Puerto Rico/ prepared by Adams, Howard, and Opperman (Planning Consultants) with Alexander Ganz and Gerald Hodge. (San Juan: EDA, 1969), p. 110. Also, Ferré, An Engineer Dreams..., op.cit., p. 4. This was also developed in Oficina del Gobernador. Consejo Asesor del Gobernador Para el Desarrollo de Programas Gubernamentales, Desarrollo industrial (San Juan: Consejo Asesor, 1970).

126) Ferré, El propósito humano, p. 184; also p. 211. Also, Quiñones Calderón, op.cit., p. 98; and Oficina del Gobernador. Consejo Asesor del Gobernador para el Desarrollo de Programas Gubernamentales, Sistema fiscal (San Juan: El consejo, 1970).

127) EDA, Planning for a Changing Industrial Structure..., pp. 5, 9, 62; Ferré, An Engineer Dreams..., p. 4.

128) S. Lugo, op.cit., p. 21.

129) Ibidem, p. 49. EDA-promoted firms provided only 4,000 jobs between 1969 and 1973, while the number of plants

decreased from 930 to 907 during the same period.

130) EDA, Puerto Rico's Industrial Development..., pp. 13, 15; also, EDA, Economic Development in Puerto Rico, p. 12.

131) EDA, Puerto Rico's Industrial Development..., p. 15. Also, EDA, Economic Development in Puerto Rico..., p. 20-21; and EDA, Toward an Industrial Development Policy for the 1970's...

132) EDA, The Drug and Pharmaceutical Industry, p. 5; and EDA, The Measuring, Analysing..., p. 4.

133) El Mundo, April 19, 1969, p. 6A; ibidem, November 21, 1969, p. 11B.

134) Ibidem, February 6, 1971, p. 3A. Union Carbide had eleven plants in Puerto Rico by 1973.

135) L. E. Echevarria Segui, op.cit., p. 38-39.

136) El Mundo, December 13, 1972, p. 1A; ibidem, December 14, 1972, p. 9B.

137) EDA, Toward an Industrial Development Policy..., p. 16.

138) El Mundo, January 15, 1969, p. 1A; ibidem, February 25, 1969, p. 3A; ibidem, March 18, 1969, p. 1A.

139) EDA, The Chemical and Allied Products Industry..., p. 9.

140) EDA, Economic Development in Puerto Rico..., p. 21.

141) Puerto Rico. Economic Development Administration, The Metal Industry in Puerto Rico (San Juan: Office of Industrial Economics and Promotional Services, 1975), pp. 3, 6-7.

142) El Mundo, October 18, 1970, p. 1A; ibidem, December 16, 1972, p. 6B.

143) Ferré, El proposito humano, p. 214-15; Socio-economic Statistics 1980, p. 5-6.

144) PNP 1967 Program in Bothwell, op.cit., vol.I, pt.2, p. 914.

145) ''Ferre en Washington: Dice no tener mandato para estadidad,'' El Mundo, January 21, 1969, p. 28; also, ibidem, March 1, 1969, p. 1A; ibidem, March 11, 1969, p. 1A; ibidem, September 2, 1970, p. 18A.

146) ''Ferré se opone a asimilación,'' ibidem, October 13, 1969, p. 1A, where he elaborates on the patria and nación thesis; ''Gobernador defiende 'estadidad jíbara','' ibidem,

August 4, 1969, p. 12A.

147) Ferré, El proposito humano, pp. 61-62 and 50.

148) Reece B. Bothwell, ´´La estadidad jíbara,´´ in Bothwell, op.cit., vol.4, p. 478-79.

149) Ferré, El proposito humano, p. 178.

150) El Mundo, August 9, 1969, 1A; ibidem, September 25, 1972, p. 14A.

151) NPP 1972 Program, in Guia para las elecciones..., p. 8-9.

152) El Mundo, July 22, 1969, p. 4A.

153) Ibidem, May 13, 1969, p. 1A.

154) The issue is discussed in Quiñones Calderón, op.cit., pp. 159-69.

155) Ferré, El proposito humano, pp. 325-335 and 202; ´´Ferré: Voto presidencial es reclamo legítimo,´´ El Mundo, July 26, 1970, p. 1A.

156) Ibidem, pp. 201 and 333.

157) Ibidem, p. 333.

158) Quoted from A. W. Maldonado, ´´El plan del PNP sobre el status,´´ El Mundo, February 12, 1970, p. 7A; also, NPP 1972 Program, in Guía para las elecciones..., p. 9.

159) Ferré opposed any measure for wider autonomy for the Commonwealth, like those claimed by the PDP in 1970; ´´Ferré declara ´separatista´ Pronunciamiento de Aguas Buenas,´´ El Mundo, November 27, 1970, p. 7A.

160) Ferré in Quiñones Calderón, op.cit., p. 221; also p. 223.

161) Ibidem, pp. 222-228; El Mundo, February 25, 1970, p. 3A; ibidem, Februaru 19, 1971, p. 3A.

162) Juan C. Rosado Cotto, ´´Fondos federales y la política pública del Estado Libre Asociado de Puerto Rico,´´ Revista de Administración Pública VI:2 (March 1974), p. 119.

163) Quiñones Calderón, op.cit., p. 225.

164) Ibidem, p. 222-23; El Mundo, June 3, 1971, p. 1A.

165) Ferre as quoted in Dimas Planas, ´´The Statehood Dream--Now or Later?,´´ San Juan Star, October 11, 1971, p.

3.

166) Ferré, El proposito humano, op.cit., p. 61. Also, T. Picó de Silva, op.cit., p. 45.

167) Ferré, ibidem, p. 203.

168) Quiñones Calderón, op.cit., pp. 188-216; El Mundo, August 14, 1970, pp. 1A, 6A, and 19A.

169) Bennie Frankie Cerezo, ´´PNP--Energías de ilusión,´´ Avance, September 17, 1973, p. 9.

170) A. W. Maldonado, ´´El Partido Nuevo Progresista,´´ El Mundo, April 8, 1970, p. 7A.

171) See, Jorge Javariz, ´´Cosas del Capitolio,´´ ibidem, June 5, 1969, p. 10A.

172) R. Martínez Saldaña, op.cit., p. 50.

173) ´´Dos alas del PNP: liberal y conservadora,´´ El Mundo, June 5, 1969, p. 10A; and Salvador Guzman, ´´Trasfondo,´´ ibidem, February 13, 1971, p. 7A.

174) ´´Cerezo reta PNP promover cambio,´´ ibidem, May 21, 1970, p. 1A.

175) Antonio Quiñones Calderón, Del plebiscito a La Fortaleza (Hato Rey, P.R.: Ramallo Bros., 1982), p. 16-17.

176) ´´Romero: PNP busca lograr la estadidad cuanto antes,´´ El Mundo, August 23, 1970, p. 1A.

177) D. Planas, op.cit., p. 3.

178) ´´La estadidad no será relegada--Carlos Romero Barceló,´´ Avance, November 25, 1972, p. 9. Also, Jaime Collazo, ´´La estadidad como ideologia politica,´´ El Mundo, October 15, 1972, p. 8A.

179) ´´El PNP y la Convencion de Ponce,´´ Avance, July 27-August 3, 1972, p. 5.

180) On the NPP 1972 Program and electoral campaign: Guía para las elecciones 1972...; Luis A. Ferré, ´´Visión del futuro de Puerto Rico,´´ Avance, July 13-19, 1972, p. 60; ´´Luis A. Ferre--Candidato a Gobernador del PNP,´´ ibidem, July 27-August 3, 1972, pp. 13-17; El Mundo, September 25, 1972, p. 14A; ibidem, October 3, 1972, p. 18A; ibidem, October 16, 1972, p. 19B; ibidem, October 30, 1972, p. 9B.

181) ´´El sabor de la derrota: Ferré, ´El pueblo no voto inteligentemente´,´´ Avance, November 15, 1972, pp. 8-10; ´´Cree enfasis dado issue estadidad perjudico PNP,´´ El

Mundo, November 9, 1972, p. 18B; ibidem, November 16, 1972, p. 4A; ibidem, November 9, 1972, p. 1A; on Romero´s support for statehood as an electoral issue for 1972 see, ´´Romero favorece referendum,´´ ibidem, October 12, 1972, p. 10C.

182) ´´La estadidad no sera relegada...,´´ op.cit., p. 9; El Mundo, November 9, 1972, p. 7B; ibidem, February 1, 1972, p. 14A.

183) El Mundo, November 13, 1972, p. 1A; Arsenio Gutierrez, ´´Reponerse o perecer,´´ ibidem, November 26, 1972, p. 8A; Rafael Santiago Rosa, ´´Se impone reorganizacion del PNP,´´ ibidem, December 16, 1972, p. 7A; ibidem, January 30, 1973, p. 3A; ibidem, February 4, 1973, p. 14A.

184) Ibidem, January 11, 1973, p. 5B; ibidem, January 14, 1973, p. 3A; ibidem, January 15, 1972, p. 16A.

185) ´´Romero y el futuro del PNP,´´ ibidem, November 14, 1972, p. 7A; ´´Romero candidato a Gobernador,´´ ibidem, January 28, 1973, p. 1A.

186) ´´La estadidad no sera relegada...,´´ op.cit., p. 8; El Mundo, December 9, 1972, p. 5A.

187) ´´La estadidad no sera relegada...,´´ op.cit., p. 9; El Mundo, January 16, 1973, p. 7A.

188) Carlos Yamil Otero, ´´?Quien controla el PNP: Ferre o Romero?,´´ Avance, September 17, 1973, pp. 10-15; Cerezo, ´´PNP--Energias de ilusion,´´ op.cit., p. 9; Dimas Planas, ´´No hay lucha interna en el PNP,´´ ibidem, October 1, 1973, p. 12-13.

189) In Bothwell, op.cit., vol.4, p. 579.

190) ´´Asamblea del PNP--Luis, Carlos y Baltasar,´´ Avance, July 15, 1974, p. 6-7; ´´En vispera de Asamblea PNP--el partido tiene que cambiar,´´ ibidem, July 1, 1974, p. 12-13.

191) P. Ramos, op.cit., p. 229-230; ´´Ferré: dos años después,´´ Avance, December 23, 1974, p. 9.

CHAPTER VII

THE NEW PROGRESSIVE PARTY UNDER ROMERO: THE RHETORIC OF EQUALITY

The New Progressive Party under the leadership of Luis Ferré represented a break with the past politics and programs of the statehood movement, particularly the NPP´s immediate predecessor, the Republican Statehood Party. The first NPP government, the administration of Ferré, has to be understood within the framework of Ferre´s program of redemption, i.e., the attempt by a sector of the local bourgeoisie to implement a program to bring socio-economic and political stability to Puerto Rico.

The party´s 1972 electoral defeat led to a crisis that was finally solved by the rise of Carlos Romero Barceló to the helm of the NPP. The publication of Romero´s "Statehood is for the Poor" in 1973 and his election as party president in 1974 mark the transition to a new leadership and program in the NPP. Romero´s "Statehood Now" campaign--the radical attempt to attain immediate statehood--exemplifies his politics. For example, the economic program of the Romero Administration includes a program of economic transition to statehood. But Romero´s government and politics were not free of conflicts; his second term was plagued by accusations of public corruption and abuse of power, which undermined Romero´s credibility in the United States and in

Puerto Rico and led to the first major rupture in the party. The formation of the Puerto Rican Renovation Party by discontented members of the NPP was a reaction to Romero's party and governmental policies and represented another attempt to implement the program of redemption.

Part I of this chapter deals with the state and economic structures during the period of the Romero Administration (1976-1984). Our argument is that statehood became a viable alternative for the United States as a result of the economic and political crisis of the Commonwealth. The growing dependence of the Commonwealth's industrialization program on subsidies to American capital (especially, after 1976, the federal subsidies provided under IRS Section 936); the decline of real investments in the island; rising unemployment; and marginalization of a growing section of the population called into question the legitimacy of the Commonwealth's economic structure. The political legitimacy of the Commonwealth has also been undermined by the federal government, particularly by the Reagan Administration's fiscal reform and Caribbean policies and by Congress' scrutiny of areas of benefit to Commonwealth, like Section 936. With the Commonwealth's structures in disrepute, statehood became a viable alternative for some sectors of the American government and public opinion. Nevertheless, opposition within Puerto Rico and the United States has prevented a consensus within the U.S. government in favor of statehood. Consequently, the American govern-

ment´s policy towards Puerto Rico remains one of support for the status quo, until reform becomes absolutely necessary.

Part II deals with the social and political conflict during this period. The growth of capital-intensive high-tech industries as the centerpiece of industrialization has led to rising unemployment and the marginalization of a large segment of the population. The federal government has atempted to promote social and political stability through massive transfers of federal funds to the island, stimulating popular support for statehood among the people who depend on these transfers for their survival.

The decline of the local industrial bourgeoisie and the rise of finance capital is reflected in the social configuration of the NPP, with a shift in power to the financial sector under Romero. The debates around the Caribbean Basin Initiative and Congressional reforms of Section 936 have shown the close ties between the Romero Administration and the local finance and commercial capital.

Part III deals with the NPP program and government administration under Romero. It will be argued that Romero´s leadership represents a new program and strategy for statehood, which I have termed the "program of equality." The concept of equality is central to Romero´s program, according to which Puerto Ricans have fulfilled their duties as U.S. citizens but have not received all the benefits of citizenship. Political equality is necessary for Puerto Rico to participate fully in federal social and economic

programs; this is possible only with statehood. Romero´s statehood strategy is based on the argument that Puerto Ricans, as U.S. citizens, can exercise their right to self-determination by demanding statehood; once Puerto Ricans decide in favor of statehood, Congress has a duty to accept this demand, as the recognition of their rights as Americans citizens. The economic policies of the Romero Administration have to be understood within the framework of this statehood program. The attempts to reform the Commonwealth´s industrialization program; to provide new incentives and subsidies for American capital; to stimulate the growth of non-manufacturing areas of the economy; and to turn Puerto Rico into the economic intermediary of the United States in the Caribbean are part the NPP´s program of economic transition to statehood. But Romero´s administration, plagued by corruption and abuses of power, was severely questioned in Puerto Rico and in the United States. A similar process occurred within the party, leading to the first rupture of the NPP and to the formation of the Puerto Rican Renovation Party by Hernán Padilla and other dissident members of the NPP. But the PRP is more than a response to Romero; it is the revival, by sectors of the local bourgeoisie, of the program of redemption as a reaction to the socio-economic and political crisis in Puerto Rico, aggravated by Romero´s administration.

PART I: STATE AND ECONOMY

For the last ten years, the economy of Puerto Rico has followed the pattern established in the late 1960´s and early 1970´s: it has been dominated by American capital atracted to Puerto Rico by local and federal subsidies. State-promoted firms, largely American, dominate the island´s manufacturing sector. The effect of Section 936 has been to attract American capital-intensive high-tech firms (pharmaceuticals, electronics); this has been accompanied by a massive expansion of finance capital. However, this has not stimulated stable economic growth; instead, the rate of investment in productive activities has declined while the rate of unemployment has risen. These factors, along with recent policy changes in the American state (the Reagan Administration´s fiscal reform and the Caribbean Basin Initiative, and Congress´ reform of Section 936) have further delegitimized the economic and political basis of the Commonwealth. It is in this context that statehood emerged as a viable alternative for the American state and public opinion.

Commonwealth and IRS Section 936

In 1976, Congress amended IRS code 931, which became known as Section 936. It established that any "domestic corporation" of the United States could be defined as a

"possession corporation" if it derives at least 80 percent of its gross income from sources within a U.S. possession and at least 50 percent of its gross income from the active conduct of trade or business within a U.S. possession; the profits of any "possession corporation" are tax exempt. The explanation given by Congress for the approval of Section 936 was that:

> it is inappropriate to disturb the existing relationship between the possession investment incentives and the U.S. laws because of the important role it is believed they play in keeping investment in the possessions competitive with investment in neighboring countries. The U.S. government imposes upon the possessions various requirements... which substantially increase the labor, transportation and other costs of establishing business operations in Puerto Rico. Thus, without significant local tax incentives that are not nullified by the U.S. taxes, the possessions would find it quite difficult to attract investments by U.S. corporations.(1)

It should be noted that it should have read "possessions" rather than "Puerto Rico." This slip is not without significance, for IRS Section 936 was purposely written for Puerto Rico, the "possession" that is responsible for 98 percent of all Section 936 transactions.[2] The unemployed in Puerto Rico, for whose benefit the amendment was supposedly approved, have received no real gains from Section 936; unemployment has almost doubled since the law was enacted. The real beneficiaries of Section 936 have been the U.S. multinational corporations, and the reason for this lies in the way a "possession corporation" was defined.

> A possession corporation must comply with both the 80% and the 50% tests... however, these tests practically ensure that a possession corporation will be a newly organized corporation... And, as a matter of fact, a

possession corporation has usually been a subsidiary of a multinational corporation.(3)

Section 936 has resulted in great profits for "possession corporations"; it has been estimated that, by the late 1970's, profits from Section 936 grew at an annual rate of $1.6 billion; the estimated repatriated profits for Section 936 corporations in 1982 was over $2 billion.[4] One way to increase profits is to shift profits from the parent company to its subsidiary in Puerto Rico and then back to the mainland free from taxation, with the possibility of doing this endlessly.[5] The pharmaceutical industry in Puerto Rico has been the main beneficiary of Section 936; according to a 1976 IRS report on possession corporations, 66.9 percent of the total federal tax exemptions from Section 936 went to the chemical industry, 58.2 percent to pharmaceuticals alone.[6]

Section 936 has become a subsidy to U.S. corporations and banks by the American state. Its purported goal of spurring investment in Puerto Rico as a tool in fighting unemployment has never been achieved. The rate of investment in Puerto Rico has stagnated and real investment has decreased since the mid-seventies; unemployment has continued to rise, reaching 25 percent (official estimates) by 1983. But at the same time, Section 936 funds have risen dramatically. According to the U.S. Treasury, Section 936 funds in Puerto Rico reached $5.3 billion by 1977 and $10.5 billion by 1982. Of the 1977 total, $1.1 billion were in

foreign investments, $1.3 billion in investments in the United States, and $2.9 billion in investments in Puerto Rico, of which $1.6 billion were in deposits in financial institutions and the rest in mortages, Section 936 corporation loans, and government bonds.[7] That is, of all Section 936 funds only 30 percent were available for investments in Puerto Rico. However, most of these funds are in short-term deposits, unavailable for long-term investments. Furthermore, Section 936 funds in Puerto Rico benefit mostly U.S. and Canadian banks on the island, providing them with huge amounts of money to be used in profitable short-term deals. It has been estimated that of the $1.6 billion available for investment in Puerto Rico in 1977, 76 percent was deposited in U.S. and Canadian banks; 21 percent in local banks; and 3 percent in savings and loans associations.[8]

The Rise of Finance Capital

By the beginning of the 1980's, Puerto Rico had become part of the world money market, with huge amounts of available funds. The two U.S. banks with the largest share of the world money market, Citibank and Chase Manhattan, have the largest share of Section 936 funds in Puerto Rico, representing a considerable pool of potential investment; although this money may also be moved to another part of the world where interest rates are higher.[9] In 1982, Section 936

funds represented 38.7 percent of all deposits in commercial banks in Puerto Rico ($10.9 billion); of these, 73 percent ($3 billion) were in American and Canadian banks, representing 57.5 percent of all deposits of foreign banks in Puerto Rico. Section 936 funds in U.S. and Canadian banks represented 28 percent of all deposits in commercial banks in Puerto Rico.[10] In 1982, of the estimated $10.5 billion in Section 936 funds in Puerto Rico, $7 billion were in commercial banks and $1 billion in savings and loans banks. The other $2.5 billion were in deposits in brokerage firms going to Puerto Rico in the last few years. This points to the fact that Puerto Rico has become a financial center, just by the sheer amount of funds available, and brokerage firms like E. F. Hutton, Becker, Paine and Weber, and the First National Bank of Boston are settling on the island to take advantage of Section 936 funds. Becker estimated that 20 percent of its worldwide profits in 1982 came from Puerto Rico.[11] In one of the most detailed studies of Section 936 in Puerto Rico, L. P. Costa Elena concluded:

> The results of I.R.S. Section 936 have been financial. I.R.S. Section 936 has allowed these possession corporations to continue behaving like "conservatively managed funds."... Deposits from the possession corporations in commercial banks in Puerto Rico have remained short term, "hot money," incapable of financing long range projects, of no benefit to the Puerto Rican economy.(12)

The unbridled growth of Section 936 funds has been accompanied by a decrease in real investment in Puerto Rico, reflecting the fact that there is no relationship between

these two factors. The real value of fixed investment in Puerto Rico diminished from $974.8 million in 1972 to $438.6 million in 1982. Real investment in Puerto Rico has had a negative relative growth since 1972 (-12.7 percent), falling to -23 percent in 1982; the share of real fixed investment in the total gross product of the island decreased from 30.9 percent in 1972 to 10.9 percent in 1982.[13]

By the end of the 1970´s, finance capital had become the most important sector in the economy of Puerto Rico. Although advanced capital (chemicals, electronics) is the dominant capital in the productive sector, finance capital is dominant in terms of investment. But these financial investments in the island have no major impact on the productive process. In an economic report to the government in the mid-seventies, economist James Tobin concluded that there were some $5 billion in direct investments in Puerto Rico, with an annual rate of increase of $1 billion. The report estimated that 50 percent of these investments were in financial assets.[14] This was before the explosion of Section 936 funds in Puerto Rico. As shown in Table 7.1, internal gross investment diminished from 31 percent of the gross product in the ealy 1970´s to 10 percent in the early 1980´s. Both internal gross investment and fixed investment have diminished since the early seventies.[15] The share of real fixed investment in gross product declined from 30 percent in 1970 to 10.9 percent in 1982.[16] Outside funds, Puerto Rico´s traditional source of investments, have

likewise decreased. In 1970-71, outside funds represented 67.8 percent of the investments on the island; by 1976-77, these reached 90.5 percent, beginning a declining trend and falling 40.4 percent in 1981-82.[17] An analysis of the composition of foreign investments in Puerto Rico reflects that these have moved away from productive investments. Historically, long-term investment, particularly direct investments, has been the main item of foreign investment in Puerto Rico; but direct investments have diminished throughout the decade: in 1975-76, they represented 74.4 percent of the total long-term investments; this decreased to 52.7 percent in 1978-79 and 13.7 percent by 1981-82. On the other hand, the share of the government sector (Commonwealth, municipalities, and public corporations) in total long-term foreign investments has increased dramatically throughout the decade, reaching 55 percent in 1981-82.[18].

The financial system in Puerto Rico has moved increasingly towards non-productive activites. The total assets of banks in Puerto Rico rose from $6.1 billion in 1976 to $12.4 billion in 1982. This significant rise was due to the increase of Section 936 funds in the island´s banks, from $252 million in 1976 to $4.2 billion in 1982; or from 5.1 percent to 38.7 percent of the total bank deposits in Puerto Rico. This increase in funds was not to stimulate productive investments. The funds devoted to investments by the banks rose from $659 million in 1976 to $1.9 billion in 1981, of which 50 percent were in obligations from public

corporations and 28 percent in bonds from the federal government. Loans given by the banks in Puerto Rico declined from 70.6 percent of the total assets in 1976 to 49.2 percent in 1982, of which only 39 percent were in loans to commercial and industrial institutions.[19]

By the late 1970´s, manufacturing in Puerto Rico was dominated by the chemical (cf. chapter VI) and electronics industry. Like the chemical industry, the electronics industry found Puerto Rico to be a profitable location. Already by 1972 there were 62 electronics firms in Puerto Rico; 52 were subsidiaries of U.S. multinationals and 61 were tax exempt. By the mid-1970´s, computer-related production and production of high technology instruments dominated the electronics industry on the Island.[20] Their shipments grew from $57 million in 1974 to $982 million by 1980 (78 percent to the United States); the value of computer exports to the United States alone reached $402 million by 1982. In 1981, electronics provided 29 percent of net manufacturing income ($1,376 million) and 26.8 percent of the internal gross product of the island.[21] By the early 1980´s, the electronics and the pharmaceutical industries had become the centerpiece of EDA´s industrialization program.[22] Furthermore, they were the main beneficiaries of Section 936 of the IRS code.

By the early 1980´s, the Commonwealth´s industrialization program was in disrepute. Its purported goal of creating employment through higher investments in the island

by means of incentives and subsidies to foreign (mainly American) capital was no longer tenable. Not only was unemployment rising drastically but real investment was declining. The pharmaceutical and electronics industries, which dominated manufacturing on the island, were making huge profits but providing no jobs nor any stimulus to the local economy. Section 936 turned Puerto Rico into a financial center but these funds were not used for productive investments on the island. The situation became so critical that in 1984 a "bipartisan" commission of the Puerto Rican bourgeoisie, the so-called "Committee for the Economic Development of Puerto Rico," publicized its findings on the "economic crisis" so that the two main parties would pay attention to the problem.[23]

The Empire Strikes Back

The Commonwealth served to legitimize the United States´ presence in Puerto Rico. The economic structure of the Commonwealth accommodated the expansion of U.S. capital after World War II; its political structure abetted that process while legitimizing the colonial relationship between the United States and Puerto Rico. However, since the early 1970´s, Puerto Rico has become a "problem" for the American state: the phenomenal rise in federal funds to the island; the upsurge in terrorist activities; the debate of the Puerto Rican issue in international forums (United Nations,

Non-Aligned Movement, Socialist International); the increase in the migration of Puerto Ricans to the United States have called into question the current relationship between the United States and Puerto Rico. The "issue" of Puerto Rico was characterized in a State Department report as "a problem for the eighties" for the United States; and a Latin American expert has included Puerto Rico among one of the "four explosive cases" for U.S. foreign policy in Latin America.[24] But the opposite is also true: the United States has become a problem for the Commonwealth. An important element in the crisis of the Commonwealth has been its delegitimation by the American state.

The U.S. policy of support for the "status quo" in Puerto Rico, and changes in U.S. economic policy have undermined the structural basis of the Commonwealth. Although the Commonwealth was meant to be a change in the status quo ante, the colonial relationship between the U.S. and Puerto Rico remained unchanged since 1898.

The U.S. status quo policy towards Puerto Rico has contributed to the crisis of the Commonwealth by preventing Puerto Rico from adapting, even within the colonial framework, to new economic and political conditions. Since the late 1950's, with the still-born Fernos-Murray bill, Puerto Rican autonomists have been trying to reform the Commonwealth structure. This was also the goal of the 1967 plebiscite. By the mid-1970's, the PDP administration of Hernández Colón submitted a new "Compact of Permanent Union

Between Puerto Rico and the United States." This new attempt to reform the Commonwealth was based on what the new theoreticians of Puerto Rican autonomism call ''free association,''[25] which tried to widen the local powers of the Commonwealth and give it an international presence.[26] The U.S. government's reaction to these demands was negative; the Department of Interior characterized "free association" as "impermissible under the U.S. constitution" and concluded that ''Puerto Rico remains a territory of the United States.''[27]

Of greater relevance for the economic and political stability of the Commonwealth have been the changes in U.S. economic and fiscal policies. The elimination of tariffs on imported textiles in the early 1960's was a crucial element in the fall of Puerto Rico's textile industry. The imposition of tariffs on foreign oil was one of the causes of the crisis of the oil industry in Puerto Rico. The economic policies of the Reagan Administration are the most recent (and fiercest) attack on the Commonwealth structure; they have undermined both the economic basis of the Commonwealth and its the political legitimacy.

The Reagan Administration's fiscal reform has undermined the legitimacy of the Commonwealth's relationship with the United States. The economy, government, and population of Puerto Rico depend enormously on the transfer of federal funds from the United States. This is the result of the economic and political integration of Puerto Rico to the

United States, and it is legitimized by U.S. citizenship of Puerto Ricans. These federal funds are of great importance for the American state, for they ensure the economic, political, and social stability which is necessary to secure the presence of the United States in Puerto Rico. The Reagan Administration´s fiscal reform in favor of defense and against social programs and outlays to the states had serious repercussions in the Commonwealth. Unemployment in Puerto Rico grew by more than seven percent in the year following the new changes, principally because of cuts in the CETA program and in federal outlays to the Commonwealth. The approval of a "block grant" of $825 million for food stamps in Puerto Rico eliminated 90,000 families from the program; and personal income was reduced by two percent over the same period.[28]

Those sectors within the American state that promoted the fiscal reform challenged the Commonwealth´s legitimacy; they argued that Puerto Rico was favored improperly in the apportionment of federal funds because it was not a state (its population did not pay federal taxes). On the other hand, the pro-statehood administration of Carlos Romero Barceló clamored for "equal treatment" in the distribution of federal funds because the "American citizens of Puerto Rico" were not receiving their due share of funds. (See Table 7.2) Nevertheless, Puerto Rico did receive equal treatment in the cuts in federal programs. As shown in Table 7.3, public welfare, income maintenance, and jobs programs

had experience the greatest absolute and relative growth in the transfer of federal funds to the island. These were precisely the areas most affected by the Reagan Administration's fiscal reform.[29]

Another element in the delegitimation of the Commonwealth by the Reagan Administration came with the proposed Caribbean Basin Initiative (CBI). The CBI's objective, initially proposed by the conservative Caribbean-Central America Action Group in Washington, was to stop the "communist advance" in the area through the stabilization of existing regimes; this was to be accomplished by strengthening the private sector in their economies through the infusion of American capital.[30] As proposed by the Reagan Administration, the plan included a "free trade" policy of Caribbean products entering the United States; tax incentives for American investment in the Caribbean; economic aid to the governments of the area; and technical aid to the private sector of the Caribbean.[31] In effect, the plan was nothing else but the "Commonwealthization of the Caribbean": it extended to the rest of the Caribbean all those provisions that previously were the private realm of the Commonwealth of Puerto Rico. The CBI would damage Puerto Rico's competitiveness for attracting low wage industries and would also hurt industries like rum and tuna which depended on their free entry to the U.S. market.

Under the Reagan Administration, the most conscious effort to deal with the economic and political situation of

the Commonwealth was the proposed "New Federalism" for Puerto Rico. The proposal acknowledged that the new fiscal policy of the U.S. government and its new Caribbean policy would harm the Commonwealth´s economy because of its dependence on federal funds and its structural weaknesses. This would lead to an increase in the migration of Puerto Ricans to the United States, the exacerbation of social conflict on the island, and possibly to ´´a negative attitude toward the United States [that] would reduce our ability to secure national-security goals in the Caribbean...´´[32] The economic basis of the "new federalism" would be "the shift from income-maintenance programs to economic development programming..." Vital federal expenditures would be maintained, while federal transfers to individuals and to the Commonwealth government would be diverted to ´´economic development.´´[33] The proposal established that for the next twenty years an annual federal entitlement of $2 billion would be granted to Puerto Rico to be used toward the aforementioned objective. In terms of the political relationship between the United States and Puerto Rico, the "new federalism" proposal ´´offers the island a clear opportunity to select its political future and removes international criticism that Puerto Rico´s dependence on the federal budget prevents that decision.´´[34] The proposal clearly showed the United States´ interest in maintaining its economic, political, and military presence in Puerto Rico; in promoting social and political stability on the

island in order to achieve that goal; and to do this at the lowest possible cost. Furthermore, Puerto Rico´s political status would be frozen for the next twenty years. The "New Federalism" proposal received scant attention in Puerto Rico and finally died of neglect.

The most important attempt to redefine the Commonwealth´s relationship to the United States came with the controversy around Section 936. One of the first actions by the Reagan Administration in its fiscal reform program was to review the tax loopholes in the fiscal structure; Section 936 was an obvious target. Already the IRS had several cases of tax evasion and improper use of Section 936 funds against several pharmaceutical companies in Puerto Rico. Even the Romero Administration was trying to force the Section 936 corporations to invest some of the funds on the island.[35] The reaction of the pharmaceutical companies and the financial community was immediate, with the Wall Street Journal calling the IRS action ´´enterprise entrapment.´´[36] Even the pro-statehood administration of Romero Barceló, which was ideologically opposed to Section 936, asked Washington not to intervene against the IRS code. The Reagan Administration retreated, indicating that "no punitive action" against Section 936 code would be taken; in addition, the annual Treasury Report on Section 936 was held up for over two years.[37] But in early 1981, the Congressional Budget Office published a report highly critical of Section 936. According to its estimates, the federal government stands to lose

between $1.1 and $1.7 billion in taxes to Section 936 corporations between 1982 to 1986; it estimated that 50 percent of this loss was due to pharmaceutical companies in Puerto Rico.[38] Involved in the process of fiscal reform, and initially encouraged by the Reagan Administration, Congress decided to go after the Section 936 corporations.

Section 936 became engulfed in controversy during the Congressional battle for fiscal reform in 1982. The controversy arose from a bill submitted by the Chairman of the Senate Finance Committee, Robert Dole, which restricted benefits to 936 corporations with the aim of collecting an additional $1 billion in taxes annually. The Reagan Administration along with the Romero Administration and a fierce lobbying by the pharmaceutical companies led the battle against the reform.[39] The Romero Administration took the main role in the public defense of Section 936, arguing that the Dole reform would cripple Puerto Rico´s economy, as a result of which the amendments to the Dole bill came to be known as "Puerto Rico´s compromise amendment." The final compromise allowed Section 936 corporations to allocate up to 50 percent of their income from intangibles to their subsidiaries in Puerto Rico and allowed them to claim up to 35 percent of their passive income tax-free.[40] Even after this compromise, there continues to be controversy around Section 936. The 1983 report of the Treasury Department to Congress concluded that the benefits to the Puerto Rican economy are small compared to the huge profits made by the

Section 936 corporations and the loss in revenue to the federal government.[41]

Although the Commonwealth's industrialization program has been extremely profitable for American capital in Puerto Rico, it has not produced economic stability on the island. The political structure of the Commonwealth has been shaken by changes in U.S. policy, which have undermined the "advantages" that the status previously enjoyed and called into question the legitimacy of the Commonwealth. As a result, statehood has emerged as a viable alternative in the United States.

Statehood as Alternative

The economic crisis and the social and political instability of the Commonwealth, together with heightened international criticism, have led public and private sectors in the United States to search for a solution to the "Puerto Rican problem." Several elements stand out in this debate: 1) the United States government has no concrete policy with regard to Puerto Rico; furthermore, the lack of a "colonial policy" prevents the efficient management of U.S.-Puerto Rican affairs;[42] 2) the United States should act immediately to resolve the "Puerto Rican problem," to secure its

long-term interests there and elsewhere in the Caribbean area; 3) statehood emerged as a viable solution to the status issue for Puerto Rico. Four main conclusions emerged from this debate: a) the problem of Puerto Rico resides in the existing political status, so the Commonwealth is rejected as a political alternative; b) the power to change Puerto Rico´s political status lies in the U.S. government; public opinion in Puerto Rico is a secondary factor; c) any change in the political status of Puerto Rico should preserve the economic, political, and strategic interests of the United States in Puerto Rico; d) any solution to the political status issue should represent the least possible "cost" to the United States.

The most general conclusion of the various U.S. government reports dealing with Puerto Rico is the rejection of Commonwealth status. Since the Commonwealth itself is the problem, no reform or continuation of the status is recommended.[43] The Commonwealth government is seen as a federal funds "junkie" and Congress´ inclination to continue its funding is doubted. The Commonwealth costs the U.S. a great deal, yet contributes nothing to the Federal Treasury.[44] Furthermore, Commonwealth perpetuates "a quasi colonial status for the island" and does not satisfy the demands for greater political power that come about in a

world characterized by "mounting nationalism," which could result in a political conflict harmful to U.S. interests.[45] Finally, the legitimacy of the Commonwealth is questioned on the basis of the diminishing support for that status and the increasing support for statehood.[46] This analysis leads to the conclusion that statehood, and to a lesser extent independence, have emerged as viable alternatives to the Commonwealth. As a matter of fact, all the reports commissioned by Congress have discussed the viability and "costs" of statehood for Puerto Rico.[47]

The second general conclusion of these reports is that it is the American government, Congress in particular, and not the Puerto Ricans, that will ultimately decide which alternative is accepted. This position came out clearly in the 1979 Congressional debate a resolution supporting self-determination for Puerto Rico.[48] As a corollary, it follows that the American state should take the lead in the resolution of the political status issue. The first such statements appeared in a 1975 State Department report, in which Arthur Borg concluded that:

> we really cannot afford to leave this matter entirely to a process of the Puerto Ricans ´figuring out what they want.´ The U.S. not only has obligations arising out of its takeover of the island in 1898, but it has real interests there which must be taken into account.

Borg argued that the United States needed ´´to ´steer´ the Puerto Rican political-status question.´´[49] A later report

from the State Department indicated the need for the American government to clearly define the alternatives which are acceptable to it.[50] It was also proposed that the U.S. government create a "colonial office" to "coordinate" the resolution of the political question in Puerto Rico.[51]

The third conclusion, closely related to the second, is that the alternative chosen must represent the best interests of the United States, particularly its strategic-military interests in the area: ´´it is clear that the island´s political status must be consonant with the Defense Department´s legitimate requirements in the Caribbean area.´´[52] This has been the consideration must favoring statehood and militating against independence.[53] Also, Puerto Rico has become a liability for the United States in its relations with the Third World, particularly the governments of Latin America; as one report concluded: ´´Either statehood or independence would remove the ´colonial´ stigma attached to the United States by many nations...´´[54] Furthermore, by resolving the status question, the United States would take away from the Soviet bloc an important issue in their anti-American campaign.[55] The economic interests of the United States are another important factor in deciding the political status of the island. It is generally agreed that American economic interests in Puerto Rico must be protected, for the U.S. has

billions invested on the island, and the Puerto Rican market is the second largest in the American continent (after Canada) for U.S. goods.[56] As with the strategic issue, economic considerations tend to support statehood as the best alternative for the United States.

The fourth general conclusion of the reports is that whichever status alternative is acccepted should represent the least possible "costs" for the United States. Again, statehood is considered the best alternative for the U.S. once the Commonwealth status is rejected. Independence is not rejected absolutely; it remains as a second-best choice in the event Congress, or the Puerto Ricans, reject statehood.[57] But the "costs" of statehood are not altogether favorable for the United States or for Puerto Rico. Congressional reports have dealt with the economic consequences of Puerto Rico becoming a state. The most widely accepted conclusion is that Puerto Rico would benefit from an increase in federal funds under statehood.[58] But this is challenged by the Kiefer Report of the Library of Congress, according to the which federal taxes would negate any economic benefit from an increase in federal funds.[59] Furthermore, the Kiefer Report concluded that statehood would undermine economic stability on the island by eliminating the main incentive for American capital to invest there, tax exemption:

> the most crucial issue to the viability of the Puerto Rican economy under full-State fiscal treatment is the reaction of the business sector--most importantly, U.S. corporations operating under section 936 of the Internal Revenue Code--to the loss of full tax exemption on their Puerto Rican operations.(60)

The Kiefer report suggests that ''any potential negative impact could be delayed or offset by gradually phasing in full taxation or by development of more vigorous local investment.''[61] Other reports suggest that the "political stability" created by statehood would induce rising investments by American capital in Puerto Rico.[62]

In addition to the increase in federal funds, it has been argued that the U.S. might be responsible for the enormous public debt of Puerto Rico.[63] But the negative costs of statehood are mainly political, not economic. Statehood could lead to political instability, and even a civil war, if the opposition to statehood is fierce. Terrorism, both on the island and in the United States, is a widely-anticipated response to this alternative.[64] The cultural issue is also an important variable for the United States in considering statehood. Congress has never indicated its position regarding the Puerto Rican annexationists' demands for cultural autonomy and Spanish as an official language under statehood, although this has been a crucial element in the statehood debate in Washington. The acceptance of statehood for Puerto Rico without satisfying these claims, or Puerto Rican support for statehood and the

rejection by Congress on these terms could result in an explosive situation for Washington.[65] Two studies by Congress have dealt with this issue (and with the possibility that it may be solved satisfactorily in negotiations between both sides).[66]

The situation in Puerto Rico has also been the object of study by American private institutions that seek to influence public policy. Their main goal has been to convince U.S. policy-makers that Puerto Rico is a very serious problem for the United States which must be solved immediately. Their premise is that the Commonwealth is not a viable alternative for the U.S.-Puerto Rico relationship. Both the Ford and Rockefeller Foundations are sponsoring studies on the political status of Puerto Rico; the Ford Foundation, in particular, is funding a study on the implications of statehood or independence.[67] The director of its Latin American and Caribbean Program has stressed that the U.S. government must ''steer'' between these alternatives.[68] Several other private institutions in the United States, including the Society of the Americas and the Woodrow Wilson International Center for Scholars of the Smithsonian Institute, have sponsored seminars and conferences on the Puerto Rican situation. More recently, the World Peace Foundation together with the Tinker

Foundation and the Meridian House in Washington sponsored the conference "Puerto Rico: The Search for a National Policy," where policy-makers and intellectuals from the U.S. and Puerto Rico debated the political future of the island.[69]

The U.S. mass media has also taken an increasing interest in the political and economic situation of Puerto Rico.[70] The statehood issue, in particular, has become part of the public debate in the U.S. Some American newspapers, notably The Wall Street Journal, have supported unconditional statehood for Puerto Rico, citing the island's strategic value and the right to political equality of U.S. citizens.[71] But not all have taken this position; increasingly, attention is paid to the "costs" of Puerto Rican statehood for the United States, the possibility of civil warfare if statehood is not supported by a majority, and the viability of a "Creole statehood" as demanded by the Puerto Rican annexationists.[72]

For the first time since the United States invaded Puerto Rico in 1898, statehood is seen as a viable alternative by sectors within the United States. There is a consensus that the current situation under the Commonwealth is very unstable. Nevertheless, if statehood has become an alternative acceptable to the United States, there is still no "statehood policy" within the U.S. government. That is,

there is no consensus among the different institutions of the American state to grant statehood to the island in the immediate future. The "policy of the status quo" still reigns in Washington.

To sum up, the Puerto Rican economy has become increasingly dominated by foreign capital attracted to the island by state subsidies and incentives, particularly, during the last decade, by capital-intensive high-tech American firms seeking to take advantage of a federal subsidy, Section 936 of the IRS code. Section 936 funds stimulated the massive expansion of finance capital in Puerto Rico´s economy, a process already under way by the mid-1970´s, becoming the major incentive for U.S. investment in the island. However, this process has not provided the economic stability expected by the architects of this economic policy, as shown by the declining rate of investment and the rising rate of unemployment. The federal government has tried to promote social and political stability in Puerto Rico through the massive transfer of federal funds.

The colonial nature of the Commonwealth has become the object of severe criticism in the United States and Puerto Rico, as well as internationally. This, combined with recent U.S. policies, particularly under the Reagan

Administration, has undermined the economic and political legitimacy of the Commonwealth. As a consequence of the crisis of the Commonwealth, statehood has become the status alternative most acceptable to sectors of U.S. government and private institutions. But statehood is not an alternative free from conflicts, and consequently the "policy of the status quo" has prevailed. The increased economic and political integration of Puerto Rico to the United States; the massive transfer of federal funds to the island; economic instability; and the almost total domination by American capital over the major industrial and financial sectors of Puerto Rico´s economy have shaped the social and political conflict and discourse of the last decade. This is the subject of Part II.

PART II: SOCIAL AND POLITICAL CONFLICT

Statehood was the major political issue of the 1970´s. The economic and political deterioration of the Commonwealth and its integration to the United States provided a fertile medium for the growth of the statehood movement. The increasing presence of the American state in Puerto Rico,

including the massive transfer of federal funds, has generated mass support for statehood. The debates around the major issues affecting the Commonwealth, such as the reform of Section 936 and the Reagan Administration's Caribbean Basin Inititative, have politically demarcated the Puerto Rican bourgeoisie. Of major interest to this study is the rise of local finance capital and its relation to the statehood movement. In particular, with the decline of the local industrial bourgeoisie, the local financial bourgeoisie has risen to predominance in the NPP under Romero.

The Social Basis of Statehood Movement in the Seventies

The economic transformations in the 1970's that brought American finance capital to the fore of Puerto Rico's economy also led to the rise of the local financial bourgeoisie. By the beginning of the 1980's the local financial bourgeoisie became the dominant sector within local capital, displacing the industrial bourgeoisie. An analysis of local banks shows that the local financial bourgeoisie grew along with finance capital as a whole. Local banks controlled 54 percent of total assets from 1976 to 1982. Furthermore, local banks have maintained their share of the Section 936 pie, controlling one-fourth of the Section 936 funds of commercial banks in Puerto Rico. Moreover, the importance of 936 funds for local banks has grown. In 1976, Section 936 funds represented two percent of

the total deposits in local banks; already by 1978 this figure reached 11 per cent of the total, and in 1980 and 1982 they represented 16.5 and 20.5 percent, respectively.[73]

This process has occurred as the local industrial bourgeoisie´s position within local capital has declined and as American capital has gained increasing control over the island´s industry. Since the Commonwealth´s industrialization program started, the share of EDA-promoted industries of the island´s net manufacturing income has increased steadily: in 1970, 81.6 percent of net manufacturing income came from EDA-promoted industries; by 1975, this figure had reached 86.8 percent, and by 1980 it was 92.5 percent.[74] Although the number of EDA-promoted local firms increased during the 1970´s, their number and importance is minimal. American capital dominates the most important areas of manufacturing: chemicals and electronics. As shown in Table 7.4, these were the fastest growing areas in manufacturing throughout the seventies; by 1982 these two industries provided 70 percent of the net income from manufacturing. Table 7.4 also shows how the bastions of local capital in manufacturing, food and apparel, have declined in economic importance. Furthermore, even these industries have been increasingly penetrated by American capital. According to a government study, the least productive industries are precisely those of local capital: hides, plastics, bricks, and glass.[75] Between 1980 and 1982, 59 percent of all plant closings were in industries where local

capital is predominant (hides, clothing and textiles, wood, furniture, tobacco, food processing, stone products, and paper).[76] These developments are reflected in the politics of the NPP. The economic decline of the industrial bourgeoisie is a major factor in understanding Ferre´s fall from power and the almost total control over the NPP by Romero and his group, who are closely linked to finance capital.

These economic developments have also affected the social structure of Puerto Rico. As shown in Table 7.5, by the beginning of the 1980´s the labor force was concentrated in the tertiary sector. Agricultural labor has become an insignificant force (less than five percent) and the industrial labor force has remained unchanged (19 percent). The most significant increases have been in the areas of commerce, finance, transportation and communications, services, and public administration, which account for 70 percent of the labor force. Government employment, representing almost one-fourth of the labor force, has grown the fastest. A breakdown of the labor force by occupation (Table 7.6) reveals the growth of white-collar and service employment and the stagnation of industrial employment.

Another consequence of the economic developments of the last decade has been the marginalization of a growing sector of the population. Table 7.7 shows that the rate of labor force participation has declined while the unemployment rate has risen. By 1982, less than 42 percent of the population was in the labor force and 22 percent were

unemployed. As discussed earlier (Chapter 6), this increased marginalization has been subsidized by the state, particularly by transfers from the federal government. Table 7.8 shows that while wages declined as the main source of personal income, the latter continued to grow because of the rise in transfer payments. Income from property has grown at a relatively stable rate, showing a tendency of businesses and services by the petty bourgeoisie to flourish as a consequence of the federal transfers to the local population and government.

To sum up, several factors are responsible for the popular support for statehood in the last decade: the emergence of government as the major employer in Puerto Rico, controlled by the NPP for 12 of the last 16 years and used as an instrument of political patronage; the subsidization of much of the population by the state, particularly by the federal government, as the result of increasing marginalization; and the growing dependence of the petty-bourgeoisie and professionals on federal income-maintenance and service transfers.

Commonwealth and the Local Bourgeoisie

The debates around the Caribbean Basin Initiative (CBI) and Section 936 showed the differences between sectors of the Puerto Rican bourgeoisie and between the New Progressive Party and the Popular Democratic Party. Both the

CBI and the reforms to Section 936 were attacks by sectors within the American state against the economic structure of the Commonwealth. In both cases, sectors of the local bourgeoisie strongly opposed the measures. But different sectors of the bourgeoisie led the campaigns against the CBI and the 936 reforms.

The campaign against the CBI was headed by the Puerto Rican Manufacturers Association (PRMA), representing the industrial bourgeoisie in Puerto Rico. The PRMA was formed in the 1930´s to represent the interests of the rising Puerto Rican industrial bourgeoisie; but by the mid-sixties the representatives of American capital in Puerto Rico were incorporated into the organization. Their influence in the organization reflected their position in the economy; for example, during the early 1980´s the board of directors of the PRMA was controlled by executives from U.S. corporations in Puerto Rico. The local industrial bourgeoise involved in food processing (canned foods, beer, pastries, etc.) and construction were also prominent in the PRMA.[77] The PRMA supported Reagan´s goals for the Caribbean, but they opposed the concrete measures of the CBI, which they feared would hurt "industry in Puerto Rico"--i.e., any industry that was receiving subsidies.[78] The PRMA supported several measures which were similar to those supported or proposed by the PDP: the concession to Puerto Rico of the power to participate in commercial treaties with other countries; less strict environmental laws; reform in the shipping laws

between the United States and Puerto Rico; new subsidies to industry in Puerto Rico, and a proposal to exclude from the CBI those industries of the Caribbean that compete with industries in Puerto Rico (tuna, rum).[79]

The PDP echoed the PRMA's position on the Commonwealth's incentives: industry in Puerto Rico needs the current economic structures of the Commonwealth. In the mid-seventies, the PRMA supported the conclusions of the Tobin Report to Governor Hernández Colón on reforms of the Commonwealth to increase its autonomy in some areas: power over minimum wage and labor issues; extension of the incentive program; and more government intervention in some economic areas.[80] For the most part, the PRMA opposed Romero Barcelo's economic policy, including the Industrial Incentives Act of 1978 which limited and, in some cases, even eliminated local tax exemption; they also demanded more incentives for light industry and more subsidies for local capital; they were strongly opposed to the federal minimum wage.[81]

The PDP interpreted Reagan's CBI proposal as an attack on the economic structure of the Commonwealth, arguing that the CBI would increase unemployment in Puerto Rico since labor-intensive industries would move to the Caribbean, where they could pay lower wages and enjoy free access to the U.S. market. The PDP also maintained that the tariff-free entrance of Caribbean agricultural products would hurt Puerto Rican agriculture, which would be unable to compete

because of higher costs. The PDP argued that Puerto Rico is at a disadvantage with the rest of the Caribbean because it lacks the sovereign powers to protect its industry. They demanded more powers for the Commonwealth to defend its economy.[82] The PDP steadfastly opposed any change to Section 936; they criticized the Romero Administration for accepting reforms to the IRS code that would "limit" the benefits to Section 936 corporations on the island. The PDP even proposed the extension of Reagan´s economic program to the island to benefit U.S. corporations in Puerto Rico.[83] The PDP´s demand for more autonomy in economic matters was supported by some sectors of the local and American bourgeoisie in Puerto Rico.

The debates around the proposed reforms of Section 936 brought out the different positions of the bourgeoisie in Puerto Rico and its political allies. The main organizations of the bourgeoisie, the Puerto Rico Bankers Association (PRBA), the PRMA, the Chamber of Commerce, and the Savings and Loans League (SLL) were opposed to the reforms. But of these, only the PRMA, which includes the major representatives of the "possession corporations" in Puerto Rico, was intransigent in rejecting any changes in the IRS code.[84] Together with the PRMA, the pharmaceuticals industry--the industry most concerned with the Section 936 reforms--launched a campaign oppositing the proposal. The pharmaceutical companies threatened to leave the island if any reform was approved and attacked the Romero Administration for its

compromise bill.[85] The Romero Administration´s position on the Section 936 reform was contradictory: it came to the defense of Section 936, even while decrying the "artificiality" of this instrument for the economic development of Puerto Rico.[86] The Romero Administration defended their compromise bill and the U.S. Senate actions by accusing the pharmaceutical companies of violating the ´´spirit of Section 936´´ by looking out only for their own profits.[87]

The Romero Administration´s policies reflected the positions of the other sectors of the Puerto Rican bourgeoisie, particularly its financial sector. According to the spokesperson of the Chamber of Commerce, Bertram Finn, Vice-President of A. G. Becker of Puerto Rico and former economic advisor to Romero, the problem was not in the new regulations per se but in the business community´s "anxiety" about Section 936´s future, which was uncertain. The Chamber of Commerce was primarily concerned with how to secure Section´s 936 funds for investment in Puerto Rico.[88] The banking sector, represented by the PRBA and the SLL, also supported the new regulations imposed on 936 corporations with the understanding that these were not prejudicial to Puerto Rican banks.[89] The position of the local financial sector was articulated by Mariano Mier, President of the PRBA and former president of the Government Development Bank under Romero:

> The harsh reality is that, even with Section 936 available, our economy has been in the midst of a very strong recession. A lot of it could be attributed to the

> uncertainty that has existed for over a year now, precisely to the future of 936s...
>
> The sad truth is that, whatever modification the U.S. Congress finally approves, our industrialization program has been severly wounded.(90)

The financial bourgeoisie conccluded that a new economic policy was needed, which did not depend upon Section 936, i.e., an economic policy for the transition to statehood. The financial and commercial sectors of the bourgeoisie supported the Romero Administration´s economic policy; they supported the twin-plant program, one of the cornerstones of Romero´s economic policy (to be discussed later) and the element that led these sectors to support Reagan´s CBI.[91]

The big commercial bourgeoisie were also patronized by the Romero Administration, as shown by the controversies over the change from food stamps to government checks and over the bill to amend the Sunday store-closing law. In mid-1982, the Reagan Administration approved a bill assigning Puerto Rico a block grant of $825 million for food. The Romero Administration, following a proposal by the Reagan Administration, obtained Congressional approval to give out Commonwealth checks rather than food stamps. This system had no mechanism to assure that the money would be used for food items, and it mainly benefited big commerce (department stores, supermarkets) which had the financial capacity to cash the checks. The Chamber of Commerce, representing big commerce, supported the measure, while the Association of Food Wholesalers, Importers, and Retailers (SFWIR) opposed it. The SFWIR also opposed the CBI on the

ground that it was harmful to local agriculture and commerce.[92]

The controversy around the Sunday closing law also reflected the Romero Administration´s support for big commerce. An old law of Puerto Rico stipulated that all stores were to close on Sundays, except small family stores. The large food stores and department stores argued that this law prevented free trade, and they violated the law with the acquiescence of the Romero Administration. The NPP submitted a bill to amend the law; small merchants opposed the bill with the support of the PDP, while big commerce, led by U.S.-owned establishments, supported the Romero Administration.[93] Though nothing came of the bill, the debate around it showed the political alignments of these social groups.

Political conflict and discourse in Puerto Rico during the last two decades revolved around the issue of statehood. The deterioration of the economic and political structures of the Commonwealth led to the serious consideration of statehood as an alternative for Puerto Rico, both in the United States and in Puerto Rico. The massive transfer of federal funds to the island has stimulated support for statehood among much of the population; and increasigly, sectors of the local bourgeoisie are supporting statehood as the best solution to their immediate and long-term interests. This is the background for Romero´s government and program, the subject of the next section.

PART III: THE NEW PROGRESSIVE PARTY UNDER ROMERO

The publication of Romero´s La estadidad es para los pobres (Statehood is for the Poor) in 1973 and his assumption of the NPP presidency in 1974 marked the transition to a new statehood program and the rise of the financial bourgeoisie within the party. This section will discuss Romero´s statehood program and government administration. It will be argued that the NPP under Romero presented a new statehood program which demanded full citizenship for Puerto Ricans; that it attempted to implement this program in order to move Puerto Rico towards statehood; and that its economic program was represented the interests of American corporations, the local finance bourgeoisie and tertiary sectors in general. The NPP´s politics under Romero will also be discussed, particularly the party´s estadidad ahora campaign and the growing criticism Romero´s Administration during the last few years by the opposition in Puerto Rico and by the federal government. Finally, the formation of the Puerto Rican Renovation Party from the ranks of the NPP--as an attempt to revive the "program of redemption"-- will also be discussed.

The Discourse of Statehood as Equality

Statehood is for the Poor

The rise of the group headed by Romero Barceló signified more than a simple change in party leadership; it signified a change in the statehood program of the New Progressive Party. The "redemption" program of the annexationist bourgeoisie was supplanted by a new program, which we have called the "program of equality." This transition was marked by Romero's publication of La estadidad es para los pobres at the end of 1973. The date is important, for it coincided with the approval of the party's new by-laws, a crucial step in Romero's consolidation of power in the NPP. This statehood primer was the programmatic complement to Romero's organizational moves.

The importance of Romero's book is twofold. In the first place, it was an attempt to define the constituency of contemporary annexationism. The NPP's appeal to "the poor" is not new; it was an important element in Ferré's 1967-68 campaign (Ferré coined the phrase ''statehood is for the poor''). But in Ferré's program, the benefits to the poor comprised a part of a program of social reforms whose purpose was to promote socio-economic and political stability. Ferre'sprogram was aimed at the bourgeoisie as well as the poor. By contrast, Romero's program appealed directly to the poor: statehood benefits the poor, so the

poor should support statehood. Romero´s goal was statehood and not social reform or stability; these are subordinated to statehood. Romero argued that statehood is for the poor precisely because the rich do not want it. If the rich support the Commonwealth, then the poor should support statehood. In spite of this quasi-populist rhetoric, Romero´s program is not populist: poverty is seen as a ´´fact of life,´´ a social condition to be mitigated.[94] Romero does not want to reform society so as to eliminate poverty (a crucial element for populism); instead he argues that statehood will benefit the poor (who will nevertheless remain poor). The poor are the means to achieve the final goal, statehood. Although Romero´s rhetoric appealed to the poor, the NPP also received considerable support from "the rich." The slogan that "statehood is for the poor" was abandoned after 1976.

Secondly, "Statehood is for the Poor" is important because it presented the outline of the program of equality. Romero´s argument was as follows: Puerto Rico comprises a "people" formed under Spanish colonialism, with a particular culture and customs. But Puerto Rico has too many people and few resources; this is the basis for the island´s economic problem. Since the United States invasion in 1898, Puerto Ricans have been subordinated politically to the U.S.; but their standard of living has improved thanks to the social and economic progress brought by the Americans to the island. Despite this progress, Puerto Ricans have not

achieved political equality with their fellow citizens on the mainland; this must be the ultimate goal of the Puerto Ricans. The Commonwealth was a useful structure in a particular historical period, but it has become a barrier to further progress. Those who benefit from the Commonwealth are ''the businessmen who come to Puerto Rico to get rich by paying low wages and no taxes,''[95] and the rich from the PDP. Independence is not viable because it would impede further progress; it would prevent U.S. capital from coming to the island and thereby hinder Puerto Rico's economic development. The disadvantage of the Commonwealth is that while Puerto Ricans pay no federal taxes, they receive none of ''the benefits that Puerto Rico would derive from its full participation in federal aid programs''[96]; moreover, they do not benefit from the federal minimum wage and are paid low wages by "marginal" industries. Statehood is the only alternative for Puerto Rico since it provides the "political equality" that allows Puerto Ricans to vote for the President, to send representatives to the U.S. Congress, and to get "equal treatment" in the distribution of federal funds. The vote would provide Puerto Rico with the leverage to win increased economic aid and to stop the political discrimination against the island. Federal taxes should not scare "the people" since the poor do not pay taxes, although they enjoy all the benefits of citizenship, including federal aid. Because of its level of economic development, Puerto Rico will receive more in federal aid than it will

pay in federal taxes. Statehood will not hurt the "Puerto Rican personality," since neither the Spanish language nor the Puerto Rican culture are "negotiable" for the attainment of statehood. Statehood will be attained when the majority of Puerto Ricans demand it; Congress then has the obligation to grant it.

Romero did not introduce anything new to the statehood discourse. The failure of the tax exemption program, the role of federal taxes and federal funds, "Creole statehood," etc.--these elements existed already in the statehood program. The novelty of Romero's program is that it combined all these elements under the strategy of estadidad ahora (statehood now), couched in the language of "equality." In contrast to the programs of Barbosa and Ferré, in which statehood is merely part of a wider social transformation, statehood is the axis of Romero's program. On the other hand, Romero's program differs from the conservative statehood program of the forties and fifties which had statehood as its goal; that program was the reaction of a declining sector of the bourgeoisie to social transformation; whereas Romero's program is the program of rising social classes in search of political power. The elaboration of a strategy to achieve statehood and the attempt to implement it characterized Romero's program and administration.

Political Equality

Romero´s statehood program was built around the concept of equality. Puerto Rico was invaded by the United States and its population was granted U.S. citizenship. Although Puerto Ricans have fulfilled the duties of citizenship (e.g., the "blood tax," loyalty), their rights as American citizens have not been recognized. The statehood movement is simply the expression of the desire of Puerto Ricans to achieve the equality they deserve as U.S. citizens.[97] This argument was not new; it had emerged in the forties with the concept of U.S. citizenship as "the gateway to statehood": the mere fact of U.S. citizenship implied that Congress must grant statehood to Puerto Rico. Romero´s argument is different: U.S. citizenship granted Puerto Ricans certain rights which are been violated by the U.S. government; by demanding statehood, Puerto Ricans are merely demanding equality in citizenship rights.

The "statehood as equality" discourse had three levels: ethical, political, and economic. Ethically, Romero argued that "statehood has become a moral question involving the political and human rights of a community of 3.3 million disenfranchized American citizens.´´[98] Statehood is not merely a question of dollars and cents; it is a question of dignity. It is also an issue of political ideals; as Romero argued, ´´if you are willing to sell your rights under a democratic form of government, then you do not really

believe in democracy.''[99] This ethical argument was mostly formal, lacking much substance in Romero's program.

More concretely, Romero argued that only statehood can provide the economic and political equality required for Puerto Rico's progress.[100] But Puerto Ricans lack political equality because of the prejudice and discrimination they suffer as a result of their "second-class citizenship." Using an image already presented by Barbosa, Romero characterized the Puerto Ricans as "sharecroppers on the American plantation":

> We pay none of the overhead, and none of the property taxes, but we remain entirely at the mercy of the plantation managers: they decide how much we can benefit from the prosperity of the plantation; they send us to fight their wars; and they make us pay for their mistakes.(101)

Puerto Ricans suffer discrimination because Puerto Rico is a colony of the United States. The colonial status of Puerto Rico is the basis for the second-class citizenship of Puerto Ricans, and only statehood can provide the political equality to overcome this discrimination.[102] But political equality is important for another reason: it is the basis for economic and social equality:

> No ethnic, racial or religious group within any nation, has ever in history been able to achieve social and economic equality, until that group has first achieved political equality.
> ...full acceptance, and full opportunity, for Puerto Ricans on the island and for Puerto Ricans on the mainland, will never come about until the people of Puerto Rico demand political equality. And political equality means statehood.(103)

This argument is central to Romero's program: it is the

basis of his strategy to attain statehood. The demand for equality in citizenship is based on the argument that Puerto Ricans have fulfilled their duties as U.S. citizens but have not received the full benefits of citizenship.

The "Blood Tax" and Federal Funds: The Duties and Rights of Citizenship

The demand for political equality presupposes that Puerto Ricans have some rights of citizenship which are being violated or are not recognized by the American state. But the concept of citizenship implies both rights and duties. The NPP´s argument is that even though Puerto Ricans are not recognized as full citizens, they have fulfilled their obligations as American citizens: they have payed their "blood tax" by defending U.S. interests in war.[104] The fulfillment of military duty ´´entitles [Puerto Ricans] to the fundamental right of equal protection in their own country.´´[105] It is not surprising that the Romero Administration´s propaganda emphasized the participation of Puerto Ricans in the U.S. armed forces and on the battlefield.[106]

The concept of "blood tax" also implies that Puerto Ricans have paid their share of taxes, in blood. The Puerto Ricans do not pay taxes--a fundamental duty of citizenship--because the Commonwealth relationship with the United States so stipulates; this is the basis of their second-class

citizenship. But the Puerto Ricans have fulfilled their citizenship duty by having one of the highest rates of participation in the American armed forces and of death in battle. This is a sufficient contribution to be recognized as equals in citizenship:

> It is a very well known American principle that taxation without representation is tyranny. The American citizens in Puerto Rico can add with dignity that the highest form of taxation is military conscription. In this sense, the Puerto Ricans have paid more than their dues.(107)

Although Puerto Rico is not an incorporated territory, it has nevertheless paid its taxes, which qualifies it for statehood. Since Puerto Ricans have fulfilled their duties of citizenship, they have the right to receive its benefits, particularly ´´equal treatment´´ in the distribution of federal funds.[108]

Federal funds play a crucial role in Romero´s program. As discussed earlier, political equality is not important in itself but as a means to provide economic and social equality; "equal treatment" means equal participation in federal social and economic programs.[109] Federal funds have played a crucial role in all of the contemporary statehood programs, but their strategic role has changed. For Ferré, federal funds served to alleviate social tensions produced by capitalism in Puerto Rico. For Romero, federal funds are needed because ´´Puerto Rico does not have sufficient material resources to satisfy its own needs. We depend on federal funds to solve our basic problems... This is an

unalterable reality.''[110] For Ferré social and economic reforms were necessary to provide stability to capitalism; thus federal funds played a secondary role in his social program. For Romero, federal funds <u>are</u> the economic and social reform; thus they are central to his economic program for Puerto Rico. During his first year as Governor, Romero promised:

> more federal public works funds, countercyclical federal stimulus, federal housing programs, federal grants, stamps and increased unemployment compensation. In essence, the governor´s economic recovery program is based on the very un-Republican theory that federal spending is the best bootstrap for Puerto Rico.(111)

But to Romero, the only ´´dignified way for Puerto Ricans to solicit federal funds is under conditions of equality with the other states.''[112] This is the reason for Romero´s rhetoric of ´´equality.''[113] Furthermore, federal funds promote the structural basis for popular support for statehood. Asked if ´´the dependency on federal funds is a means of moving towards statehood without the people having made that important decision," Romero responded: "It certainly is.''[114]

Romero´s statehood program was predicated on the demand for equality of citizenship, which is only possible under statehood. Statehood will provide Puerto Ricans the political equality needed to achieve the social and economic equality enjoyed by other U.S. citizens. For Romero, equality means the full participation of Puerto Rico in federal programs necessary for the economic and social

security of Puerto Ricans, who, as U.S. citizens, have fulfilled their duties of citizenship through the "blood tax." The demand for the full rights of citizenship, i.e., for statehood, is a demand for justice.

The Strategy and Requisites for Statehood

Romero´s discourse of equality provided the basis for his statehood strategy: "Statehood Now" or statehood by fait accompli. For Ferré, by contrast, the attainment of statehood is a gradual process; the Commonwealth is moved in stages, towards greater ties of "permanent union" that facilitate statehood (e.g. the presidential vote). For Romero, Puerto Rico is already prepared for statehood, but it is necessary to use the adequate strategy to attain it. Nothing is more revealing of Romero´s strategy for statehood than his concept of the requisites of statehood.

The Status Commission of the mid-1960´s enumerated three requisites for statehood: a) political and economic stability; b) majority support for statehood among Puerto Ricans; and c) Congressional approval of statehood. The NPP under Ferré used these requisites to define their evolutionary strategy for statehood. Romero´s faction, however, introduced their own version of the requisites for statehood, moulded by the "Statehood Now" strategy:

> The U.S. Constitution sets no conditions for statehood. But Congress has traditionally required that three standards be met for admission:

> 1) That residents of a proposed new state be imbued with the principles of democracy as exemplified by the American form of government...
> 2) That a majority of a proposed new state's electorate desire statehood...
> 3) That population and resources be sufficient to support a new state government and pay a new state's share of costs to the Federal government.(115)

The differences between the Status Commission and Romero's requisites were clear. First, the requisite of economic and political stability has no relationship to the democratic ideals of a population; a population can be "imbued" with democratic ideals and still be economically and politically unstable. Second, the capacity to "share the costs" of the federal government depends on the economic and political stability of the new state. Third, there is no mention in Romero's version of perhaps the most important requisite of all: the acceptance of Puerto Rican statehood by the U.S. Congress.

Romero's faction was aware of the requisites demanded by Congress. For example, Romero attacked those who argued that Puerto Rican statehood would lead to a situation similar to that in Northern Ireland, Quebec or the Basque region, emphasizing, by contrast, the political stability of Puerto Rico:

> ...the truth is that the socio-economic and political conditions which have spawned so much tragic bloodshed in...other places, simply do not exist in Puerto Rico...[here,] no government has ever been overthrown by internal revolt...there is no reason whatsoever to suppose that the advent of statehood would result in any significant upsurge in violence.(116)

In contrast to the traditional NPP argument that Puerto Rico

was in the throes of economic crisis, the Romero faction praised the economic development brought by industrialization and made possible by the presence of U.S. capital in Puerto Rico.[117]

Romero's omission of the role of Congress in the statehood process was not an oversight but an intrinsic element of his statehood strategy.[118] Puerto Rico's admission to the federation requires the support of American public opinion and political institutions. To gain this support, the Romero Administration created the Puerto Rico Federal Affairs Administration in Washington, D.C., whose purpose was to sell the idea of statehood for Puerto Rico to the American public. But if Romero was conscious of the need for support by the American public and Congress, why did he omit Congress' role from the requisites for statehood? Because this implies a willingness by Congress to admit Puerto Rico to the federation; but Congress is reluctant to do this now or in the immediate future. Instead, Romero's strategy was to obtain statehood by a fait accompli: the U.S. citizens of Puerto Rico demanding their constitutional rights, their political equality, from the same political body that granted them citizenship:

> Statehood is a voting-rights issue, it's a civil rights issue, because we are U.S. citizens... once we were granted citizenship, and we were made natural-born citizens, we have a constitutional, inherent right to have political equality, and you have political equality only with the vote and with representation. So if we were to have a plebiscite in Puerto Rico and the majority of Puerto Ricans were to vote for statehood, that would mean we were asking for that political

> equality. If Congress were to turn that down, that would be negating democracy itself...(119)

Herein lies the importance of Romero´s equality discourse: to embarass Congress, to damage the United States image internationally should Congress reject Puerto Rico´s demand for statehood.

> How... could America preach democracy and human rights anywhere on earth after having flatly denied political equality on its own citizens? Furthermore, in addition to being mocked as massively hipocritical, the United States would under such circumstances almost certainly also be accused of blatant bigotry, since the target of its rejection would have been a people seeking admission as the nation´s first and only predominantly Spanish-speaking state.(120)

For Romero, then, the demand by Puerto Ricans for statehood is sufficient for Congress to grant statehood to Puertto Rico; Congressional willingness should not be a requisite.

This "radical" strategy for statehood--as opposed to Ferre´s "evolutionary" or gradual strategy-- was elaborated theoretically by Nélida Jímenez and Luis R. Dávila Colón.[121] They argue that Puerto Rico fulfills the "Jeffersonian guidelines" for admission to the federation as a state: a sufficiently large population; experience in democracy; and a desire for statehood. Puerto Rico should follow the "Tennesse Plan," according to which the territorial population organizes itself politically and demands statehood from Congress. They argue that Puerto Rico, like many other states, has gone through the "colonial experience" and that the only dignified solution is to grant statehood. Furthermore, while only Congress has the power to admit new

states, the "Principle of Popular Sovereignty" gives the territorial population the right to self-determination--the right to form a state within the federation. The process of admission to the federation should be inititated once a majority (60 percent) of the population supports statehood. The authors conclude:

> There being no constitutional, legal or historic impediments to Puerto Rico's admission into the Union, the people of the Island can legitimately demand admission as an inalienable right inherent in their American citizenship and in their right to equal protection. Once the petition for admission has been made, statehood will become the only rational, democratic and dignified solution to Puerto Rico's political status problem...(122)

Romero's "Statehood Now" program represented an attempt to mobilize mass support in order to force Congress to address the issue of Puerto Rican statehood. The strategy "statehood by fait accompli" reflected the strength of the statehood movement; it was a response to attacks on the Commonwealth status both in the United States and in Puerto Rico. The demand for statehood became, in Romero's equality discourse, the demand for justice and recognition of the citizenship rights of Puerto Ricans. If the NPP had some success in presenting a legal-ethical argument for statehood, they were less successful in elaborating a viable economic strategy for the transition to statehood.

The NPP's Program of Economic Transition to Statehood Under Romero

The Romero Administration used their control of the Commonwealth state apparatus to implement transitional economic measures such as a reform of the tax exemption program and the agricultural development program. Romero's five-point transition plan did not differ in essence from that presented previously by Ferré and Burns: 1) "equal treatment" in all federal programs; 2) the gradual imposition of federal taxes over a twenty-year period; 3) the concomitant adjustment of Puerto Rico's fiscal structure; 4) reform of the tax exemption program; 5) a gradual increase in Puerto Rico's delegation to Congress until its due representation is attained.[123]

As before, the economic aspects of the transition program were problematic: namely, how to convince the United States of Puerto Rico's economic viability as a state, while presenting a strategy for economic growth. For example, the Romero group insisted that the U.S. government should take responsibility for Puerto Rico's public debt, arguing that this "would enable Puerto Rico to devote more of its local resources to satisfying the infrastructure requirements of its post-statehood economy." This was strongly opposed in the United States.[124]

The most pressing issue, though, concerned tax exemption-based industrialization program: namely, how to

secure investments by American capital in Puerto Rico after the current incentives are terminated. Several alternatives were suggested. NPP Resident Commissioner Corrada del Río proposed that industries currently enjoying tax exemption would continue to do so until their exemption expired, and that any federal tax levied on tax-exempted industries should be returned to the government of Puerto Rico during the twenty-year transition period to use ''to develop an incentive and subsidy program for those industries that had enjoyed tax exempt status.''[125] These proposals reflect Romero's transition strategy--to provide new incentives to American capital by means of direct or indirect federal subsidies. Another transitional measure was the program of agricultural development based on high-technology industries; this would provide American capital with another area for investment while enabling Puerto Rico to become agriculturally self-sufficient and an exporter of tropical foods to the U.S. market.[126]

The central problem of the transition program was how keep tax-exempt companies in Puerto Rico as new companies arrived. Two solutions were presented: first, to attract high-tech companies which could pay the federal minimum wage and for whom tax exemption is not the principal incentive for settling in Puerto Rico; this strategy was first elaborated by Ferré. The second solution was presented in Arthur Burns' report to the Status Commission: to argue that statehood provides the necessary political stability to

secure American investments in Puerto Rico. This was Romero´s argument to U.S. investors:

> Some marginal manufactures may pull out of Puerto Rico when federal corporate taxation arrives, but most will not, and many new firms will begin operation there. Why? Because, although the return on investment may be lower under statehood, an investor views potential profit as a direct function of risk, and the political security and stability offered by statehood will automatically reduce the currently existing demand for larger return on Puerto Rico investment, than the return demand on the mainland.(127)

This was the programmatic basis for the Romero Administration´s economic policy, particularly the attempt to amend the tax exemption program (the Industrial Incentives Act of 1978) and the emphasis on the promotion of high-technology industries. But this did not solve the problem of how Puerto Rico could compete with states offering U.S. investors the same incentives and the political stability of statehood, or with Third World countries offering lower wages. The solution was to argue that Puerto Rico could offer the best of both worlds: the incentives and political stability offered by the states and a high rate of profits based on lower wages than those in the United States.[128]

Bertram Finn, a former Chairman of Governor Romero´s Finance Committee, most clearly elaborated the economic transition program.[129] Finn built his argument for the economic viability of statehood on the so-called "comparative advantages" of the island. The first of these advantages is Puerto Rico´s "natural and human resources". Puerto Rico´s copper and oil could be exploited; this would

increase the island's economic importance to the United States while stimulating new investment of U.S. capital. But "Puerto Rico's greatest comparative advantage" is its "human resources," i.e., its labor force. Finn emphasizes that the "surplus supply of labor" will ensure lower wages than on the mainland, even after statehood; and this will be the main incentive for American capital in Puerto Rico.[130] Puerto Rico's second "comparative advantage" is its climate, ideal for tourism and agriculture, and its proximity to the Caribbean and Latin American markets. According to Finn, statehood will provide Puerto Rico with access to the high technology required to develop an export agriculture geared towards the United States and will stimulate new investments in local tourism. The growth of these areas along with those of manufacturing, construction, services, commerce, and finance will provide the Puerto Rican economy a "structural balance" to make statehood economically viable. Manufacturing will benefit from low wages, while construction and services will profit from the increase in federal funds after statehood. Furthermore, statehood will stimulate the expansion of commerce, finance, and services by turning Puerto Rico into a center of U.S. economic activity in the Caribbean and Latin America.

However, two areas would require special assistance from the federal government: the integration of Puerto Rico to the U.S. fiscal structure, and the reform of the tax-exemption based industrialization program. Finn reiterates

the need for a twenty-year transition period to adjust Puerto Rico´s fiscal structure to that of the United States. On the other hand, he proposes that the federal government recognize current exemptions and allow these to expire. To alleviate the fiscal condition of the new state, Finn proposes the gradual phasing-out of custom duties and excise taxes; the transfer of federal land in Puerto Rico to the new state; and monetary aid to the new state as was done with other states. Other economic aid to Puerto Rico could be in the form of a special statutory treatment (e.g., exemption from federal maritime laws) and assigning a standard amount of government contracts to industries in Puerto Rico. Finally, Finn reiterated that the federal government should assume responsibility for Puerto Rico´s public debt.

The transition to statehood promoted by Romero would be very expensive for the United States. But his strategy was predicated on the belief that the American state would be willing to pay the price because statehood is the only way to secure the economic and strategic interests of the United States in the Caribbean and Latin America.

In economic terms, Puerto Rico is the largest market for U.S. goods in Latin America and second only to Canada on the continent. Puerto Rico is seen as the "economic bridge" to Latin America; this is the basis of Romero´s proposal for turning Puerto Rico into the United States´ financial, productive, and commercial center in the Caribbean

(twin-plant, etc.). Finally, only statehood can secure U.S. investments in Puerto Rico.[131]

In strategic terms, the Puerto Rican annexationists argued that statehood is necessary to secure U.S. strategic interests in the Caribbean. Romero promoted Puerto Rico as the answer to the ´´Russian threat to the Americas.´´´´[132] One way that it could serve the "cause of freedom" was to include units of the Puerto Rican National Guard in U.S. military expeditions in the Caribbean and Central America.[133] Finally, having a "Spanish-speaking state" would improve U.S. relations with Latin America and with its own Hispanic population.[134]

Thus, Romero´s statehood strategy was based on the undeniable fact that the United States has important economic and military interests in Puerto Rico and that it is willing to pay a high price to retain the territory. Romero´s strategy also involved the attempt to implement several measures to facilitate the transition to statehood. The NPP´s control of the Commonwealth state apparatus, particularly during the first Romero government of 1977-1981, enabled Romero to implement some of these measures.

The Romero Administration: A New NPP Government

The 1976 elections showed that Romero´s group controlled both the party organization and its program. The party reorganization two years earlier had given Romero total

control over the party machinery. Similarly, the NPP´s electoral program showed the leading influence of Romero. Concepts such as "New Life," "redemption," and "social justice," which were central to Ferre´s program, were absent from the 1976 electoral program. Of the three "people´s demands" that the NPP promised to fulfill in its 1976 electoral program, one was aimed at improving the social conditions of the population and the other two were related to statehood: the presidential vote, and the struggle for "statehood now". While the people were deciding about statehood, the NPP would "orient and educate" the population about its benefits, reassuring them that Congress will not reject Puerto Ricans´ demand for statehood and that Puerto Rican culture will be protected.[135] Ironically, this was the only mention of statehood in the 1976 electoral program, which emphasized "economic recuperation".

The NPP´s "economic recuperation" program of 1976 was derived from Romero´s economic transition strategy. The objective of the program was to restore the private sector´s "faith and trust" in the government so as to stimulate private investment. This was a direct attack on the government intervention that characterized the Hernández Colón Administration; it also responded to the notion that the transition to statehood would require the elimination of such measures.[136] The "economic recuperation" program promised to restore manufacturing, services, tourism, agriculture, construction, and commerce (the "vital" economic

areas for statehood, according to Finn). While criticizing the system of tax exemption, the NPP electoral program proposed the reform "of the industrial development program to include... the promotion of service industries" (defined as commerce, transportation, communications, public utilities, finance, insurance, and real estate), i.e., to expand the tax exemption program to include these areas. Another important proposal was the so-called "Fund for the Development of Puerto Rico," whose goal was the promotion of the "internal formation of capital." The Fund was to comprise investments from both the private and the public sector; it would receive funds from the retirement programs of the public and private sectors, the sale of government land, government income from copper mines, and Section 936 funds. Its goal was to promote ''the development of the economic infrastructure of Puerto Rico.''[137] As will be discussed later, the Fund was to be used as a new incentive for American capital. I have emphasized the economic program in the 1976 electoral platform for two reasons: it signified the existence of a new program in the NPP, and it presented the framework for the economic policy later implemented by the Romero Administration.

The NPP 1976 electoral campaign avoided the issue of statehood; the party maintained that the "status is not at issue," i.e., that the elections were not to decide the political status of the island.[138] The NPP campaign called attention to the economic misfortunes of the Hernández Colón

Administration, attributing Puerto Rico´s economic problems to the previous PDP administration, and counterposing the NPP program of ´´economic recuperation.´´[139] In the 1976 campaign, Romero argued for the need to continue with Commonwealth status and its industrialization program until a majority of the people supported statehood; nevertheless, he promised that his administration would promote statehood in Puerto Rico and in the United States.[140] A crucial aspect of the NPP campaign was the presentation of Romero as a "man of the people," emphasizing the "populist" rhetoric of the party and its candidate.[141]

The NPP´s electoral triumph in 1976 reflected the increasing support for statehood, particularly among the marginalized sectors in Puerto Rico. The NPP received 158,000 more votes that it had received in the previous election; its electoral strength grew in all but one of the island´s municipalities; it won a majority of the votes in 22 municipalities and won 40 mayoralties; it elected 33 out of 51 members of the House of Representatives and 14 out of 27 members of the Senate, gaining control of the Legislature; it won in 9 out of 10 municipalities with over 50,000 inhabitants. The NPP won a majority in 5 out of 6 municipalities of the Metropolitan areas of San Juan, Ponce, and Arecibo; the party also did well in municipalities having little or no economic growth. In short, the bulk of the NPP´s support came from large urban centers, with their concentration of intermediate sectors (services, finance,

public administration), commercial petty bourgeoisie, and economically depressed areas; and from the economically stagnant regions of the island (the eastern and central regions). Puerto Rican annexationism has ceased to be merely an "urban" phenomenon and has extended to the whole island, as more of the population has been marginalized.

The NPP "reorganization" carried out by Romero after 1973 altered the social composition of the party leadership.[142] The new leadership included many "professional politicians" who used their party and state positions for personal gain; consequently, the Romero administration was plagued by corruption. The Romero Administration was characterized by a socio-political division of labor: administration was entrusted to the professional politicians, while economic policy was entrusted to the party sector directly linked to banking and finance. A recent study on the composition of the past four government administrations concluded that the majority of the administrators under the Romero government (1977-1981) came from the areas of public administration (44 percent) and the private sector (35 percent); a majority of those coming from outside the private sector came from Romero´s administration in San Juan. The study concluded that ´´the number of professional politicians in the government agencies increased´´ during the Romero Administration.[143] The consequence of this for the public administration was critical: by September 1981 (Romero´s second term) a total

of 53 members of Romero's government had resigned their posts, because of public scandals involving corruption or to occupy higher-paid positions in the private sector.[144]

The majority of administrators who came to the Romero Administration from the private sector were in banking and finance; they were responsible for Romero's economic policy, which favored the banking and finance sector.[145] This is a crucial element differentiating Ferre's and Romero's economic policy, with important consequences for their statehood programs. Romero's reliance on the banking and finance sector of the bourgeoisie to elaborate his economic program reflects the predominance of this sector in Puerto Rico's economy by the end of the 1970's. The banking and finance sector, and its allied sectors such as "services" (communications, commerce, tourism) became the focus of the new statehood program. Romero's economic policy (Industrial Incentives Act, the twin-plant program, the new incentives, the International Trade Center) was aimed at getting their support.

The intermediate social sectors linked directly to finance and banking capital held a dominant position in the NPP under Romero; this was reflected in the NPP program, particularly in the statehood strategy. Outstanding in this sector are the corporate, tax, and labor relations lawyers: Romero, Corrada del Rio, Carlos Quiros (Secretary of State), Reinaldo Paniagua (former Secretary of State), Gerry Carlo (Governor's advisor and Secretary of Justice), Benny Frankie

Cerezo (Governor´s advisor), and Juan R. Torruellas and Jaime Pieras (both named to the Federal Court in Puerto Rico, and strong Romero supporters); and those professionals/technicians linked to finance and banking: Finn, Famadas, Madera, Culpeper, Julio Perez, Mier, Dubon, and Montanez. Although they are linked to capital, these intermediate sectors are not directly part of capital: they lack control or decision-making power; they render their services to capital as professionals and technicians, although some have risen to decision-making positions within capital, particularly after public service (Finn, Mier, Dubon, among others). These sectors are located in the economic areas most integrated to American capital: banking, finance, high-tech manufacture, and services. This position is reflected in the statehood program. In Ferre´s program, statehood was part ofthe broader historical project of the local industrial bourgeoisie, whose main goal was the reproduction of capitalism in Puerto Rico and the maintenance of their hegemonic position within it. The NPP under Romero has no historical project but statehood; since these intermediate sectors are increasingly subordinated to American capital, their historical project is to secure the presence of American capital in Puerto Rico, and this is achieved through statehood.

To sum up, the NPP´s electoral victory in 1976 signified a change in both the party´s leadership and program. The new leadership represented different social

sectors than the leadership under Ferré, as well as a different program, including the one for statehood. The Romero Administration promoted an economic program favorable to local capital in the tertiary sector, especially to finance capital, and to the American high-tech corporations. This program was implemented within the framework of what I have termed "the political economy of equality."

The Political Economy of Equality I: Incentives, ´´Like Other States´´

The NPP´s control of the local executive and legislative bodies provided the Romero group with an opportunity to implement their economic program. Romero´s "economic recuperation" program was simply the economic component of the "politics of equality"; its goal was to facilitate the economic transition to statehood.

The centerpiece of Romero´s economic program was the reform of the tax exemption program. Tax exemption is the main incentive for American capital to invest in Puerto Rico and the cornerstone of the Commonwealth economic structure; it is also the main economic barrier to statehood. Although he reiterated that tax exemptions would continue, Romero indicated that his administration "will seek alternative incentives that facilitate our economic growth" and provide more jobs; he also indicated that the current incentives would be extended to the service industries.[146] In his first

speech to the Manufacturers Association in March 1977, Romero reaffirmed his goal of reforming the tax exemption program and stated that, henceforth, tax exemptions would be granted if a sufficient number of jobs were created at acceptable wages.[147] Responding to the bourgeoisie's adverse reaction to his economic policy, Romero made it clear that his administration would ''move away from the concept of 100 percent industrial tax exemptions.'',[148]

Despite the strong opposition by important sectors of the bourgeoisie,[149] the Romero Administration revised the tax exemption program with the "Industrial Incentives Act" of 1978. The preamble of the new law stated that the bill reflected a "new approach to the industrial and economic development of Puerto Rico," and concluded:

> In this regard, it will make use of the best possible balance of tax incentives which will allow for the development, expansion, and permanence of industry in Puerto Rico, at the same time that the sources of employment that we need so badly are created; and it will require the industry that is going to benefit from the program of promotional incentives to participate in the maintenance and strengthening of industrial development in the country through the payment of taxes in a limited way so that it will allow the People of Puerto Rico to defray the costs of the infrastructure that industrial growth demands. Similarly, it is expected that the tax base will expand so as to distribute more equitably the tax burden that actually falls on taxpayers, particularly on our middle class.(150)

The law eliminated total tax exemption, except for those companies already in the program and the "intangibles" of any company. The new rates of tax exemption were based on the period of exemption, the company's geographical location, the kind of goods manufactured, and, in some

cases, the firm's payroll. The law also granted tax exemption (up to 50 percent) to non-manufacturing industries, the so-called "service industries"; other industries exempted by the new law included tourism, light industry, and heavy industry (including pharmaceuticals).[151]

The new law failed to achieve its purported goal. The number of jobs and firms promoted by EDA have decreased since 1978.[152] The tax burden has not been equitably distributed; according to EDA's director, José Madera, $164 million in corporate taxes were collected between 1978 and 1982 as the result of the new law--much less than the cost of the new incentives.[153] The law also failed to attract service industries to Puerto Rico; since the law's enactment, only 35 new "service companies" came to the island.[154] In July 1983, Romero passed a law reforming his own 1978 Act, increasing the tax exemption for service industries to 75 percent and extending the period of exemption.[155] The 1978 Act was also amended in 1982 to extend the period of tax exemption for light industry (many of these companies had 100 percent exemptions) in an attempt to counteract the drop in employment.[156] Contrary to its ideology, the Romero Administration was forced to increase the government's investment (and deficits) in the telephone and shipping companies in order to keep these services as incentives to American capital.[157] Bertram Finn, one of the masterminds of Romero's economic program, recently suggested that new incentives, including increased tax exemption, were

needed to attract American capital.[158] In 1983 Romero extended tax exemptions to research and development firms in Puerto Rico, in what he characterized as "a logical extension of the revised 936 program," i.e., as compensation to corporations hurt by Congress' reforms of Section 936.[159]

Romero's "economic recovery" program, announced in April 1977, substituted new incentives to American capital for the program of total tax exemption.[160] The principal new incentive was the "Authority for the Financing of Industrial, Commercial and Environmental Control Facilities" (AFICA for its Spanish acronym). The new agency was empowered to sell bonds to finance industrial projects (to reduce the investments of corporations complying with federal environmental laws). From 1977 to 1983, the agency issued $935 million in bonds (through financial institutions like A.G. Becker, etc), the great majority of which benefit U.S. corporations in Puerto Rico.[161] Other new incentives to American capital were the Liquidity Fund and the Development Fund. The Development Fund, supposedly a subsidiary of the Government Development Bank, was to provide loans to the private sector; however, its source of capital was the Liquidity Fund, obtained its funds from a "tollgate tax" of 7 percent on profits repatriated by Section 936 corporations. That is, Section 936 corporations were allowed to repatriate 75 percent of their profits with a tollgate tax of 7 percent; they had to reinvest 25 percent of their profits in Puerto Rico, which after eight years could be

repatriated tax-free. By 1981, the tollgate tax collected from 936 corporations amounted to $55.8 million.[162]

The Romero Administration's economic policies, such as the 1978 Industrial Incentives Act and the new incentives, were meant to "accustom" American corporations in Puerto Rico to paying taxes and receiving incentives other than total tax exemption. Coupled with the strategy of attracting high-tech companies which can pay the federal minimum wage, those corporations willing to pay taxes in exchange for other incentives (lower wages than in the United States, skilled labor force, infrastructure, financial aid from the government) might be able to withstand the economic transition to statehood; under statehood they would have to pay federal taxes, but they would be exempted from local taxes, "like other states." If we also take into account measures such as the reduction of individual income tax and the full application of the federal minimum wage, it is evident that the Romero Administration was trying to reconcile the tax and wage structure of Puerto Rico with that of the United States, as a step towards statehood.[163] Various U.S. economic policies abetted this strategy; for example, the Kemp-Garcia bill, which creates "enterprise zones" with special incentives to capital in areas of high unemployment, such as Puerto Rico. Other measures approved by the Reagan Administration (tax credits, depreciation allowances, etc.) also abeted this strategy.[164]

Thus, the Romero Administration's economic program,

particularly the attempt to reform the tax-exemption program for U.S. corporations in Puerto Rico, must be viewed within the context of the economic transition to statehood. Romero´s economic strategy was to provide new incentives for, and open up new areas of investment to American and local capital.

The Political Economy of Equality II: Economic Growth and the Caribbeanization of the Puerto Rican Economy

The Romero Administration´s economic program favored American capital and the tertiary sectors of local capital ("service industries"). It was a reaction to the PDP´s industrialization straegy based on tax exemption to manufacturing firms--a strategy which, the economic policy-makers of the NPP argued, could not generate stable economic growth.[165] By contrast, the NPP´s strategy, developed largely by Bertram Finn, was one of "multiple growth." The central tenet of this strategy is that other sectors of the economy besides manufacture should be subsidized through tax exemption and other incentives.[166] This policy does not exclude manufacturing firms; for example, new incentives were proposed for some high-tech industries (pharmaceuticals, electronics).[167] One of the most popular incentives was the training of the labor force for the "new requirements" of capital; i.e., to provide the technical training required by advanced production. Romero

proposed an "educational trust fund" to finance the technical education of the public school population. Nelson Famadas, Romero´s main economic advisor, proposed that Puerto Rico be developed into a research center for the United States and the Caribbean, where industrial research funded by the local government would serve as an incentive to attract American capital.[168] The Romero Administration also sought more federal contracts for Puerto Rico, particularly by military industries, and this policy showed some positive results.[169] In 1983 the Romero Administration and the U.S. Defense Department negotiated to bring the "top nine" defense corporations to the island of Vieques, the area with the greatest tax exemption and the locus of fierce confrontation between the population and the U.S. Navy.[170] Another part of the "multiple approach" strategy was tourism. The Romero Administration tried to strengthen the struggling tourism industry, hoping to turn Puerto Rico into a tourism center for the United States; e.g., the 1983 Tourism Incentives Act extended the length and amount of tax exemptions and granted new tax incentives to most hotels.[171]

Agriculture, too, was an important part of the "multiple approach" strategy. This has to be understood in the context of Romero´s statehood strategy: a strong and profitable agriculture was an important requisite for the economic viability of statehood. The Romero Administration emphasised agricultural development to make Puerto Rico self-sufficient, provide jobs, and become an exporter of

agricultural products (mainly tropical fruits) to the United States.[172] According to an agricultural development plan released in 1978, Romero's agricultural strategy was to "produce efficiently most of the food consumed in Puerto Rico using modern, farm-tested techniques"; that is, to introduce the same technical advances of U.S. agriculture to Puerto Rican agriculture.[173] In order to make Puerto Rico an "agricultural exporter" of vegetables and fruits to the American market, farmers were to be given tax exemptions, loans, and other incentives.[174] The real meaning of this "industrialization of agriculture" is suggested by the two main agricultural projects of the Romero Administration: the production of vegetables and fruits along the southern coast and the production of rice in the north. The vegetables and fruits project required the "transfer of modern agricultural technology" to former sugar lands in the south. This technology was provided by an Israeli corporation, which was given loans, subsidies, and land. This program was opposed by local farmers, who derived none of the benefits.[175] The same thing happened with rice in the north. The Romero Administration granted the Comet Rice Corporation cheap land and loans and built them a rice mill in exchange for their technology.[176] As Romero stated in his proposal for the creation of the Agricultural Development Administration, agricultural development was to be promoted by means of tax exemption and other subsidies.[177] The objective of the agricultural development program was to open another area

for subsidized American investment.

What may be called "the Caribbeanization of the Puerto Rican economy" was another economic strategy of the Romero Administration. This strategy was conceived early in the Romero Administration, but it was in response to the Reagan Administration's CBI proposal that this Caribbean economic strategy was aggressively promoted.[178] This strategy presented Puerto Rico as the "economic power" of the Caribbean and the model for economic development in the Caribbean. The Romero Administration argued that, because of its economic development, Puerto Rico should function as the technological and investment center of the Caribbean, and as the link in the transfer of capital and technology from the United States to the Caribbean. As described by EDA Director Madera, Puerto Rico should be the "technological axis of a Caribbean regional economy interlinked with the United States.",[179] This strategy would, on the one hand, open the Caribbean to American investment and the marketing of American goods through Puerto Rico; and, on the other hand, it would open the Caribbean to sectors of Puerto Rican capital, particularly finance and trade. But the strategy also had political implications: only statehood would secure Puerto Rico as "a base for the expansion" of American capital in the Caribbean and Latin America.[180] As Romero stated:

> As a state, Puerto Rico can aid in the commercial and political relations [of the United States] with the Caribbean region. The possibility that Puerto Rico may increase its involvement with the Caribbean countries does not mean that it will separate from the United

States... the Nation will benefit from our position in the Caribbean.(181)

The two most important elements of the Caribbeanization strategy were the "twin plant concept" and the export of "Puerto Rican products" to the Caribbean. The twin plant concept was first implemented along the United States-Mexico border; it was proposed for Puerto Rico by Arthur D. Little in the early seventies. In early 1978, Romero began to support thw twin plant policy.[182] It proposed that raw materials be procured and/or the initial processing of a product be done in a wage-depressed area of the Caribbean; the product would then be finished in a more advaced economy of the area. That is, the cheap labor of the Caribbean would be used for the initial manufacturing of a product, and its final processing would be done in Puerto Rico with the use of advanced technology, skilled labor, and lower wages than in the United States.[183] According to one supporter: ''Now we can offer a manufacturer the best of both worlds--Puerto Rican and federal tax exemption, Puerto Rican managers and technology, and cheap labor in Haiti or some other Caribbean location.''[184] By the early 1980's there were several U.S. corporations, mostly electronics, working under the Caribbean twin plant project using Puerto Rico as the final stop in the productive process.[185] Puerto Rico's role in the Caribbean twin plant program was supported by the Reagan Administration, which included it in its CBI proposal, and

by sectors of the local bourgeoisie, mainly in finance and trade.[186]

The other element in Romero´s Caribbeanization strategy was the transformation of Puerto Rico into a Caribbean trade and finance center. This policy had two parts: first, the marketing of U.S. goods in the Caribbean using Puerto Rico as an intermediary; second, the sale of goods manufactured in Puerto Rico, particularly the high-tech goods produced by U.S. capital on the island.[187] The Romero Administration promoted the so-called "trade missions," during which representatives of the Puerto Rican government and members of the local banking, trade, and industrial sectors would negotiate commercial agreements with countries in the Caribbean. Romero´s government also supported the creation of a World Trade Center in San Juan, to market goods manufactured in Puerto Rico in the Caribbean and in Latin America.[188] In 1979, EDA opened its Department of Services and Industries, ´´in anticipation of expanding Caribbean and Latin American markets.´´[189]

Romero´s Caribbeanization strategy envisioned closer political ties to Caribbean countries, particularly Jamaica following Seaga´s victory there. In 1983, an accord of mutual cooperation between Jamaica and Puerto Rico was signed. Puerto Rico agreed to provide technical aid for Jamaica´s economic, technological, and cultural development, including the implementation of the twin-plant program between the two countries; this was to be financed by the

Agency for International Development.[190] Romero's government obtained Seaga's support to make Puerto Rico a member of the Caribbean Development Bank and CARICOM, which would certainly enhance Puerto Rico's position within the area.[191]

The Romero Administration's economic program was predicated on: the reform of the tax exemption program for American corporations; and new incentives, subsidies and additional areas of investment for both U.S. and local capital. Romero's Caribbeanization strategy pursued the same goal of trying to turn Puerto Rico into the United States' economic and political intermediary in the Caribbean. Romero's economic strategy was meant to facilitate the economic transition to statehood; his "statehood politics" represented the attempt to promote statehood in the United States and in Puerto Rico. Romero also used the statehood issue to defend his position in the party and in the government.

The Campaign for Statehood

Romero's "equality" program included economic measures to make statehood economically viable and political measures to advance the statehood process in Puerto Rico. Romero's "radical" strategy of presenting statehood to Congress as a fait accompli required the support of a majority of Puerto Ricans and of crucial sectors within the United States.

During the first years of his administration, the

principal target of Romero´s statehood campaign was in the United States, for several reasons. The NPP had just won control of the local Executive and Legislative branches and they were optimistic that their support would continue to grow. They also believed that the presidential primaries in Puerto Rico would create support for statehood. But the principal reason why Romero emphasized his statehood campaign in the United States was President Ford´s declaration, on December 31, 1976, that he favored statehood. While this may have represented the actual position of the Ford Administration, the most sensible explanation is that Ford was repaying a political debt to the local Republicans for their support at the 1976 Republican Convention.[192] In any case, the Ford declaration stimulated debate within the United States of the Puerto Rican statehood issue. Days before the president´s departure from office, he submitted an unprecendented bill laying down the guidelines for statehood for Puerto Rico. The so-called Ford Statehood Bill created a Committee to determine the pre-conditions for and the consequences of statehood. However, the bill was not supported by the Romero Administration apparently because of a clause stipulating that ´´Congress, after receiving the Commission Report, would set the terms and conditions of statehood´´[193]--in opposition to Romero´s radical statehood strategy. Nevertheless, the Ford Statehood bill gave Romero the opportunity to present his statehood program in the United States.[194]

The NPP´s control of the Republican and Democratic parties´ local organizations and the participation of Puerto Ricans in the U.S. presidential primaries were Romero´s most successful political measures in favor of statehood in Puerto Rico. According to NPP political propaganda, ´´These developments are viewed by statehooders as logical new steps on the path toward statehood.´´[195] During the early 1970´s, the local machinery of the National Republican Party was in the hands of the NPP, while the Democratic Party machinery was controlled by the PDP. In 1976, a group of statehooders, most of them members of the NPP, penetrated the local Democratic structure and supported a then virtually unknown candidate, Jimmy Carter, for the presidency. Carter´s victory tilted the local Democratic machinery to the statehooders and signalled the beginning of an alliance between Romero and Carter. For the first time since the fifties, the Democratic Party abandoned its defense of the Commonwealth and gave its support to the "right of self-determination" of Puerto Ricans, what culminated with President Carter´s 1978 Proclamation committing the United States to support whichever alternative the Puerto Ricans chose, including statehood. In the same year, the statehood faction, directly linked to Romero, took control of the local Democratic Party machinery.[196] In 1980, the first presidential primaries were held in Puerto Rico; both candidates supported by the NPP, George Bush and Jimmy Carter, were victorious. According to Romero, Carter´s

triumph over the candidate supported by the PDP was ''a clear voice for statehood.''[197] These primaries set the pattern for relations between American political leaders and the NPP: any presidential candidate seeking the support of the NPP, which controls the local machinery of both American parties, must be committed to statehood.[198]

Romero's statehood strategy changed after the 1980 elections. During the 1980 electoral campaign, statehood per se was not an issue, aside from Romero's proposal to hold a status plebiscite in 1981. The 1980 NPP electoral program was similar to that of 1976, emphasizing the "achievements" of the Romero Administration. The party's economic program was preserved; their electoral propaganda stressed how Romero had forced the American corporations to pay taxes, and, in a fit of anti-communism, they accused the PDD of allying with the PSP and Cuba against statehood. They argued that the only guarantee for retaining federal funds was statehood.[199] The results of the elections surprised everyone. The computerized vote-counting was stopped, with PDP candidate Hernández Colón having a slight advantage; when the count was continued, Romero pulled ahead. Violence erupted between the PDP and the NPP, which was mainly responsible for it. In July 1981 the State Electoral Commission certified Romero as the governor-elect, with charges of fraud coming from all sectors of the opposition.[200] The PDP won a majority in the Legislature and a majority of the municipalities (fifty); support for the

NPP decreased in at least 48 municipalities, including the eight largest cities.

Romero´s 1980 electoral victory was a Pyrrhic one. The PDP-controlled Legislature started a faultfinder campaign against the Romero Administration, focusing on public corruption. In 1981 the Senate approved a bill calling for an investigation of the "Maravilla case," in which two pro-independence youths had been shot by the police under suspicious circumstances. The Maravilla investigation, carried out publicly after 1983, became the greatest indictment against Romero´s leadership in both the government and the party. By mid-1981, party members, too, began to publicly question Romero´s leadership, accusing him of distancing himself from the party and government; and of forming a "Carlista" faction that alienated the rest of the NPP leadership from party and government activities. Hernán Padilla, the Mayor of San Juan, began to be promoted for the party´s presidency and candidate for governor.[201] Confronted by this situation, Romero took up the cry of "Statehood Now" to secure his party leadership and to improve his political image. As in the forties, but unlike the early seventies, the "push for statehood" was a sign of weakness, this time not of the statehood movement as such but of Romero´s leaderhsip.

"Statehood Now"

Romero's "Statehood Now" campaign to consolidate his power in the NPP began in June 1981 with a statement by Senator Oreste Ramos, Jr., a prominent member of the NPP right-wing and a close Romero ally, that the party was suffering from "ideological anemia" with regard to statehood.[202] Later that month, the Comisión Estadista (Statehood Commission) was formed as an "autonomous" organization whose main purpose was to "educate" people about the advantages of statehood; it was headed by Romero supporters and was part of romero's "reorganization" of the party to consolidate his leadership.[203] The formal declaration of the "Statehood Now" campaign came with Romero's Fourth of July speech; he declared that the goal of his administration was the attainment of statehood at the earliest moment.[204] This speech reintroduced Puerto Rico's colonial status to the statehood discourse; that concept, so crucial to Romero's "equality" program, has dominated his political rhetoric ever since.[205] In January 1982, as part of the statehood campaign, former Romero aide Antonio Quiñones Calderón began to publish the newspaper La Democracia, which during its short life became the main public advocate of statehood and of the Romero Administration.[206] In March, Romero forced the NPP Legislative Caucus to support a plebiscite on statehood, despite strong opposition by a sector of the party's leadership.[207] Romero also announced that he was to be the NPP candidate

for governor in the 1984 elections; he was supported by the party´s women, youth, and Mayor´s organizations.[208]

Romero launched the "Statehood Now" campaign--under the slogan that the eighties were "the decade of decolonization,"--with the formation of a commission representing the three main electoral parties; the commission was to present concrete measures to resolve the political status issue.[209] Romero´s attempt to set the commission´s agenda and conflicts between the NPP and the PDP made any agreement impossible. Romero used the occasion of the Southern Governors Association meeting, held in Puerto Rico in September 1981, to demand for support for statehood; at that meeting, Vice-President Bush supported "Statehood Now" for Puerto Rico. In January 1982, the Republican sector of the NPP arranged a meeting between Romero and President Reagan, who reaffirmed his support for statehood.[210] After this, all of Romero´s public appearances in the United States were aimed at getting support for statehood.

The "reorganization" campaign culminated in the NPP Assembly in November 1982, where Romero´s group suspended the party´s by-laws and named Romero as the NPP candidate for governor in 1984.[211] Immediately after the Assembly, Padilla organized his supporters to contest Romero´s leadership.[212] Romero responded by sidelining any opposition within the party; he forced the removal of NPP Vice-President Viera Martinez from his position as House Speaker; Viera, in turn, joined Padilla´s group.[213]

Publicly, Romero presented his conflict with Padilla as one of different conceptions of statehood.[214] Padilla was opposed to Romero's "Statehood Now" campaign; he argued that Puerto Rico's socio-economic problems were more pressing than its political status. But Padilla's main criticism of Romero concerned the latter's control of the NPP, and he demanded a complete "renovation" of the party's leadership and internal structures.[215] In a speech before the NPP Central Committee in February 1983, Romero reaffirmed that statehood was the ideological and programmatic basis of the NPP, a direct attack on Padilla:

> The [New] Progressives are not adversaries of other Progressives and we statehooders should not weaken the struggle for statehood. This has always been our collective goal and we will achieve it if we keep our unity.
>
> The ideal of Statehood is not an electoral decoy of the New Progressive Party. It is not an ornament. It is the backbone and reason for being of the party... Statehood is the medicine for the evils of colonialism from which Puerto Rico suffers.(216)

The NPP Central Committee adopted a resolution which came to be known as the "Loiza Declaration," the most important document of post-war annexationism in Puerto Rico, in which the NPP reaffirmed Romero's views on statehood, attacking the "colonial vestiges" of Commonwealth status and the political inequality of the U.S. citizens of Puerto Rico. For the first time since Barbosa, the critique of colonialism again became an ideological axis of Puerto Rican annexationism:

> Statehood is the reason for being of the New Progressive Party. The political condition that we suffer does not satisfy us; we cannot accept, forever, the legitimacy of

> a federal power that is exercised without our participation; and we do not accept an incomplete citizenship, destitute of all the political and economic rights that are inherent to it. We can neither accept the fragility of our political relationship with the Nation, which affects the economic and social development of Puerto Rico.(217)

Padilla's reaction to Loiza will be discussed later. The Loiza declaration led to a rupture in the party, with Padilla organizing parallel structures and openly seeking support for his own candidacy; he challenged Romero for the NPP candidacy for Governor in March of 1983.[218] In July, Padilla and his followers left the NPP and formed the Partido de Renovación Puertorriqueña (PRP-Puerto Rican Renovation Party). Romero then launched an intense campaign for statehood, which became the centerpiece of his political discourse.[219]

The Crisis of Romerismo

Romero has been accurately characterized as an aggressive, astute, and unmerciful politician. But Romero's political behaviour cannot be explained solely iin terms of his personality; rather, it must be explained as part of a political style best characterized as Romerismo. This is the attempt to gain control of state and civil institutions in order to promote a political program, and the attempt to destroy all opposition by any means. "Romerismo" is legitimized as necessary to attain statehood. The frontiers between the individual leader and the ideal become blurred:

to attack the leader is to attack the ideal, and vice versa.

The structural basis of "Romerismo" lies in the economic developments in Puerto Rico during the last two decades. The reserve army of the unemployed grew dramatically in the last decade, including skilled sectors of the working class (petrochemicals, construction) and professionals. This situation was exacerbated by the system of political patronage, particularly in the state apparatus which employs nearly a third of the labor force. Within this framework, the massive transfer of federal funds provided the material basis for fraud and corruption in Puerto Rico; the administration of federal funds provided a basis for political patronage. Thus, corruption became an outstanding characteristic of the Romero Administration.

Romero attempted to gain control of several state institutions, particularly such ideological-educational structures as the public school system, the public university, and the Institute of Culture, to further the cause of statehood as well as his own.[220] This policy also extended to non-ideological government institutions such as the Economic Development Administration, whose director was accused of using EDA to promote the NPP's political goals, of political discrimination even in technical areas, and of favoring NPP-controlled municipalities.[221] Romero's group also penetrated the legal-repressive apparatus. It was estimated that the police voted three-to-one in favor of the NPP in the 1980 elections;[222] police activities in favor of

the NPP, such as the persecution of the NPP´s opponents, was demonstrated during the Senate´s Maravilla hearings. The Federal Court in Puerto Rico, whose members customarily have been annexationists, was also linked to Romero: the five federal judges, whose juridical capacity has been questioned by the U.S. Supreme Court, were directly or indirectly linked to Romero.[223]

Romero´s politics were also characterized by the attempt to quiet all opposition, often violently. Nothing is more telling in this respect than the harassment and persecution of Padilla and his followers in the party. But this policy was not restricted to opposition within the party. The use of force to break the student strike at the University of Puerto Rico in 1981 and to oust squatters from public lands in Villa Sin Miedo in 1982 reflected Romero´s refusal to compromise. The attacks on the Puerto Rican Bar Association and the Puerto Rican Supreme Court by NPP hoodlums and by the Federal Court in Puerto Rico followed the same pattern.

Romero´s government and party leadership were severly strained by the federal investigation of government corruption, the creation of the Puerto Rican Renovation Party by Padilla, and the Senate´s investigation of the events at Cerro Maravilla, where two pro-independece youths had been killed by the Police. The Puerto Rican Justice Department and two federal grand juries exonerated the police and the Romero Administration, whereas the

inconclusive Senate investigation revealed that the youths were killed in cold blood by the police; that they were entrapped by a police undercover agent; that there was a conspiracy to carry out the action and later to conceal the events by the police and members of the Justice Department; that Romero intervened in the local and federal investigations; and that the federal government was involved in these events, possibly including FBI participation in the events leading to the killings and concealment by the U.S. Justice Department of evidence that could have ''discredited the Government of Puerto Rico.''[224] Romero reacted to Maravilla with characteristic aggressiveness: he condemned the investigation as part of a "communist conspiracy" against his government; he attacked the media; he refused to cooperate with the Senate investigation and in fact tried to stop it; the police and NPP hoodlums harassed those involved in the investigation, including several Senators; and Romero fired two Secretaries of Justice who opposed his maneuvers in the Maravilla case. After testimony was given linking the police to the youths' assasination, Romero was forced to accept the Senate's proposal for an independent investigation; but his government's actions prevented the continuation of the public hearings, precisely at the stage of the investigation when a conspiracy by the government to conceal the facts might have been proven.[225]

These events were politically devastating for Romero. Public opinion supported the Maravilla hearings and

questioned Romero´s obstruction of the hearings and the possible participation of his government in the incidents.[226] By the end of 1983, sectors within the NPP, arguing that Maravilla would harm the NPP, campaigned for a new party president and candidate for governor.[227] More crucial was the intervention of the federal government in this issue. In late 1983, the federal district attorney convened a new grand jury to investigate the previous federal investigations, charging the policemen involved with obstruction of justice.[228]

Not since the 1930´s was Puerto Rico plagued by such a level of corruption as during the Romero Administration. According to the Comptroller of Puerto Rico, at least ten percent ($600 million) of the government budget of Puerto Rico was lost through corruption (misapplication of funds, unlawful use of funds, and theft); this affected almost every agency of the Commonwealth government and a number of municipal governments.[229] There are several reasons for this extensive corruption: the extremely low wages in the public sector; the allocation of government jobs through patronage, giving priority to political loyalty over technical or administrative capability; and finally, the use of the state apparatus to enrich the party in power and its followers.[230] The use of the government to provide "political favors" to the private sector in exchange for "donations" to the party created an environment in which it became customary to use the public posts for personal gain as well. Corruption in

the Romero Administration reached the highest levels, including Cabinet members, directors of public agencies, and outstanding members of the NPP leadership.[231]

This "institutionalized corruption," which included the unlawful use and theft of federal funds (e.g., the theft of $100 million in food stamps), forced the federal government to do a "house cleaning" of the Commonwealth government.[232] Federal investigations revealed that corruption involved not only federal programs, but that there was widespread corruption in the justice system and in the police as well; members of the police were charged with drug trafficking, robbery, kidnapping and murder, and operating a death squad.[233] The federal investigation effectively ´´put the local government in a form of receivership under federal tutelage.´´[234] In effect, the federal government directly intervened to secure the reproduction of the Commonwealth state apparatus given the incapacity of the governing party to do so. The local Justice Department was forced to investigate organized crime and government corruption even though it affected members of the NPP in and out of the government.[235] Romero lost the support of the ruling circles of the Republican Party and the Reagan Administration; instead Reagan supported Padilla.[236] Romero´s political legitimacy was further undermined by Padilla and the rupture that led to the formation of the PRP.

The PRP and the Politics of Redemption: The Bourgeois Reaction to the Crisis

The rupture of the New Progressive Party in 1983 and the formation of the Puerto Rican Renovation Party (PRP) by Hernán Padilla and his followers transcended the issue of statehood and the internal power struggle in the NPP. The Romero-Padilla conflict and the subsequent rupture in the NPP reflect the revival of the conflict between the two different programs of contemporary annexationism, between the politics of redemption and the politics of equality. The formation of the PRP signified the revival of the politics of redemption, in the midst of Puerto Rico´s social, economic, and political crisis.

The emergence of Padilla as a national political figure and the formation of the PRP came in response to concern over the economic and political stability of Puerto Rico, particularly by sectors of the local bourgeoisie, notably Antonio Luis Ferré, son of the former governor and director of Ferre Enterprises and of the pro-annexationist newspaper El Nuevo Día. In a March 1981 editorial, ´´The Country in the Limbo,´´ Ferré, Jr. called attention to the chaotic economic and political situation in Puerto Rico:

> The future of Puerto Rico is more tenous than at any time in the last four decades. The formula for prosperity elaborated by the Commonwealth is in bankruptcy...
>
> Within these sombre perspectives, Government and Opposition remain like a Tower of Babel speaking in foreign tongues, engaged in insignificant struggles,

> without any attempt at mutual understanding. The Governor has lacked the stature to call for a Government of Puerto Rican Unity, with the best people above any political considerations...
> ... There is among the people the sensation that the country is without leadership, without direction.(237)

There were several issues involved in Ferré´s critique. First, the economic crisis is structural, inherent in the Commonwealth´s economic program; Ferré once again reaffirmed the need for a new economic development strategy for Puerto Rico.[238] Second, Ferré criticized the political leadership of Puerto Rico, particularly the Romero Administration, for not facing the problems of Puerto Rico. Ferré, Jr., elaborated on this issue in another editorial in which he characterized the current period as the "mud era of Puerto Rican politics," concluding with an appeal to ´´develop a common action program to solve the social and economic problems that afflict Puerto Rican society.´´[239] Antonio L. Ferré reaffirmed his father´s ´´program of redemption,´´ stressing the need for social and political stability above all else. His discourse implied that Romero´s government was incapable of realizing such endeavors. Other sectors of the local bourgeoisie supported the appeal for a ´´government of unity´´ to secure political and social stability.[240] In early 1984, the so-called "Committee for the Economic Development of Puerto Rico," a "bi-partisan" organization of the local bourgeoisie, issued a report entitled "The Economic Crisis of Puerto Rico," giving voice to the alarm of the local bourgeoisie over the island´s economic situation, and

concluding that the government should promote "the private sector" (i.e., mainly the local bourgeoisie); that workers' wages and benefits should be lowered; that economic growth should be "balanced" among the different sectors of the economy; and that a fiscal reform was needed.[241]

As a corollary to the argument that a government of "national unity" was needed to solve the pressing social and economic problems of Puerto Rico, the argument emerged that "status politics" hindered national unity and should be left aside. This was an implicit criticism of Romero's "Statehood Now" campaign. In late 1981, Abidam Archilla, prominent businessman and NPP-founder, published a series of articles proposing the creation of a "No-Status Party." According to Archilla, a group of "status politicians," engaged in a power struggle, use the status issue to attract followers; once in power, they address neither the status question nor the critical social and economic problems of Puerto Rico. The "No-Status Party"

> would be the only political party in Puerto Rico which would not embrace any political status formula in its platform. It would not concern itself with status at all. Its platform would be limited to good, efficient government. It would devote itself exclusively to the proposition of uniting all our people... to activate a planned, energetic frontal attack on our pressing economic and social problems for the good of all our people.(242)

Once again, Archilla argued for the need to form a party and government of "national unity" to solve Puerto Rico's problems; this became the political platform of the PRP.

By mid 1982, public opinion polls, particularly those

of El Nuevo Día, showed that the NPP was losing public support, due mainly to Romero. By 1983, Padilla was ahead of Romero in the polls; and weeks before the formation of the PRP he was leading all candidates.[243] The polls also showed that the most pressing public issue was the solution of social problems and not the status question. These polls showed that the population was pessimistic about the future of Puerto Rico, characterizing the current situation as ''sombre.''[244]

Given this situation, Padilla's reticence to break with Romero can only be explained by his organizational weakness. This was not only a matter of political machinery, for the PRP was quickly organized. Padilla could not break Romero's tight control over the NPP, depite his growing popularity. Aside from Viera Martinez, Padilla's group could not attract other prominent NPP leaders; all of those going to the new party (including Viera) were already alienated from the NPP's power structure, and, furthermore, they shared Romero's political style.[245] The PRP's leadership was to be its greatest weakness.

The conflicts between Romero and Padilla grew during Romero's second term.[246] Even before Padilla announced his intention to challenge Romero for the NPP leadership, Romero mobilized the party machinery and the state apparatus against Padilla (e.g., Romero vetoed a tax measure demanded by Padilla for San Juan).[247] After Padilla announced his challenge, the NPP Central Committee decided to hold closed

primaries (for card-carrying members) rather than open primaries (to include all party followers) as Padilla demanded. After this decision, which restricted the party primaries to the core of Romero's supporters, Padilla and his followers had no alternative but to separate from the NPP. Ferré tried in vain to prevent this rupture.[248] The PRP was formed in August 1983 in Ponce, with Padilla as party president and the PRP's candidate for governor. In a record time of three months, the PRP was officially inscribed as an electoral party.[249]

The PRP and the Program of Redemption

The PRP's program was an attempt to revive Ferre's "program of redemption" that gave life to the NPP a decade and a half earlier. It argued that the social, economic, and political crisis of Puerto Rico could be solved only by a "government of consensus" that would restore faith in political institutions so as to achieve the social and economic stability necessary for the reproduction of the system; the PRP was the harbinger of that "government of consensus." Once again, there was a conflict between statehood and the need for stability.

The PRP program resolved this conflict in favor of stability. As in Ferre's "redemption program," the PRP proposed a "gradual" approach to the attainment of statehood. Padilla introduced to the statehood discourse the

concept of "statehood by consensus," the most succint exposition of which is found in Padilla´s response to the Loiza Declaration (which reaffirmed Romero´s "equality program" as the axis of the NPP). According to Padilla, "there is no incompatibility between being a Statehooder and solving the problems of my people"; the task of a statehood party "consists in convincing and persuading our people to continue on the road to Statehood." In a direct attack on Romero´s "Statehood Now" campaign and chaotic administration, Padilla argued that only after the people are convinced and "feel secure that Statehooders can provide them with tranquility, security, and progress" will they decide in favor of statehood.[250] According to Padilla, the statehood movement had stagnated in the last several years because of Romero´s administration.[251] Statehood will be possible only by "consensus," which requires the solution of the country´s social and economic problems:

> Statehood is an instrument of change and social and political reform that needs time, but more than anything else, it requires the consensus of the People.
> The future of Statehood depends on the Renovation and Change that our people demand to solve their immediate problems.(252)

Padilla´s "statehood by consensus" strategy differs from Romero´s statehood by "simple majority" because, as Padilla explains, ´´As long as there is one Puerto Rican who doubts the benefits of statehood, we cannot be tranquil...´´[253] Padilla´s strategy was a response to the reality that the majority of the population did not support statehood and,

more importantly, that statehood as proposed by Romero was opposed by important sectors in the United States, who were afraid to grant statehood in the absence of an overwhelming majority. Padilla opposed Romero´s proposal for a "Statehood, Yes or No" plebiscite; he argued that the only viable alternative was a plebiscite which included all three status alternatives, and where Congress has defined the conditions in which it will accept each alternative.[254] For Padilla, the attainment of statehood would require "a process of gradual mutual agreement," emphasizing the need for a greater political integration, which would include both a greater participation by Puerto Ricans in the political affairs of the United States and a better understanding of the values and political system of the United States, brought about by increased migration. Padilla also argued for the need to strengthen Puerto Rico´s in order to further its integration to the United States, another requisite for statehood.[255]

The PRP´s statehood strategy was accompanied by a program to solve the crisis that affected Puerto Rico. Puerto Rican society is beset by a moral crisis which, according to Padilla, stems from the ´´lack of the elements that give us tranquility, stability, and coexistence in harmony with society.´´[256] This crisis is the result of political and economic factors. At the political level, Padilla pointed to the origins of this crisis in the "politics of confrontation" between the PDP and the NPP:

"Political conflicts overshadow all other efforts, and both sides have become increasingly confrontational and unable to work together on economic and social issues which require a minimum level of bipartisanship.''[257] This was the basis for the PRP's argument that the issue of statehood should be delayed in favor of solving the island's social and economic problems. In order to achieve this, it would be necessary to form a "government of unity" and to forge a "consensus" among all sectors of society. Thus, in order to facilitate a "government of unity," the PRP platform stated that the party did not favor any particular status alternative. This would also promote the "consensus" required to solve the status issue.[258] According to Padilla, the "politics of confrontation" and the NPP's policy of "continuismo" turned the government into "an instrument of the New Progressive Party," which in turn encouraged the governmental corruption that corroded the moral fiber of the country. The separation of government and party in the PRP's "government of unity," along with the recruitment of the most capable public administrators would secure a responsible government devoted to solving Puerto Rico's problems.[259]

The PRP's program resembled Ferre's "program of redemption" in its approach to economic problems. According to the PRP's economic program, Puerto Rico is too dependent on "foreign" investment and trade for its economic development; it is necessary to strengthen its domestic economic base to prevent a social and economic catastrophe. According

to Padilla, Puerto Rico has become a "shopping center for imports," and this has destroyed the local productive capacity aimed at the local market. As a consequence of this and "foreign" control of Puerto Rico's industrial production, Puerto Rico suffers from high unemployment and a lack of capital investment. A new economic strategy is needed to ''assure that Puerto Rico's economic future is in the hands of Puerto Ricans.''[260] The PRP proposed a policy of "import substitution" utilizing incentives and protection for the "small entrepreneur" (i.e., local capital).[261] Padilla criticized the current tax exemption program, which favors American capital and discriminates against local capital. He argued that the government should provide subsidies and incentives to the "small entrepreneur" and should develop those areas in which there is litle private investment.[262] The PRP's economic strategy was similar to that proposed earlier by Ferre: the promotion of American capital in areas of high technology, and the promotion of local capital in labor-intensive production for the local market and possibly to expand to the Caribbean.[263] The PRP echoed Romero's policy of developing local agriculture to satisfy local demand and to export staples, emphasizing that agriculture should be in local hands and that the government should promote agriculture through subsidies and incentives to the local farmer.[264] The PRP also argued that education should be "adapted" to the technical needs of the private sector in order to reduce unemployment and provide capital with

skilled labor.[265]

The PRP´s popular support deteriorated throughout 1983. A public opinion poll in October 1983 showed Padilla a distant third behind Romero and Hernández Colón in the race for governor.[266] The PRP also suffered from organizational problems. Their leadership came entirely from the NPP, particularly the intermediate sectors and professionals who occupied middle-level leadership positions in the NPP.[267] They were unable to attract leaders from other parties to legitimize their claim of being a party of "national unity," and they had difficulty recruiting effective leadership at the local level.[268] In the NPP, those who had been "undecided" closed ranks with Romero, following the example of Ferré, perhaps because of the PRP´s organizational weakness.[269]

Padilla and the PRP´s program represented an attempt to revive within contemporary annexationism Ferre´s "program of redemption". Their program was a response to the decline of the local bourgeoisie and the advance of American capital, and to the crisis of legitimacy of the political-ideological institutions under Romero and the deepening crisis endangering the reproduction of the system itself. Once again, a Damocles sword hung over the Puerto Rican annexationist bourgeoisie: to secure their own economic and political reproduction, they sought annexation to the United States; but the increasing integration to the United States undermined their material and political basis. The

redemptionist program of the PRP and Padilla was not a magic solution to their problems; but it provided a breathing space from the economic and political chaos of the Romero Administration and an opportunity to elaborate a new statehood strategy.

CONCLUSION

The "politics of equality" mark the latest, and perhaps the most important, period in the evolution of the statehood movement. For the first time in the history of United States-Puerto Rico relations, statehood is viewed as a viable option by sectors of the American state and public opinion. That is not to say, of course, that statehood will soon be granted, for there is still no consensus to this regard in Puerto Rico or in the United States. After 1956, the statehood parties challenged the Popular Democratic Party and the Commonwealth status; and since the first New Progressive Party victory in 1968, the statehood isssue has largely shaped the political discourse in Puerto Rico. Statehood became a mass-popular political force. What links the debate on statehood in the United States and the growth of the statehood movement in Puerto Rico is the present condition of the Commonwealth. Amid an ongoing process of political and economic integration to the United States, the Commonwealth has not been able to sustain its own structures. This situation has led the American state to step up

its intervention in Puerto Rico in order to secure socio-economic and political stability there. In the process, the federal government has become a major source of income and services for the growing numbers of people who have been forced out of the productive process, and it has also become a major force in stimulating the island's economy; consequently, the American state has developed its own basis of popular support in Puerto Rico, reflected in the massive appeal of statehood.

The contemporary statehood movement, as represented in the New Progressive Party, has to be understood within this framework. The "politics of equality," certainly the most radical attempt to date to attain statehood, is the outcome of this United States presence on the island. The demand for equality of citizenship, the centerpiece of this program, specifically entails equal treatment in the apportionment of federal social and economic programs. Romero's statehood program turned the U.S. presence in Puerto Rico into a prime force for statehood, a result certainly not expected by American decision-makers.

Romero's program was not entirely original; it was the child of the Puerto Rican statehood movement's past politics. Statehood as the clamor against the indignity of colonialism was taken from Barbosa's early statehood discourse. Statehood as the "right of citizenship" comes from the statehood program of the forties. Statehood as the solution to the socio-economic problems of Puerto Rico and

its appeal to the lower classes (statehood is for the poor) is inherited directly from Ferré´s program. Although Romero´s statehood strategy, estadidad ahora, was the most radical statehood program.

The final outcome of these processes remains to be seen. In the United States, the debate around the issue of statehood for Puerto Rico has ceased, despite the Reagan Administration´s support for statehood. In Puerto Rico, the politics and government of Romero came under heavy criticism, culminating in the first rupture of the NPP and the formation of a new party, the Puerto Rican Renovation Party, with a program similar to Ferre´s "redemption program". The new party proposed "statehood by consensus," gradually,in reaction to Romero´s estadidad ahora. The effect of these developments on the 1984 elections and the future of the statehood movement will be discussed in the concluding chapter.

NOTES TO CHAPTER VII

1)Quoted in Luis P. Costas Elena, ´´I.R.C. Section 936 and Fomento Income Tax Exemptions in Puerto Rico,´´ Revista del Colegio de Abogados de Puerto Rico 40:4 (November 1979), p. 587.

2) Ibidem, p. 578.

3) Ibidem, p. 577.

4) Ibidem, p. 563-64; 1982 figure from San Juan Star, September 18, 1983, p. B6.

5) Ibidem, pp. 566 and 595.

6) Ibidem, p. 595.

7) Costas Elena, part II, ibidem, 41:4 (February 1981), p. 133.

8) Ibidem, p. 125.

9) See Manuel Escobar, ´´The New Regulations and 936 Interest Rates,´´ Puerto Rico Business Review 6:12 (December 1982), pp. 5-9.

10) Junta de Planificación, Informe económico al Gobernador 1982 (San Juan: Junta de Planificación, 1983), pp. 131 and 133-34.

11) San Juan Star, September 18, 1983, p. B6 .

12) Costas Elena, op.cit., 41:1, p. 132.

13) Informe economico al Gobernador 1982, op.cit., pp. 19 and 222. Also, Manuel Escobar, ´´The 936 Market: Risk, Inflation, and Fixed Investment in Puerto Rico,´´ Puerto Rico Business Review 6:9 (September 1981), pp. 4-9.

14) Comité Para el Estudio de las Finanzas de Puerto Rico, Informe al Gobernador (Rio Piedras, P.R.: Editorial Universitaria, 1976), p. 59-60; to be referred as Tobin report.

15) Informe económico al Gobernador 1982, p. 219-220.

16) Ibidem, pp. 222, 227, and 229.

17) Ibidem, p. 235.

18) Ibidem, pp. 237-39.

19) Ibidem, pp. 123, 127, 129, and 131; also ´´Análisis de la banca comercial de Puerto Rico,´´ El Mundo, February 5, 1982, p. SC8.

20) Puerto Rico. Economic Development Administration, The Measuring, Analysing and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks Industry in Puerto Rico (San Juan: Office of Industrial Economics and Promotional Services, 1975), p. 14.

21) Ibidem, p. 6; Informe económico al Gobernador 1982, op.cit., pp. 149-150, A7, and 53. See also, San Juan Star, January 30, 1983, p. B18.

22) See the interview with José Madera, EDA Director, in El Nuevo Día, January 31, 1982, p. 4-5.

23) Comité Para el Desarrollo Económico de Puerto Rico, La

crisis económica de Puerto Rico: Resumen ejecutivo del diagnóstico y recomendaciones (Mimeo, January 1984).

24) Dolores Wahl, "Puerto Rico´s Status: A Problem for the Eighties," Executive Seminar in National and International Affairs, Department of State, April 1980; Alfred Stepan, ´´The United States and Latin America: Vital Interests and the Instruments of Power,´´ Foreign Affairs 58:3 (America and the World, 1979), p. 664.

25) See Juan R. Fernández, "Free Association as a Means for Achieving Decolonization" (Ph.D. Dissertation, Department of Political Science, Graduate Center of the City University of New York, 1978); and W. Michael Reisman, Puerto Rico and the International Process (New York: West Publishing, 1975).

26) Report of the Ad Hoc Advisory Group of Puerto Rico (Washington, D.C.: October 1975).

27) Quoted in Roberta Ann Johnson, ´´Puerto Rico: The Unsettled Question,´´ in Richard Millet and W. Marvin Will, eds., The Restless Caribbean: Changing Patterns of International Relations (New York: Praeger, 1979), p. 109.

28) All the above figures are from San Juan Star, August 19, 1982, p. 1, and November 14, 1982, p. 1; and El Nuevo Día, June 27, 1982, p. 26, and December 12, 1982, p. 3.

29) Puerto Rico´s status as a "food stamp junkie" was severely criticized in Congress, what aided President Reagan in cutting the Island´s allocations in this area. Senator David Pryor questioned the legality that Puerto Rico, not a state nor paying any federal taxes, could absorb ten percent of the food stamps budget; in El Nuevo Día, March 25, 1981, p. 25.

30) Robert Girling and Leyda Barbieri, ´´Storm Signals for Caribbean Plan,´´ San Juan Star, March 24, 1982, p. 16. Also on the CBI Richard E. Feinberg and Richard Newfarmer, ´´The Caribbean Basin Initiative: Bold Plan or Empty Promise?,´´ in Richard Newfarmer, ed., From Gunboats to Diplomacy: New U.S. Policies for Latin America (Baltimore: John Hopkins University Press, 1984), p. 211.

31) Ibidem, February 25, 1982, p. 18.

32) ´´A Proposal: The New Federalism and Puerto Rico,´´ ibidem, "Outlook," March 7, 1982, p. 2. The proposal was prepared by U.S. Department of Commerce officials who had been involved in the Department´s 1979 economic study of Puerto Rico.

33) Ibidem.

34) Ibidem, p. 3.

35) Ibidem, November 15, 1981, p. B1; ibidem, September 9, 1981, p. 20.

36) This is the tittle of the Wall Street Journal Editorial of December 9, 1981.

37) San Juan Star, November 13, 1981, p. 6; ibidem, November 20, 1981, p. 20.

38) El Nuevo Día, March 1, 1981, p. 2.

39) San Juan Star, July 15, 1982, p. 1; ibidem, July 8, 1982, p. 6; ibidem, August 1, 1982, p. 3.

40) Ibidem, August 16, 1982, p. 1.

41) Ibidem, November 17, 1982, p. 1; ibidem, March 20, 1983, p. B2; and ibidem, May 1, 1983, p. B2.

42) U.S. Department of State, "The problem of Puerto Rico´s Political Status"/ Case Study by C. Arthur Borg (Seventh Session, Senior Seminar in Foreign Policy, Department of State, 1974-75), p. 2, to be referred as Borg Report; Wahl, op.cit., p. 13; José A. Cabranes, ´´Puerto Rico: Out of the Colonial Closet,´´ Foreign Policy (Winter 1978-79), pp. 66-91. See the comments to this respect by Jeffrey Puryear, Director of the Latin American Program of the Ford Foundation, in ´´Puerto Rico´s Waiting,´´ New York Times, April 14, 1981, and in El Nuevo Dia, March 18, 1983, p. 3.

43) Borg Report, op.cit., pp. 6 and 14; "Puerto Rico: Commonwealth, Statehood or Independence," Memorandum to the President of the United States, Office of the Assistant Secretary of Defense, July 12, 1977, pp. 1, 6, and 9; U.S. Library of Congress, Puerto Rico: Independence or Statehood?: A Survey of Historical, Political, and Socioeconomic Factors, with Pro and Con Arguments/ Prepared by William Tansil (Wash., D.C.: Congressional Research Service, 1977), p. 38, to be referred as Tansil Report; U.S. Library of Congress, Puerto Rico: Commonwealth, Statehood, or Independence?/ Prepared by Peter Sheridan (Wash., D.C.: Congressional Research Service, 1978), p. 3, to be referred as Sheridan Report; General Accounting Office, Puerto Rico´s Political Future: A Divisive Issue with Many Dimensions/ Report to the Congress of the United States by the Comptroller General (Wash., D.C.: General Accounting Office, 1981), pp. I-III.

44) Borg Report, op.cit., p. 6; Memorandum to the President, op.cit., p. 14; Wahl, op.cit., p. 12.

45) Memorandum to the President, op.cit., p. 12.

46) Ibidem, pp. 6-9; Borg Report, op.cit., p. 15; Wahl, op.cit., pp. 1 and 12; Tansill Report, op.cit., p. 35-36; Sheridan Report, op.cit., p. 1-2.

47) U.S. Library of Congress, Treating Puerto Rico as a State Under Federal Tax and Expenditure Programs: A Preliminary Economic Analysis/ Prepared by Donald W. Kiefer (Wash., D.C.: Congressional Research Service, 1977), to be referred as the Kiefer Report; the Tansill Report of 1977, the Sheridan Report of 1978, and the GAO Report of 1981, all previously cited.

48) The strongest position in this issue was taken by Senator Johnston, who declared that "it is higly misleading to imply that only the people of Puerto Rico will determine how each status will be defined, what the limits of each alternative are and how each alternative can be implemented. Every status change in the history of our nation has been subject to intense negotiation and debate in Congress." U.S. Congress. Senate, Self-Determination for Puerto Rico: Report by Senator Jackson from the Committee on Energy and Natural Resources, together with minority views (to accompany Senate Concurrent Resolution 35). 96th Congress, 1st Session, Report 96-281, August 1, 1979 (Wash., D.C.: U.S. Government Printing Office, 1979), p. 8.

49) Borg Report, op.cit., p. 16-17.

50) Wahl, op.cit., p. 7.

51) Borg Report, op.cit., p. 17; Wahl, op.cit., p. 13; Cabranes, op.cit., p. 90-91; Stepan, op.cit., p. 680; Puryear, op.cit., and "Puerto Rico: An American Dilemma," paper presented at the Conference on "The Press and the Political Status of Puerto Rico," sponsored by the Americas Society, New York, 1983, p. 11 and ff.

52) Borg Report, op.cit., p. 16; also Memorandum to the President, op.cit., p. 10.

53) Sheridan Report, op.cit., p. 3-4. See the debate of this issue between Senators Moyniham and Johnston in U.S. Congress. Senate, "Self-Determination for Puerto Rico." Senate Concurrent Resolution 35. Congressional Record, 96th Congress, 1st Session, v.25, no.109, August 2, 1979, p. S11371-S11379.

54) Sheridan Report, op.cit., p. 3; also, Memorandum to the President, op.cit., pp. 10-12.

55) This was the stated reason for the 1978 "self-determination" resolution of Congress; see U.S. Congress. Senate, ´´Senate Concurrent Resolution 35--Submission of a Concur-

rent Resolution Relating to Self-Determination for Puerto Rico.´´ Congressional Record, 96th Congress, 1st Session, v.125, no.104, July 26, 1979, p. 10677. This was also the main reason for Ronald Reagan´s support for statehood in the 1980 campaign; see Ronald Reagan, ´´Puerto Rico and Statehood,´´ Wall Street Journal, February 11, 1980, p. 20.

56) Borg Report, op.cit., p. 16; Memorandum to the President, op.cit., p. 10.

57) Independence as the "second best alternative" was proposed by Borg, op.cit., p. 15; and Wahl, op.cit., p. 10. Independence, nevertheless, has been gaining acceptance as the "best alternative" in several circles in the United States; for example, Memorandum to the President, op.cit., p. 24, from the Defense Department; and Eric Svendsen, ´´Puerto Rico Libre,´´ Open Forum, no.20 (Spring/Summer 1979), pp. 21-27, a State Department journal; see also from Juan M. García Passalacqua, ´´Washington Papers on Puerto Rico,´´ San Juan Star, January 30, 1982, p. 27, and ´´Puerto Rico: Equality or Freedom?; The Rebirth of the Status Issue,´´ in Caribbean Review XIII:1 (Winter 1984), pp. 8-12. American conservatives are beginning to support independence also, as the option to get rid of the "Puerto Rican problem"; see Robert Wesson, ´´A Different Case for Puerto Rican Independence,´´ Worldview 21:11 (November 1978), pp. 8-10.

58) Kiefer Report, op.cit., pp. 4 and 34; also Tansill Report, op.cit., p. 40; and GAO, Puerto Rico´s Political Future, pp. 54-56.

59) Kiefer Report, op.cit., p. 36.

60) Ibidem, p. 4. Also GAO, Puerto Rico´s Political Future., pp. 56-60.

61) Ibidem, p. 44.

62) Tansill Report, op.cit., p. 40.

63) Wahl, op.cit., p. 12; GAO, Puerto Rico´s Political Future, p. 60.

64) Memorandum to the President, op.cit., p. 27; Wahl, op.cit., p. 12.

65) Borg Report, op.cit., p. 16; Sheridan Report, op.cit., p. 4; Wahl, op.cit., p. 12.

66) GAO, Puerto Rico´s Political Future., and Kiefer Report, op.cit.

67) El Nuevo Dia, June 1982, p. 7.

66) Ibidem, March 18, 1983, p. 4.

69) See Ronald Walker´s ´´A Different Approach,´´ San Juan Star, June 3 1983, p. 33, and ´´Puerto Rico´s Dilemma,´´ parts I and II, in ibidem, October 1, 1983, p. 15, and October 3, 1983, p. 29, respectively. Also Juan M. García Passalacqua, ´´The Meridian House Talks,´´ parts I and II in ibidem, September 27, 1983, p. 25, and September 29, 1983, p. 35, repectively.

70) Jerry Flint, ´´Puerto Rico´s Not-So-Manifest Destiny,´´ Forbes, August 6, 1979, pp. 47-48; Herman Nickel, ´´Puerto Rico´s Drift Toward Statehood and Dependence,´´ Fortune, August 13, 1979, pp. 163-176; ´´Catching Up with Puerto Rico,´´ New York Times, Editorial, August 21, 1979, p. A18; Tom Wicker, ´´An American Colony?,´´ New York Times, August 14, 1981, p. A23; ´´Troubled Island: Puerto Rico is Hurt by Investment Slump and Reagan Cutbacks,´´ Wall Street Journal, February 3, 1982, p. 1; ´´Pain in Puerto Rico,´´ Miami Herald, Editorial, reprinted in San Juan Star, February 12, 1982, p. 18; and San Juan Star, October 18, 1982, p. 3.

71) ´´Puerto Rico´s Rorschach,´´ Wall Street Journal, Editorial, October 18, 1979; ´´Without Representation,´´ Wall Street Journal, Editorial, August 20, 1981, p. 26; ´´A 51st State,´´ The Southeast Missourian, Editorial, July 18, 1979; Editorial, Washington Times, reproduced in El Nuevo Día, July 8, 1982, p. 13.

72) ´´The State of Puerto Rico,´´ The Washington Star, Editorial, September 29, 1980; Tom Wicker, ´´A New State in ´81?,´´ New York Times, October 3, 1980, p. A35; ´´Puerto Rico Can´t Eat Statehood,´´ New York Times, Editorial, January 15, 1982; Nickel, op.cit., p. 74.

73) ´´Analisis de la banca...,´´ op.cit.,; and Informe económico al Gobernador 1982, p. 133.

74) Junta de Planificación, Estadísticas socioeconómicas 1980 (San Juan: Division de Análisis Económico, 1980), p. 3-4.

75) Puerto Rico. Oficina del Gobernador, Consejo Asesor Sobre Politica Laboral, Plan de acción para aumentar la productividad en la economia de Puerto Rico: Diagnóstico y recomendaciones (San Juan: Consejo Asesor, 1979), p. 37.

76) Informe economico al Gobernador 1982, p. 69. The report does not discriminate between local and non-local firms.

77) San Juan Star, October 4, 1981, p. 16; Nuevo Día, September 25, 1982, p. 20.

78) El Mundo, July 16, 1982, p. SC15; San Juan Star,

December 15, 1982, p. 20; ibidem, June 22, 1982, p. 3.

79) El Mundo, March 13, 1982, p. A4; El Nuevo Día, April 16, 1983, p. 6.

80) Tobin Report, op.cit., pp. 151-55.

81) El Nuevo Día, March 25, 1982, p. 74; El Mundo, November 14, 1982, p. D7; San Juan Star, April 21, 1983.

82) San Juan Star, February 26, 1982, p. 1; ibidem, March 21, 1982, p. 18; Rafael Hernández Colón, ´´CBI: Bad for Puerto Rico,´´ ibidem, ´´Outlook,´´ June 27, 1982, p. 2.

83) San Juan Star, March 21, 1982, p. 18; El Mundo, July 23, 1982, p. A8.

84) San Juan Star, July 8, 1982, p. 6; ibidem, July 27, 1982, p. 20.

85) Ibidem, July 28, 1982, p. 3; ibidem, July 29, 1982, p. 24.

86) Bertam Finn, ´´936 Action Exposes Artficiality of Puerto Rican Economy,´´ ibidem, August 1, 1982, p. B3; José Madera, ´´Origin of the ´936´ Species--And How to Defend It,´´ ibidem, August 15, 1982, p. B3.

87) Ibidem, July 30, 1982, p. 1; El Nuevo Día, August 15, 1982, p. 4; El Mundo, August 16, 1982, p. A5.

88) Bertram Finn, ´´Speed up Writing of Regs to End 936 Anxiety,´´ San Juan Star, January 2, 1983, p. B5; El Nuevo Día, September 22, 1982, p. 3.

89) San Juan Star, July 24, 1982, p. 20; ibidem, August 25, 1982, p. 20; ibidem, July 13, 1982, p. 21; ibidem, November 14, 1982, p. B9.

90) Mariano Mier, ´´Investors Abhor Uncertainty More Than Anything Else,´´ ibidem, August 7, 1982, p. S3.

91) Gregorio Iguartua, ´´936 Policies Don´t Fit Puerto Rico´s Condition,´´ ibidem, July 24, 1983, p. B6; ibidem, March 14, 1982, p. 3, where Francisco Pujol, Executive Director of Shearson American Express, supports Romero´s twin-plant strategy; ibidem, November 7, 1982; El Nuevo Día, March 17, 1983, p. 118.

92) El Nuevo Día, February 26, 1982, p. 2; El Mundo, July 16, 1982, p. SC2; El Nuevo Día, June 21, 1983, p. 13; San Juan Star, December 22, 1982, p. 25.

93) El Mundo, July 14, 1982, p. 6A; San Juan Star, November

21, 1982, p. B3; El Nuevo Día, March 3, 1983, p. 3.

94) Carlos Romero Barceló, La estadidad es para los pobres (San Juan: NP, 1973), p. 24.

95) Ibidem, p. 42.

96) Ibidem, p. 57.

97) Carlos Romero Barceló, ´´Puerto Rico, U.S.A.: The Case for Statehood,´´ Foreign Affairs 59:1 (Fall 1980), p. 75.

98) Puerto Rico Federal Affairs Administration, Puerto Rico, U.S.A.: A Political History (Wash., D.C.: PRFAA, ND), p. 14-15.

99) Carlos Romero Barceló, ´´Statehood for Puerto Rico,´´ Vital Speeches 45 (July 1, 1979), p. 565.

100) Carlos Romero Barceló, Address by the Governor of Puerto Rico Commemorating the 205th Anniversary of the Declaration of Independence of the United States of America, July 4, 1981. (San Juan: Administracion de Servicios Generales, ND), p. 21.

101) Carlos Romero Barceló, "Statehood for Puerto Rico," Address Delivered Before the Americas Society Conference on "The Press and the Political Status of Puerto Rico," March 17, 1983, New York, p. 6. Emphasis on the original.

102) Carlos Romero Barceló, Speech Delivered Before the Committee on Decolonization of the United Nations, New York, August 28, 1978, reproduced in Puerto Rico Business Review (Special Supplement), (San Juan: Government Development Bank, ND), p. 4. Also, Romero Barcelo, Vital Speeches (1979), op.cit., p.567; and Partido Nuevo Progresista, ´´Declaracion de Loíza,´´ El Nuevo Día, March 11, 1983, p. 23.

103) Romero Barceló, ´´Statehood for Puerto Rico,´´ op.cit., p. 7-8.

104) Puerto Rico Federal Affairs Administration, Puerto Rico, U.S.A.: In Defense of Democracy (Wash., D.C.: PRFAA, 1979), p. 1.

105) Luis R. Dávila Colón, ´´The Blood Tax: The Puerto Rican Contribution to the United States War Effort,´´ Revista del Colegio de Abogados de Puerto Rico 40:4 (November 1979), p. 618.

106) PRFAA, In Defense of Democracy; PRFAA Dateline... Puerto Rico, U.S.A. (May-June 1980), pp. 8-10; ibidem, (November-December 1980), pp. 8-10; ibidem, (July-August

1980), pp. 11-14.

107) Dávila Colón, op.cit., p. 628.

108) Ibidem, pp. 616 and 618. Also, Romero Barceló, Address Fourth of July 1981, op.cit., pp. 23-26; and Carlos Romero Barceló, ´´Por el bien de nuestra causa y el bien de Puerto Rico,´´ Address by the President of the New Progressive Party to the Central Committee, February 10, 1983, Loíza, Puerto Rico, in El Nuevo Día, February 21, 1983, p. 8.

109) Romero Barceló, Address Fourth of July 1981, op.cit., p. 28.

110) ´´Carlos Romero Barceló se prepara para el ´76,´´ Avance, May 20, 1974, p. 13-14. Also, La estadidad es para los pobres, p. 19-20.

111) Jonathan Evan Maslow, ´´Puerto Rico the 51st State?,´´ The New Republic, July 2, 1977, p. 13.

112) ´´CRB se prepara para el ´76,´´ op.cit., p. 13.

113) See Romero´s reply to this issue in ´´Should Puerto Rico be a State,´´ US News and World Report, April 11, 1977, p. 44.

114) Ibidem, p. 14.

115) Puerto Rico, U.S.A.: A Political History, p. 15-16.

116) Romero Barceló, ´´... The Case for Statehood,´´ op.cit., p. 69.

117) Puerto Rico Federal Affairs Administration, Puerto Rico, U.S.A.: Science and Industry (Washington., D.C>: PRFAA, nd), and Puerto Rico U.S.A. (Washington, D.C.: PRFAA, nd), pp. 49-63.

118) Romero Barceló, ´´Statehood for Puerto Rico,´´ op.cit., p. 565; and ´´...The Case for Statehood,´´ op.cit., p. 65. See also Carlos Romero Barceló, Address Delivered Before the 369th Veterans´ Association, San Juan, P.R., October 7, 1979, p. 3.

119) Romero as quoted in Ronald Walker, ´´Romero and Statehood,´´ San Juan Star, October 11, 1982, p. 17. Also Romero, ´´Statehood for Puerto Rico,´´ op.cit., p. 7.

120) Romero Barceló, ´´...The Case for Statehood,´´ op.cit., p. 67.

121) Nélida Jímenez Velázquez and Luis R. Dávila Colón, "The American Statehood Process and Its Relevance to Puerto Rico´s Colonial Reality: A Historical and Constitutional Perspective." Paper delivered at the Workshop on "The United States and Puerto Rico," organized by the Latin American Program of the Woodrow Wilson International Center for Scholars, Washington, D.C., April 16-18, 1980.

122) Ibidem, p. 42.

123) ´´Exención contributiva: Una polemica que se traduce en 5 puntos para traer la estadidad por filtración,´´ Avance, November 18, 1974, p. 6-7.

124) Romero, ´´... The Case for Statehood,´´ op.cit., p. 79.

125) Baltasar Corrada del Río, U.S. Congress. House, ´´Puerto Ricans Celebrate Adoption of Constitution,´´ Congressional Record, 95th Congress, 1st Session, vol.123, no.20, July 25, 1977, p. 24837.

126) See Romero´s comments in ´´Should Puerto Rico Be a State?,´´ op.cit., p. 47-48; and ´´... The Case for Statehood,´´ op.cit., p. 80. Also Dateline...Puerto Rico, U.S.A. (September-October 1980), p. 27-28.

127) Romero, ´´Statehood for Puerto Rico,´´ op.cit., p. 5; ´´... The Case for Statehood,´´ op.cit., p. 79; ´´Should Puerto Rico be a State?,´´ op.cit., p. 47; La estadidad es para los pobres, pp. 59-61.

128) Romero, ´´...The Case for Statehood,´´ op.cit., p. 79. See also Puerto Rico Business Review 5:3 (March 1980), p. 2.

129) Bertram Finn, "The Economic Implications of Statehood for Puerto Rico: A Preliminary Analysis." Paper delivered at the Workshop on "The United States and Puerto Rico" organized by the Latin American Program of the Woodrow Wilson International Center for Scholars, Wash., D.C., April 16-18, 1980.

130) Ibidem, pp. 4-5, 8, 10-12, 24, 40.

131) Carlos Romero Barceló, ´´The Russian Threat to the Americas,´´ Vital Speeches, no.45 (May 15, 1981), p. 457-58; and ´´...The Case for Statehood,´´ op.cit., p. 80. Also, Carlos Romero Barceló, Forjando el futuro, edited by Antonio Quiñones Calderón (Hato Rey, P.R.: Ramallo Bros., 1978), p. 211-12; and San Juan Star, May 12, 1982, p. 20.

132) Romero, ´´The Russian Threat to the Americas,´´ op.cit., p. 457. Also, San Juan Star, February 1, 1982, p. 6; George McDougall [Special Assistant to Romero] ´´War Zone´´ and ´´Bad News´´ in ibidem, January 11 and 14, 1982,

p. 17 and 18, repectively; El Nuevo Dia, May 30, 1983, p. 2; and San Juan Star, November 12, 1983, p. 2.

133) Romero, ´´... The Case for Statehood,´´ op.cit., pp. 72-75. The Romero Administration supported the U.S. military activities in the region; see San Juan Star, February 2, 1983, p. 1.; ibidem, September 23, 1982, p. 6; El Nuevo Dia, August 17, 1983, p. 5; San Juan Star, April 29, 1983, p. 3.

134) Romero, ibidem, p. 67; and ´´Statehood for Puerto Rico,´´ op.cit., p. 6. Also, George McDougall, ´´Puerto Rico: On Letting the People Decide,´´ Worldview, 21:11 (November 1978), p. 11-12; and Baltasar Corrada del Rio, ´´Puerto Rico Should Become the 51st State,´´ Chicago Sun-Times, January 11, 1979, Editorial page.

135) 1976 NPP Program in Reece B. Bothwell, ed., Puerto Rico: Cien años de lucha política (Rio Piedras, P.R.: Editorial Universitaria, 1979), vol.I, pt.2, p. 1293.

136) Romero, ´´...The Case for Statehood,´´ op.cit., p. 77.

137) 1976 NPP Program in Bothwell, op.cit., pp. 1300-1307.

138) ´´CRB: El status no es el issue de la campaña,´´ El Mundo, October 13, 1976, p. 1A.

139) Ibidem, October 20, 1976, pp. 10-11A.

140) ´´Romero: Hay que continuar con ELA mientras pueblo no pida estadidad,´´ ibidem, October 23, 1976, p. 10C.

141) Ibidem, October 13, 1976, p. 12C; ibidem, October 17, 1976, p. 16C. ibidem, October 18, 1978, p. 1A. This "populist" image was also presented in the electoral propaganda; see Comite Carlos ´76, Carlos Romero Barceló... el hombre, el amigo, el político (NP: Comité Campaña Carlos ´76, 1976).

142) Aline Frambes Buxeda and Israel River Ortiz, ´´Distribucion de la propiedad entre los dirigentes de los partidos políticos puertorriqueños,´´ part I, Homines 2:1 (August-December 1978), pp. 17-30.

143) Juan A. Ríos Vélez, ´´Análisis del diseño de la rama ejecutiva para determinar el tipo de gobierno que se quiere implantar´´ (M.A. Thesis, Public Administration, University of Puerto Rico, 1981), pp. 47 and 52.

144) Claridad, September 11-17, 1981, p. 10.

145) Romero´s first EDA Director, Manuel H. Dubón, was a corporationist lawyer (tax law), and his successor, José R. Madera, came from the banking sector (Citibank); the current Secretary of the Treasury, Carmen A. Culpeper, also came

from the banking sector (Citibank), as well as PRIDCO´s first president under Romero, Enrique Rodríguez-Negrón (Bank of America, Banco Popular, Swiss Bank) and his successor Eugenio H. Fontanes (Citibank, Banco Crédito y Ahorro Ponceño. Also from the banking sector are Mariano Mier, former President of the Government Development Bank (Banco Popular); Luis S. Montañez, Director of the Bureau of the Budget (Banco de San Juan); Ivar Pietri, Special Assistant to Romero and later Vice-president of the GDB (Citibank); and Neil Montilla, current President of PRIDCO (Citibank). Nelson Famadas, currently Chairman of the Governor´s Economic Advisory Council, was a partner in a financial consultant firm; his predecessor, Bertram Finn, before with EDA, now is Vice-president of A.G. Becker of Puerto Rico.

146) Carlos Romero Barceló, Mensaje del Honorable Gobernador de Puerto Rico a la Octava Asamblea Legislativa en su Primera Sesion Ordinaria, February 24, 1977. (San Juan, Administracion de Servicios Generales, 1977), p. 25-26.

147) Forjando el futuro, pp. 123-133.

148) Carlos Romero Barceló, Speech Delivered Before the Puerto Rico Manufacturers Association, October 22, 1977, p. 3.

149) The PRMA demanded the return to total tax exemption, while the Romero Administration strongly oppposed the proposal. See San Juan Star, September 26, 1982, pp. B2 and B7; and El Mundo, November 14, 1982, p. 3A.

150) ´´Ley de Incentivos Industriales de 1978,´´ Leyes de Puerto Rico 1978 (Octava Asamblea Legislativa). (Hato Rey, P.R.: Equity de Puerto Rico, 1979), p. 59.

151) ibidem. Also, ´´The 1978 Industrial Incentives Program,´´ in Puerto Rico Business Review (Special Supplement-February 1979).

152) New EDA-promoted firms have declined from 196 to 170 between 1977-78 to 1980-81; "non-local" firms have declined from 116 to 70 durign the same period. See El Nuevo Día, January 31, 1982, p. 4.

153) San Juan Star, November 5, 1982, p. 6.

154) Fred H. Martínez, ´´June 2 Marks Industry Anniversary Incentive Act´´ and ´´Service Industry Tax Exemption: Trials and Tribulations,´´ ibidem, May 16 and 23, 1982, p. B3 and B5, respectively.

155) Ibidem, July 12, 1983, p. 16.

156) El Nuevo Día, December 4, 1982, p. 27.

157) San Juan Star, November 23, 1981, pp. 1 and 14.

158) Bertram Finn, ''U.S. Tax Cuts Can't Match Allure of P.R. Exemptions,'' ibidem, September 6, 1981, p. B3; also, ''Signs Point To Possible Recession Recovery,'' ibidem, June 6, 1982, p. B6; and ''Boost Tax Exemption to Regain P.R. Edge,'' ibidem, October 23, 1983, p. B3.

159) Ibidem, February 20, 1983, p. 1.

160) Romero in Forjando el futuro, pp. 148-156; and ''Governor Announces Economic Stimulus Program,'' Puerto Rico Business Review 2:5 (May 20, 1977), pp. 1-3.

161) 1983 figure from Puerto Rico Business Review 8:7-8 (July-August 1983), p. 38. The corporations benefiting the most from this program are Abbot, Squibb, PPG, Bristol, Cyanamid, Merck, Sharp and Dome, Pfizer, Upjohn, Union Carbide, i.e., pharmaceuticals and petrochemicals; also Pepsi, Frito-Lay, Prime Computers, Wang, Star Kist, Weinthrop Labs, Sykes Datatronics, and others. See ibidem, 6:6 (June 1981), pp. 1 and 9; ibidem, 5:3 (March 1980), pp. 1 and 15; San Juan Star, June 16 and 17, 1982, p. 26 and 36, respectively; Ibidem, November 24, 1982, p.22; El Nuevo Dia, March 31, 1982, p.72, and July 9, 1982, p.50.

162) Informe economico al Gobernador 1982, p. A26.

163) Dateline...Puerto Rico, U.S.A. (March-April 1981), p. 6.

164) Resident Commissioner Baltasar Corrada del Rio demanded the extension of the provisions of the Kemp-Garcia bill to Puerto Rico; EL Nuevo Dia, April 18, 1981.

165) Bertram Finn, ''Need to Redirect Development is Urgent,'' San Juan Star, August 7, 1982, p. S2; José Madera, ''Strategies Should be Continually Reviewed,'' ibidem, September 29, 1983, p. S30; and comments by Nelson Famadas, economic advisor to Romero, in El Nuevo Dia, June 11, 1983, p. 9.

166) Bertram Finn, ''Puerto Rico Needs Broader Growth Policy,'' San Juan Star, May 15, 1983, p. B3. Also by Finn, ''New Federal Year--The Bucks Stop Here,'' ibidem, October 4, 1981, p. B9; and ''P.R. Economic Integration Came at Bad Time,'' ibidem, October 30, 1983, P. B5.

167) Interview with Madera in ibidem, August 28, 1983, p. B1.

168) Comments by Madera in El Nuevo Dia, May 25, 1983, p. 74; San Juan Star, July 5, 1983, p. 1; and interview with

Famadas in ibidem, September 18, 1983, p. B2.

169) Puerto Rico received $200 million in military contracts during 1982; San Juan Star, November 5, 1982, p. 20; ibidem, November 3, 1983, p. 23; El Nuevo Dia, June 22, 1983, p. 4. The rationalization for this policy is found in George McDougall, ´´Eating From the Military Pie,´´ San Juan Star, July 12, 1983, p. 14.

170) Ibidem, October 23, 1983, p. B1.

171) Ibidem, October 29, 1981, p. 21; ibidem, September 19, 1982, p. B1; ibidem, June 5, 1983, p.B1, 8.

172) Carlos Romero Barceló, Mensaje del Honorable Gobernador de Puerto Rico a la Octava Asamblea Legislativa en su Primera Sesion Ordinaria, February 24, 1977. (San Juan: Administracion de Servicios Generales, 1977), p. 30; Romero, Forjando el futuro, pp. 59-76; El Mundo, April, 9, 1977, p. 14A.

173) ´´Plans for a Modern Agricultural Industry in Puerto Rico,´´ Puerto Rico Business Review (February 1978-Special Supplement), p. 1.

174) San Juan Star, November 5, 1981, p. 6; ibidem, August 18, 1982, p. 10; ibidem, September 25, 1983, p. B8; El Nuevo Dia, January 19, 1983, p. 11; ´´P.R. Experiment Yielding Crops,´´ Dateline... Puerto Rico, USA (September-October 1980), p. 27-28.

175) San Juan Star, October 17, 1982, p. B1; ibidem, April 18, 1982, p. B1; ibidem, March 10, 1983, p. 3; ibidem, July 23, 1983, p. 2.

176) Ibidem, September 14, 1981, p. 1; ibidem, January 9, 1983, p. 1; ibidem, March 11, 1983, p. 3.

177) El Nuevo Dia, January 19, 1983, p. 11.

178) El Mundo, March 16, 1982, p. 1A; ibidem, April 18, 1982, p. 1; Bertram Finn, ´´P.R. Could Reap Big Gains Under Carib Plan,´´ San Juan Star, March 7, 1982, p. B7.

179) San Juan Star, July 22, 1983, p. 32. Also El Nuevo Dia, October 4, 1981, p. 2; ibidem, March 4, 1982, p. 72; El Nuevo Dia, April 12, 1983, p. 23.

180) El Nuevo Dia, March 4, 1982, p. 72.

181) El Nuevo Dia, March 28, 1982, p. 2.

182) Speech by Carlos Romero Barceló before the Caribbean Business, Trade, and Development Conference in Miami,

reproduced in Puerto Rico Business Review 3:1 (January 1978), p.1.

183) San Juan Star, October 4, 1981, p. 16; El Nuevo Dia, March 17, 1983, p. 118; San Juan Star, February 27, 1983, pp. B1, 6; ibidem, August 28, 1983, p. B3.

184) Jerry de Moss, ''Haiti...Emerging as an ideal 'Twin Plant' Site for...Puerto Rico,'' San Juan Star, August 21, 1983, p. B1.

185) Among others, Qume, Digital, Power Parts Sigma, Dwyer Instruments, GTE Sylvania, Masco, and Wellmach in Haiti; Inter, and Playtex in Barbados; Bristol in the Dominican Republic; General Electric, Honeywell, and Applied Magnetics in the Eastern Caribbean islands; and several others in Jamaica. See San Juan Star, February 27, 1983, P. B1, 6; ibidem, August 21, 1983, p.B1.

186) Ibidem, September 11, 1982, p. 21; El Nuevo Dia, May 24, 1983, p. 54; San Juan Star, December 8, 1981, p. 27.

187) El Mundo, September 2, 1980, p. 16A; ibidem, March 27, 1981, p. 3A; El Nuevo Dia, June 5, 1981, p. 24; ibidem, September 25, 1983, p. 44.

188) El Nuevo Dia, August 25, 1982, p. 72; San Juan Star, May 22, 1983, p. B1; ibidem, August 11, 1983, p. 3.

189) EDA stressed that those already participating in the program include "a number of the top 50 corporations in the Fortune 500 Directory. All of them are actively engaged in emplementing plans for overseas operations from Puerto Rico..." In ''Fomento's Export Service Program Geared Up for Continued Success as Caribbean Basin Plan Unfolds,'' Puerto Rico Business Review 6:9 (September 1981), p. 17-18.

190) San Juan Star, October 31, 1981, p. 3; ibidem, February 6, 1982, p. 6; El Nuevo Dia, June 17, 1982, p. 16; San Juan Star, May 31, 1983, p. 3.

191) San Juan Star, August 11, 1983, p. 36; El Nuevo Dia, July 4, 1983, p. 19.

192) ''The Skier Stumbles,'' The Nation, January 15, 1977, p. 36; ''Puerto Rico the 51st State?,'' The New Republic, July 21, 1977, pp. 12-14.

193) U.S. Congress. House of Representatives. Puerto Rico Statehood Act of 1977: Communication From the President of the United States Transmitting a Draft of Proposed Legislation to Enable the People of Puerto Rico to Form a Constitution and State Government, to be Admitted into the Union, and for other purposes. 95th Congress, 1st Session,

House Document no.95-49.

194) Romero, Forjando el futuro, pp. 148-231 for the several speeches in favor of statehood during 1977, aimed primarily at the American public.

195) Puerto Rico, U.S.A.: A Political History, p. 22.

196) See Juan M. Garcia Passalacqua, "United States and Puerto Rican Political Parties--Organizational Links and Their Effect on U.S.-P.R. Relations," paper delivered at the Workshop on "The United States and Puerto Rico," organized by the Latin American Program of the Woodrow Wilson International Center for Scholars, Washington, D.C., April 16-18. 1980.

197) New York Times, March 17, 1980, p. A1; and ibidem, February 19, 1980, p. A16.

198) Ronald Reagan, ´´Puerto Rico and Statehood,´´ Wall Street Journal, February 11, 1980, p. 20; San Juan Star, September 28, 1981, p. 1; ibidem, June 30, 1982, p. 6; ibidem, February 11, 1983, p. 3; ibidem, October 31, 1983, p. 3.

199) El Mundo, October 14, 1980, p. 1A; ibidem, October 24, 1980, p. 15A; ibidem, August 27, 1980, p.10C; ibidem, September 10, 1980, p. 1A; the PDP-PSP alliance was one of the important issues in the NPP propaganda, e.g., ibidem, July 22, 1980, p. 10C. For the 1980 NPP program see Partido Nuevo Progresista, Programa del Partido Nuevo Progresista para el cuatrenio 1981-84 (Hato Rey, P.R.: Ramallo Bros., 1980?). An analysis of the 1980 elections appears in Harold Lidin, ´´Puerto Rico´s 1980 Elections: The Voters Seek the Center,´´ Caribbean Review 10:2 (Spring 1981), pp. 28-31; and Alines Frambes Buxeda, ´´Economia, publicidad y comicios de 1980 en Puerto Rico,´´ Homines 5:1-2 (January-December 1981), pp. 67-101.

200) See Lidin, ibidem; and Frambes, ibidem.

201) San Juan Star, July 28, 1981, p. 1; on the "Carlista" faction see from the prominent NPP founder Francisco R. Gonzalez, ´´El grupo de los 25,´´ El Mundo, February 15, 1982, p. 7A; for the dissatisfaction with Romero already by 1981 see El Nuevo Dia, May 3, 1981, p. 4, and San Juan Star, August 31, 1981, p. 1.

202) El Nuevo Dia, June 9, 1981, p. 6.

203) El Nuevo Dia, July 1, 1981, p. 32; San Juan Star, July 4, 1982, p. 1; ibidem, July 12, 1982, p. 6; El Mundo, January 20, 1983, p. 6A.

204) El Nuevo Día, July 5, 1981, p. 4.

205) El Nuevo Dia, October 1, 1981, p. 39; Jose Granados Navedo, ´´Un problema colonial,´´ ibidem, November 4, 1981, p. 37; ibidem, July 7, 1982, p. 3; Julius R. Leiman, ´´65th Anniversary of Active Colonialism,´´ San Juan Star, August 4, 1982, p. 18.

206) La Democracia was characterized by its strident anti-communism, its rabid attacks on the PDP, and the die-hard defense of the NPP and Romero. It defined itself as the representative of the "moral majority" in Puerto Rico. The paper was published for less than a year.

207) San Juan Star, March 22, 1982, p. 3; El Nuevo Dia, March 11, 1982, p. 3.

208) San Juan Star, August 2, 1981, p. 1; ibidem, October 13, 1981, p. 3; ibidem, October 26, 1981, p. 12; for the NPP Mayors´ support for Romero see El Nuevo Dia, May 7, 1981, p. 5, and ibidem, March 28, 1982, p. 3.

209) San Juan Star, September 4, 1981, p. 1.

210) San Juan Star, September 30, 1981, p. 3; ibidem, January 13, 1982, p. 1.

211) Ibidem, November 14, 1982, p. 3;and ibidem, November 15, 1982, p. 1.

212) Ibidem, November 19, 1982, p. 1; ibidem, December 2, 1982, p. 3; ibidem, February 28, 1983, p. 3.

213) Ibidem, December 4, 1982, p. 3; ibidem, December 9, 1982, p. 1; ibidem, February 6, 1983, p. 1; ibidem, January 30, 1983, p. 2; El Nuevo Dia, February 1, 1983, p. 4.

214) Ibidem, September 3, 1982, p. 1; ibidem, September 25, 1982, p. 1.

215) San Juan Star, November 18, 1983, p. 2; El Nuevo Dia, September 6, 1983, p. 3.

216) Romero Barceló, ´´Por el bien de nuestra causa y el bien de Puerto Rico,´´ op.cit., p. 8-9.

217) ´´Declaración de Loíza,´´ op.cit., p. 23.

218) El Nuevo Dia, March 4, 1983, p. 10; ibidem, March 21, 1983, p. 2-3; San Juan Star, April 29, 1983, p. 34.

219) El Nuevo Dia, March 14, 1983, p. 28; ibidem, March 17, 1983, p. 6; ibidem, March 19, 1983, p. 4; ibidem, April 19, 1983, p. 13; ibidem, May 4, 1983, p. 3; ibidem, June 11,

1983, p. 5; ibidemR, July 28, 1983, p. 5; ibidem, August 8, 1983, p. 2; El Mundo, September 13, 1983, p. 3A; ibidem, September 26, 1983, p. 30; San Juan Star, April 8, 1983, p. 26; ibidem, May 12, 1983, p. 3; ibidem, November 4, 1983, p. 3; ibidem, November 22, 1983, p. 3.

220) Fernando Picó, ´´You´ve Got to be Taught,´´ San Juan Star, June 28, 1982, p. 18; ibidem, November 22, 1982, p. 3; ibidem, September 24, 1982, p. 1.

221) On EDA-related politics see the several articles by Harry Friedman in San Juan Star, January 17, 18, and 19, 1982, p. 1, respectively. Also, on EDA discrimination against the PDP municipalities see El Nuevo Dia, September 12, 1982, p. 22.

222) H. Lidin, op.cit., p. 28.

223) San Juan Star, September 21, 1981, p. 3; ibidem, March 11, 1982, p. 3; ibidem, July 14, 1983, p. 3; ibidem, August 26, 1982, p. 3.

224) The best analysis and summary of the Maravilla case is found in the articles by Manny Suarez in San Juan Star, November 24, 25, 26, 27, and 28, 1983, p. 1 respectively. One of the earliest questioning of the official version was the study by Ana Livia Cordero (with Jose Gonzalez), ´´Cerro Maravilla: Estudio del Informe del Departamento de Justicia,´´ Revista del Colegio de Abogados de Puerto Rico 40:3 (August 1979), pp. 337-413.

225) On Romero and the NPP´s attacks on the Senate Maravilla hearing see Carlos Romero Barcelo, Mensaje del Gobernador sobre el Caso Cerro Maravilla (Televised Speech, September 24, 1980, published by La Fortaleza); and George McDougall, ´´Unholy Alliance,´´ San Juan Star, June 30, 1983, p. 34, on the PDP-PSP alliance behind the Senate probe; ibidemR, June 18, 1983, p. 3; El Mundo, September 12, 1983, p. 3A; ibidem, September 26, 1983, p. 2. The Federal Court in Puerto Rico supported the Romero Administration in trying to prevent the hearings, El Nuevo Dia, July 12, 1983, p.3; while the U.S. Court of Appeals upheld the Senate´s right to hold the heariings, in San Juan Star, September 7, 1983, p. 1. Police persecution of those involved in the Senate investigation was made public during thehearings as well as Romero´s support for the police actions,in El Nuevo Dia, September 27, 1983, p. 5, and San Juan Star, October 30, 1983, p. 2.

226) El Nuevo Dia, October 26, 1983, p. 4-5; and San Juan Star, November 25, 1983, p. 3. Opposition sectors raised the possibility of a possible Romero impeachment; e.g., Juan M. García Passalacqua, ´´Impeachment,´´ San Juan Star, October 31, 1983, p. 17.

227) El Nuevo Día, November 27, 1983, p. 5.

228) San Juan Star, October 1, 1983, p. 1; and ibidem, October 15, 1983, p. 3.

229) Ibidem, January 13, 1983, p. 6; El Nuevo Día, February 25, 1983, p. 2; ibidem, October 16, 1983, p. 3.

230) San Juan Star, February 28, 1983, p. 1; ibidem, March 17, 1982, p. 1. See also the articles by Juan M. García Passalacqua, ´´Politics of Unemployment,´´ ibidem, April 25, 1983, p. 31, and ´´The Issue of Corruption,´´ ibidem, January 27, 1983, p. 31.

231) Ibidem, July 8, 1983, p. 1, on the accusations against the Secretary of the Department of Drug Addiction for fraud and malfeasance of funds. Also ibidem, June 29, 1983, p. 3; and ibidem, May 17, 1983, p. 3.

232) Ibidem, March 19, 1982, p. 1; and El Nuevo Día, April 29, 1983, p. 6.

233) El Nuevo Dia, January 8, 1983, p. 2; ibidem, July 23, 1983, p. 2; ibidem, September 18, 1983, p. 3.

234) J.M. García Passalacqua, ´´The Issue of Corruption,´´ op.cit.

235) El Nuevo Día, May 23, 1983, p. 3; San Juan Star, August 8, 1983, p. 2; ibidem, November 17, 1983, p. 3.

236) See El Nuevo Día, January 30, 1983, p. 16; and George McDougal, ´´Washington´s Candidate,´´ San Juan Star, July 6, 1983, p. 16.

237) ´´El país en el limbo,´´ Editorial, El Nuevo Día, March 8, 1981, p. 2.

238) ´´En camino hacia la recuperación,´´ ibidem, May 30, 1982, p. 7.

239) ´´Un alto en el camino,´´ ibidem, December 10, 1981, p. 46. Also, Antonio L. Ferré, ´´Pan, paz y palabra,´´ ibidem, October 26, 1983, p. 6-7.

240) El Mundo, January 12, 1982, p. 8B, for the comments on this issue by the President of the Chamber of Commerce; Hector Jimenez Juarbe (President of PRMA), ´´Quick, Concerted Action Cannot be Postponed,´´ San Juan Star, September 24, 1982, p. 5-6; also El Nuevo Día, July 17, 1983, p. 73, where the Chamber of Commerce announced the creation of the Commission for the Integral Development of Puerto Rico to study the solutions to the socio-economic crisis of the Island; and ibidem, September 25, 1982, p. 20.

241) Comité para el Desarrollo Economico de Puerto Rico, La crisis economica de Puerto Rico.

242) ´´The No-Status Party,´´ San Juan Star, October 6, 1981, p. 15; and also from Archilla, ´´The Status Syndrome,´´ ibidem, December 19, 1981, p. 2.

243) Ibidem, August 19, 1982, p. 3; ibidem, October 2, 1982, p. 3; ibidem, November 15, 1982, p. 3; ibidem, March 12, 1983, p. 1; and El Nuevo Día, June 1, 1983, p. 2-4.

244) El Nuevo Día, June 2, 1983, p. 2-3; ibidem, June 3, 1983, p. 4; ibidem, October 26, 1983, p. 4-5; ibidem, October 27, 1983, p. 5.

245) San Juan Star, December 2, 1981, p. 8; El Nuevo Día, August 24, 1982, p. 5; ibidem, September 23, 1982, p. 14.

246) El Mundo, May 27, 1981, p. 3A; ibidem, November 23, 1981, p. 10C; San Juan Star, February 8, 1982, p. 6; ibidem, October 4, 1981, p. 7; ibidem, October 28, 1982, p. 22.

247) San Juan Star, March 11, 1982, p. 3; ibidem, January 30, 1982, p. 2.

248) El Nuevo Día, March 21, 1983, p. 2-3; ibidem, May 15, 1983, p. 2-3; San Juan Star, July 3, 1983, p. 3; ibidem, July 21, 1983, p. 1; ibidem, July 12, 1983, p. 1; ibidem, July 15, 1983, p. 1; ibidem, July 20, 1983, p. 1.

249) San Juan Star, August 28, 1983, p. 1; ibidem, October, 17, 1983, p. 10.

250) Hernán Padilla, ´´Voto Explicativo del Doctor Hernán Padilla sobre la Declaracion de Loíza,´´ El Nuevo Día, February 28, 1983, p. 15.

251) Ibidem, June 19, 1983, p. 10-11.

252) ´´Voto explicativo del Doctor Hernán Padilla sobre la Declaración de Loíza,´´ op.cit.

253) San Juan Star, March 2, 1982, p. 3.

254) Ibidem, June 19, 1983, p. 5; ibidem, May 5, 1983, p. 1; El Nuevo Día, August 1, 1983, p. 4.

255) Talk by Dr. Hernán Padilla, School of General Studies, University of Puerto Rico, October 21, 1983.

256) El Nuevo Día, October 3, 1983, p. 4. Also, Partido de Renovación Puertorriqueña, Plataforma política (San Juan: Partido de Renovacion Puertorriquena, 1983), p. I.

257) Hernán Padilla, ´´Hernán Padilla Explains His Objectives,´´ San Juan Star, September 6, 1983, p. 16. Also, El Nuevo Día, July 22, 1983, p. 2; Hernán Padilla, Speech Before the Association of Food Wholesalers, Importers,and Retailers of Puerto Rico, August 25, 1983, pp. 2-4; and Abidam Archilla, ´´Status Polarization,´´ San Juan Star, February 9, 1983, p. 18; and PRP, Plataforma política, p. I.

258) El Nuevo Día, March 24, 1983, p. 12; San Juan Star, July 19, 1983, p. 2. Also, PRP, Plataforma política, pp.I-II.

259) Padilla, Talk, UPR, op.cit. Also, Abidam Archilla, ´´Tangles of Corruption,´´ San Juan Star, October 1, 1983, p. 14; and Judith Luciano, ´´Gobierno interino,´´ El Nuevo Día, September 8, 1983, p. 31. Ms Luciano is Press Secretary of the PRP.

260) San Juan Star, October 19, 1981, p. 3. Also, El Nuevo Día, October 28, 1983, p. 108.

261) Padilla, ´´Padilla Explains His Objectives,´´ op.cit. Also, Hernán Padilla, Speech Before the Association of Public Accountants of Puerto Rico, September 10, 1983, pp. 11-13. Also, PRP, Plataforma política, p. 3.

262) El Nuevo Día, March 28, 1983, p. 18; San Juan Star, October 26, 1983, p. 14.

263) El Nuevo Día, August 26, 1983, p. 6; and PRP, Plataforma política, p. 11.

264) El Mundo, June 27, 1983, p. 7A; and PRP, Plataforma política, pp. 27-33.

265) Hernán Padilla, Speech Before the Puerto Rican Teachers Association, December 27, 1983; El Nuevo Día, June 18, 1983, p. 9; and ibidem, September 23, 1983, p. 12.

266) El Nuevo Día, October 25, 1983, p.2-3.

267) El Nuevo Día, March 4, 1983, p. 10; San Juan Star, May 30, 1983, p. 3; ibidem, July 30, 1983, p. 14; ibidem, August 19, 1983, p. 3; ibidem, September 15, 1983, p. 18.

268) See the interesting comments in this regard by PRP leader Francisco González, ´´En busca de líderes,´´ El Nuevo Día, October 27, 1983, p. 49.

269) See ibidem, August 6, 1983, p. 2; San Juan Star, June 19, 1983, p. 2; Juan M. García Passalacqua, ´´The Renewal Party,´´ ibidem, August 31, 1983, p.31; ibidem, July 15, 1983, p. 3; El Nuevo Día, September 13, 1983, p. 2.

CONCLUSION

The Statehood Movement in Puerto Rico

Several days after the November 1984 elections, the pro-statehood El Nuevo Día published the results of an electoral opinion exit poll with a front page headline that read: "Anti-Romero Voting in the Elections." The main revelation of the poll was that most of the "undecided-independent" vote went to the Popular Democratic Party candidate, Rafael Hernández Colón, as a sign of this voter bloc's antipathy for the New Progressive Party candidate Carlos Romero Barceló.[1] Hernández Colón became governor, defeating Romero Barceló by a margin of 50,000 votes; over a million and a half votes were cast. The PDP also won the majority in both houses of the Legislature and 58 of 78 municipal governments.[2] The El Nuevo Día poll also revealed that two crucial issues in the anti-Romero voting were his administration's corruption and handling of the Maravilla case, and the emphasis on statehood as the main electoral campaign issue. Nevertheless, Romero received 44 percent of the vote for governor and the NPP retained its hold over some of the major cities, including the capital, San Juan. The poll's implication was that the NPP obtained 44 percent of the vote in spite of Romero and because of the party's defense of statehood. The general conclusion of the post electoral soul-searching among the NPP leadership, including

former Romero allies, is that the party needs to be reorganized, without the former governor. The prevailing theme for this reorganization is the need to strengthen the defense of statehood as the party's main goal.[3]

As the 1984 elections show, statehood is still an important issue in Puerto Rican politics. Statehood became the dominant issue for the NPP in 1984 because it was the only available means to mobilize popular support. Although a scientific study of the election remains to be done, and the data are scant, it seems that the NPP maintained its basis of support in the low-income and poor-marginal segments of the population[4]; the NPP presented itself as the supreme protector of statehood in Puerto Rico, with all that this implies: federal programs, federal entitlements, citizenship, etc.

To say that statehood is an important issue in Puerto Rican politics or that the statehood party attracts widespread popular support is not to say that Puerto Rico will become a state or even that the statehood movement will remain a major political force on the island. At the turn of the century, immediately after the United States occupied the island, both major parties supported statehood. But in reaction to the colonial regime implanted by the United States, the Union Party, the dominant political force for nearly three decades, rejected statehood as an alternative for Puerto Rico. Even the Republican Party, the principal supporter of statehood during the first decades, toyed with

independence as an alternative in the event that the United States proved unwilling to integrate the island to the federation. During the early 1920´s, a form of autonomist government, the so-called "Free Associated State" (the philosophical precursor to the Commonwealth) gained support among the major parties. Independence was the predominant political option of the thirties, and even the Republicans publicly supported it. By the late forties, the PDP, born under the banner of independence for Puerto Rico, was successfully promoting an autonomist formula that culminated in the formation of the Commonwealth. But by the mid-sixties the statehood party was challenging the Commonwealth at the polls; the 1967 plebiscite showed the extent of popular support for statehood, and one year later the pro-statehood NPP won the elections. Since then the NPP and the pro-Commonwealth PDP have struggled for supremacy in Puerto Rican politics. Statehood has not been able to attract a decisive majority of the population, which is needed to demand entrance to the American federation. The foreseeable future promises more of the same, barring radical changes in Puerto Rico and in the United States.

These political movements and status ideologies cannot be taken at face value; they are not self-explanatory. As argued throughout the study, the key to understanding of the statehood movement and discourse, and its evolution, is to analyze it within the framework of the dominant socio-economic and political structures, and in the context of the

conflicts between different social classes and groups. The movement itself has not been monolithic; it has comprised various social forces competing against each other and presenting conflicting statehood programs.

Nineteenth Century Annexationism. As argued in Chapter II, the origins of the statehood movement have to be traced back to the annexationist tendencies during the second half of the nineteenth century, when the island was under the Spanish colonial regime. The annexationist tendencies during this period were a reaction to the Spanish political and economic colonial structures. Trade and finance were monopolized by Spaniards with the support of the colonial state, which also imposed restrictive barriers to the export of Puerto Rican products, mainly sugar, and excluded Creoles from participation in the state apparatus. It was among those most affected by the Spanish colonial regime--the sugar growers, some coffee growers and merchants with ties to the American market, and some professionals--that annexationist sentiment emerged in the late nineteenth century. The political basis of the Republican Party--the most adamant supporter of statehood after the U.S. invasion--is found in the program of those sectors grouped around the Orthodox Autonomist Party, the most radical opposition to the Spanish regime within the creole autonomist movement.

Consolidation of the Statehood Movement. The U.S. invasion and occupation of Puerto Rico drastically transformed the island's society. As argued in Chapter III, the

imposition of the colonial state and the expansion of American capital--a process abetted by the Republican Party--created the conditions for the organization and consolidation of the Puerto Rican statehood movement. Those sectors grouped around the Republican Party--the sugar bourgeoisie and commercial and professional petty-bourgeoisie--became strong supporters of statehood and of the U.S. presence in Puerto Rico. The Republican bourgeois and petty bourgeois sectors, particularly the sugar bourgeoisie, benefitted fron the expansion of the sugar economy in the early decades of the century. They were promoters as well as beneficiaries of the economic integration of Puerto Rico to the United States. The growth of the sugar economy and the expansion of capitalism under the hegemony of American capital weakened economically and poltically the Puerto Rican landowners, particularly the coffee hacendados who, organized under the Union Party, led the opposition to the U.S. regime. The expansion of the capitalist sugar plantation and the urban centers stimulated the growth of a working class, which was organized under the Socialist Party. Political conflict during the early decades of the century centered on the organizations of these social classes and groups: the Republican, Union, and Socialist Parties.

The Republican´s support for the U.S. economic and political regime in Puerto Rico has to be understood within the framework of what I have termed the "Republican project." Its goal was the total transformation of Puerto Rican

society through the absorption of the political, economic, social, and cultural institutions of the United States. This program was to be achieved through the entrance of Puerto Rico to the American federation, as a state. Statehood, according to the early Republicans, would also provide the leading sectors of the Republican Party with control over local affairs; that is, it would allow them to become the dominant local sector in Puerto Rican society. By the mid-1920's, the leading sectors of the Republican Party clashed over their positions regarding the colonial regime and an alliance with the working class. The Republican project was undermined by the colonial regime, which prevented the local sectors from exercising any real power; the unbridled control of American capital over the island's "sources of wealth"; and the growing class conflicts. This led to the rupture of the Republican Party in 1924 and the respective alliances of its leading sectors with other parties, the sugar bourgeoisie with the Unionists and the petty bourgeoisie with the Socialists. The rupture of 1924 and the subsequent realignment represents the beginning of the crisis of Republicanism.

The Crisis of the Statehood Movement. Chapter IV argued that the crisis of the statehood movement from the mid-1920's to the early fifties was symptomatic of the larger socio-economic and political crisis in Puerto Rico. The crisis of the sugar economy after the thirties undermined the social and political stability of the island. This

prompted a movement for reforms, coming both from Puerto Rico and from the United States. The federal government transferred the New Deal programs to the island to provide social stability; and U.S. war-related funds stimulated the local economy during the forties. On the island, social and economic reform was promoted by the rising Popular Democratic Party and the Tugwell Administration, which implemented a series of reforms that eventually allowed for the formation of the Commonwealth and the industrialization program, Operation Bootstrap. These reforms, and the ascendancy of the PDP--which was characterized by the opposition as socialistic and pro-independence--were perceived by the Republican bourgeoisie as threatening to their economic and political power.

The socio-economic and political transformations of the thirties and forties were reflected in the statehood movement. Republicanism, under the leadership of the decandent sugar bourgeoisie, became a movement of opposition to social change. Statehood lost its early idealist content; the old Republican project, based on the attempt to transform Puerto Rican society, gave way to an extremely conservative program. Although the statehood program acquired a defensive and conservative character, new concepts were introduced to it that remained as crucial components of the statehood discourse for decades to come; among the most important of these were the concepts of "citizenship as the gateway to statehood" and of statehood as the only guarantee of

equality within the American federation. The formation of the Partido Estadista Republicano (PER-Republican Statehood Party) in the early fifties, under the leadership of the sugar and industrial bourgeoisie, represents the beginning of the transition period of the statehood movement.

The Statehood Movement in Transition. The period of transition, from the formation of the PER in 1952 to the electoral victory of the NPP in 1968, is characterized by a new statehood program under the leadership of new leading sectors, with a new social constituency. As argued in Chapter V, these changes have to be related to the transformation of Puerto Rican society during the period. The rise in statehood fervor parallels the beginning of the economic and political deterioration of the Commonwealth. Politically, the Commonwealth served to legitimize both the colonial relationship with the United States and the hegemony of the leading sectors of the PDP over local affairs. Economically, the Commonwealth provided the political shell for the expansion of industrial capitalism under Operation Bootstrap--an attempt to industrialize Puerto Rico with American capital attracted by means of incentives and subsidies provided by the state (e.g.,tax exemptions, cheap labor, common market, cheap services, etc). Moreover, the legitimacy of the Commonwealth was called into question by the growth of the statehood and independence movements in Puerto Rico and, in the United States, by the refusal of the American government to grant the Commonwealth more powers or

to recognize Commonwealth as a permanent status, instead granting equal recognition to statehood and independence. After the mid-1960's, the Commonwealth industrialization program failed to solve the unemployment problem, or to maintain a rising rate of economic growth and standard of living. The Commonwealth increased the economic integration of Puerto Rico to the United States and the integration of the state apparatus to the American state, diminishing its capacity for autonomous action.

The consolidation of industrial capitalism provided for the growth of a Puerto Rican industrial bourgeoisie, which saw in statehood the only means to guarantee the reproduction of capitalism on the island. This local industrial bourgeoisie also opposed Commonwealth because it maintained the colonial subordination of the island and because its industrialization program was attracting American competitive capital that threatened their position within the local market. The local industrial bourgeoisie, represented in the figure of Luis Ferré, presented a new statehood program which I have termed the "program of redemption."

The Politics of Redemption. The "program of redemption" sought to preserve capitalism in Puerto Rico through social reforms which would provide economic stability by mitigating class conflicts and strengthening local capital; political stability would result from the island's entrance to the American federation. The local industrial bourgeoisie in alliance with middle sectors successfully challenged the

leadership of the sugar bourgeoisie in the statehood movement; they presented a new statehood program that was able to attract popular support. Thus the formation of the NPP opened a new period in the development of the statehood movement.

The contemporary statehood movement, which can be traced back to the NPP electoral victory in 1968, is characterized by popular support, the presentation of a viable and radical statehood program, and its use of the Commonwealth government to promote statehood. The massive support for statehood comes from the increasing ties of much of the population with the American state, which intensified with the increasing economic and political integration of the Commonwealth to the United States, including massive federal subsidization of much of the population and of the local government.

As discussed in Chapter VI, the most relevant element of the first NPP administration was the attempt to implement Ferré´s program of redemption, seeking economic and social reforms and trying to redefine the economic role of American capital in Puerto Rico. The Ferré Administration promoted policies that furthered the island´s political integration to the United States, a crucial requisite to political stability, including the presidential vote and, with greater success, the transfer of federal programs to the island. The rise in labor unrest, the political polarization between statehood and independence sectors, and the increase in

unemployment weakened Ferre´s goal of promoting social stability and also led to the NPP 1972 electoral defeat. The failure to attain its purported goals undermined the program of redemption. Another contributing factor to the collapse of this program was the internal schism in the party, which eventually led to a crisis in the NPP after the defeat in the 1972 elections. The organizational disunity and disagreement over the party´s program was resolved by the emergence of a new party leadership under Carlos Romero Barceló. "Statehood now" became the programmatic axis of the NPP.

The Politics of Equality. The rise of Romero Barceló to the party´s helm and the NPP´s electoral victory in 1976 gave life to a new statehood program. The Romero Administration attempted to implement this program during a period of economic crisis, of rising social unrest, and of growing skepticism about the Commonwealth status. American policies since the mid-seventies, such as the Caribbean Basin Initiative and the Section 936 reforms, have undermined the Commonwealth relationship with the United States. The loss of political legitimacy of the Commonwealth and the deterioration of the economy, resulting in increased transfers of federal funds to the island, made statehood a more viable alternative within the United States. In Puerto Rico, sectors of the bourgeoisie have increasingly supported statehood, particularly the financial sector, which became very influential in the NPP and in the government of Romero.

It was within this context that Romero presented the

"statehood as equality" program, which elaborated the conceptions (from the 1940's) of U.S. citizenship as the gateway to statehood and statehood as the only guarantee of equality. In Romero's program, statehood is a right of citizenship, the only means to achieve political and economic equality within the American federation. Romero's statehood strategy departs from the belief that once the people of Puerto Rico decide in favor of statehood, Congress will have to accept this demand as a right of self-determination of the Puerto Ricans. The Romero Administration pursued a strategy aimed at the immediate attainment of statehood. Romero's economic program was an attempt to ease the economic transition to statehood by providing incentives to local and American capital and adjusting the local economy to that of a state. The Romero Administration also promoted statehood in Puerto Rico and in the United States at a level never seen before.

However, the euphoria of the early years of Romero's administration subsided with the U.S. government's reiteration of its policy of support for the status quo in Puerto Rico, as well as the scandals of Romero's government. During his second term, Romero used the issue of statehood to legitimize his position in the party and in the government. The formation of the Partido de Renovación Puertorriqueña (PRP-Puerto Rican Renovation Party) by NPP dissidents represented a challenge to Romero's government and party policies, including the statehood strategy. The PRP was an

attempt to revive the program of redemption within the statehood movement and to present statehood as an alternative of "consensus," to be attained through a gradual process of bargaining.

The Issue of Statehood

Despite the 1984 electoral "setback," the electoral results were more of defeat for Romero Barceló than for the party. The NPP retained its hold over several big cities, including San Juan, Ponce, Bayamón, Cataño, and Guaynabo, which have become party strongholds. Romero's defeat may have been a blessing in disguise for the NPP; with Romero's position weakened, a renovation of the NPP's structure and public image seems to be under way, with the support of the "old man," Ferré, the mayor-elect of San Juan, Corrada del Río, and other former Romero allies. Nevertheless, the revitalization of the statehood party does not guarantee that, in the absence of a clear and vigorous majority supporting statehood, Puerto Ricans will demand statehood in the near future. Other factors, mainly U.S. support for statehood, need to be considered.

Even before the PDP's victory in 1984, supporting the continuation of Commonwealth status, the Reagan Administration has been extremely cautious around Puerto Rico's status issue.[5] This is worth noting because the Reagan Administration originally supported statehood for Puerto

Rico; months before the 1980 elections, Reagan promised statehood for Puerto Rico in the Wall Street Journal.[6] But the Reagan Administration has done less than previous administrations to advance statehood. Although Presidents Kennedy and Johnson ostensibly supported Commonwealth status, they supported the 1967 plebiscite, a watershed event for the contemporary statehood movement. The Nixon Administration expanded the transfer of federal programs and funds to the island, which benefitted the statehood movement. The Ford Administration introduced the Statehood Act of 1977 during the lame-duck presidency; and while it was known to have no chance of passage, it remains the most comprehensive statehood document to date.[7] President Carter institutionalized statehood as an equal alternative to Commonwealth and independence in his 1978 proclamation of self-determination for Puerto Rico; and, he supported the NPP and Romero.[8] The Reagan Administration has done nothing of the sort, and although Reagan and Vice-President Bush have publicly proclaimed estadidad ahora, the administration's policies towards Puerto Rico and the Caribbean have been of no benefit to the island or to the statehood movement.[9] The administration's cuts in federal funds transfers to the island, and even its policies towards Central America and the Caribbean, have not been well received in Puerto Rico, particularly within the statehood movement.

A change in Puerto Rico's status quo is unlikely in the near future. The United States has continued its policy

of support for the status quo; and the two major electoral parties support the current relationship of "permanent union" with the United States. Of these factors, the major impediment to change is the policy of the United States. Since the creation of the Commonwealth, the PDP has attempted to reform the Commonwealth's political structure, through such measures as the Fernós-Murray Bill in the late fifties; the plebiscite in the sixties; and the "New Compact" proposal in the early seventies. But all these proposals were opposed by the U.S. government; consequently, there have been no major changes in Commonwealth status since its creation.

The fate of statehood has not been any better. Statehood became a viable alternative as a result of the crisis of the Commonwealth, beginning in the mid-seventies. But the economic and political "costs" of statehood, ranging from federal funds to the very real possibility of violent opposition to statehood, have rendered it an unattractive solution to the "Puerto Rican problem" as far as the U.S. government is concerned.[10] In the United States, furthermore, statehood as demanded under the estadidad jíbara is widely opposed. The retention of Spanish as an official language; the exemption from paying full federal taxes for as long as twenty years; and the huge federal subsidy needed for the transition to statehood--these demands are met with hostility in the U.S.; they are seen as foreign to the framework of the American federation.

Nevertheless, the fact that statehood will not be an alternative in the near future does not imply that the statehood movement is going to disappear. As this study has shown, the support for statehood reflects certain developments in Puerto Rican society. Those conditions which account for the growth of the statehood movement during the last two decades still exist: the economic and political integration of Puerto Rico to the United States; the personal ties to the U.S. produced by migration (nearly one-third of all people of Puerto Rican descent now live in the United States); and the island's colonial status. This last issue is very important to understand the contemporary statehood movement.

The contemporary Puerto Rican statehood movement is a child of American policies toward Puerto Rico. The American occupation of the island in 1898 created the conditions for the development of a statehood movement. With the granting of U.S. citizenship to Puerto Ricans in 1917, statehood became the demand to exercise the right of citizens to equal treatment by their state. This aspect of the statehood discourse--the most important in the contemporary statehood program--should not be dismissed as mere propaganda. Many opponents have characterized the statehood movement as an historical aberration of the twentieth century, in which the dominant trend has been for the independence of colonial territories; or the statehood movement has been viewed as a consequence of assimilation or of individual economic inter-

ests. This may be true, but this analysis ignores the emotional appeal of the contemporary statehood discourse. In the last two decades, the statehood movement--not the nationalistic pro-independence movement-- has taken hold over the anti-colonialist discourse, as shown by the NPP strength.

The claim by the new breed of pro-statehood intelligentsia that statehood is a solution to colonialism, while debatable, has proven useful for mobilizing popular support, particularly among the young. Most Puerto Ricans today were born as American citizens. And the colonial structure, including the Commonwealth, and Puerto Rico´s integration to American capitalism after World War II, have alienated the island from the rest of Latin America and the Carribbean, politically, socially, economically, and culturally. Although Puerto Rico has a common socio-historical heritage with the Caribbean and Latin America, American structures have come to dominate the island politically and ideologically. Hence Romero´s rhetoric of equality has succeeded by fusing into one program the anti-colonial sentiment with the support for continued ties with the United States. The contemporary statehood program is unique in that it attempts to resolve colonialism not by separating from, but by completely integrating to the United States.

Notwithstanding the material, ideological, and emotional forces supporting the statehood movement in Puerto Rico, statehood would not solve the island´s social and

economic problems, particularly the dire poverty of much of the population, which would remain under statehood.[11] This contradicts one of the central tenets of the contemporary statehood program, which claims that statehood will dramatically increase the flow of federal funds to Puerto Rico, which will raise the standard of living. Contrary to this assertion, even the most sympathetic studies have concluded that the increase in federal funds under statehood would be offset by the increase in federal taxes.[12] Furthermore, the conservative assault on the U.S. welfare state will likely decrease the amount of federal funds the island would receive under statehood.

The statehood movement also argues that statehood will provide the political stability necessary to attract multinational capital--the basis for stable economic growth. The assertion that statehood will led to a greater flow of American capital to Puerto Rico is debatable. Representatives of American industry and government have argued that the major factor in stimulating the movement of capital to Puerto Rico are the subsidies and incentives provided by the federal and local governments, "privileges" that certainly will not be allowed as a state.[13] Puerto Rico could try to compete with other states in the attraction of capital, but the prospects--given the experience of some Northeastern and Southern states--are bleak. Without federal exemptions, with transportation costs, and with a possible increase in the cost of labor, the only incentive that the local government

could offer U.S. capital would be local tax exemptions and subsidies. But these incentives are already provided, and they are less attractive to American capital than federal exemptions. Moreover, these local tax exemptions and subsidies have resulted in a huge public debt, which has become one of the main obstacles on the path to statehood.

Puerto Rican statehooders have maintained that statehood will improve the social and economic condition of the masses, that it will eradicate poverty. Opponents of statehood have argued that, under statehood, Puerto Rico will become a huge ghetto, like the ghettoes in which Puerto Ricans live on the mainland.[14] These arguments are problematic. The ghettoization of much of the Puerto Rican population in the United States is a result of their position in the American labor market as cheap and marginal labor, particularly in the major urban areas, as well as ethnic/racial discrimination. In all probability, Puerto Rico as a state would have the same class structure as at present, with its urban concentrations, large suburban areas, and declining rural areas--not ghettoes.

The statehooders´ argument that statehood will eliminate poverty through a "first class citizenship" (in Romero´s discourse, political equality means social and economic equality) is faulty because it sees poverty as a result of the political system, rather than as a consequence of the socio-economic system. Millions of Americans, of diverse ethnic and racial backgrounds, are poor despite

their right to vote for Congresspeople and the President; these American citizens, born and raised in the mainland, enjoy the same "second class citizenship" as Puerto Ricans. Although participation in the political process may benefit some classes or groups, it will be as a result of social and political struggles rather than as a consequence of entering the federation.

The possibility of statehood for Puerto Rico faces other problems related to the nature of the movement itself. The major differences between statehood groups reflect more than political styles; they represent the distinct programmatic basis of social sectors within the movement. For Ferré and Padilla, the preservation of local capital and its position in the local market provides the stability required for the transition to statehood. In Romero´s program, only the presence of U.S. multinationals can provide the economic stability required for statehoood. But Puerto Rico´s increasing economic integration to the United States and U.S. capital´s preponderant position in the island´s economy have undermined the economic basis of the local industrial bourgeoisie and other sectors of local capital. Like Commonwealth, statehood cannot protect local capital from the economic expansion of American capital on the island. On the other hand, statehood is no guarantee that U.S. corporations will move to the island if no major incentive is provided by the local government.

The Commonwealth´s economic crisis, previously

considered as a gateway to statehood, has become a major obstacle for statehood. During the heyday of Commonwealth's "economic miracle," statehooders applauded the island's economic growth as a step towards statehood. With the deterioration of Commonwealth's economy since the seventies, statehooders presented statehood as an alternative for economic development. Increased federal transfers to the population and the Commonwealth government stimulated the rise in the statehood fervor. But there has been increasing opposition within Congress to the admission into the federation of a "pauper state" or of a "food stamp junkie" state. Puerto Rican demands for special treatment in the economic transition to statehood have not won any friends in Congress either.

Contrary to what statehood leaders claim, statehood per se is no guarantee of political stability. During the sixties, Ferré argued that only statehood could provide political stability, preventing the island's drift into the revolutionary waters of the Caribbean. It was argued that political stability would not only be a major consequence of statehood but that it would become a major incentive to attract U.S. capital to the island. According to Romero, U.S. corporations would trade some of their profit margin in the island for a stable political environment. But U.S. reports on Puerto Rico have repeatedly stressed the possibility that statehood may in fact be a destabilizing element. The lack of any decisive majority in support of

statehood remains a major obstacle to this alternative.[15]

The issue of political stability has also divided the statehood movement. The major criticism by sectors of the local bourgeoisie and middle class against the Romero Administration was precisely the climate of political instability that the government´s actions promoted. The PRP´s "consensus" politics attracted the support of the middle class largely on this issue. This middle class reaction to Romero may affect the statehood program in years to come. The trend after the 1984 electoral results is to move away from Romero´s "Statehood Now" strategy towards a more gradualitst or "consensus" strategy.[16] But this trend may in fact prove to be divisive in the statehood movement. To the poor and marginal masses, "Statehood Now" offered a quick solution to their economic plight. To the more economically stable middle class, statehood is seen as a long-term process requiring social and political stability; the urgency of statehood is here supplanted by the security of the process. One of the major strengths of the NPP was its unification of differents trends within the statehood movement; a divided statehood movement may not only lose political strength, but it will lack the capacity to promote statehood in Puerto Rico and in the United States.

This study has stressed the "Puerto Rican" aspect of the statehood issue. Although not forgotten, the "American" side of the question remains as an area for further research and analysis. A comprehensive study of the Puerto Rican

statehood question in the United States needs to be done, including: U.S. positions toward statehood for Puerto Rico during this century; what economic and political forces have supported or opposed statehood; and the role of U.S. public opinion in any change of Puerto Rico´s status. Another area for research is to compare the experience of the last two states to be admitted to the federation, Alaska and Hawaii, with Puerto Rico: what similarities or diferences exist between these two former territories and Puerto Rico; what factors (economic, political, strategic) are most important in integrating a non-contiguous territory; the role of an ethnically-differentiated territory within the federation; and the ties between the territories and the mainland society and government, including the ties of citizenship.

This study has emphasized the analysis of the Puerto Rican statehood movement in its relationship to broader economic and political developments, including Puerto Rico´s increasing economic and political integration to the United States. The statehood movement and program have also been related to the conflicts between social classes and groups through different historical periods. The social forces that today support statehood will continue to do so in the near future; thus, whatever its current condition, the statehood movement will certainly play an important role in the island´s coming political struggles. However, the 1984 electoral defeat; the inability of the statehood movement to gain a decisive majority for statehood; and the continued

Congressional opposition to statehood have made statehood an uncertain alternative for the island. From the perspective of the U.S. government, the future of Puerto Rico, including statehood, remains ´´a problem for the eighties.´´[17] From the perspective of statehooders, statehood is the only means to achieve ´´the equality of citizenship within the nation whose citizens we are.´´[18] The solution to this dilemma, and to Puerto Rico´s economic and political problems, demand the attention of Puerto Ricans and Americans as well.

NOTES TO CONCLUSION

1) See El Nuevo Día, November 11, 1984, pp. 1-3.

2) Preliminary results of the 1984 elections appeared in ibidem, pp. 2-3.

3) An interesting comment on political allignments of the 1984 election is found in Juan M. García Passalacqua, ´´El nuevo juego politico,´´ ibidem, January 9, 1985, p. 25. Also worthy of attention are the comments by die-hard statehooder and reporter Ismael Fernández in ´´Análisis electoral,´´ ibidem, November 13, 1984, p. 25.

On Romero´s position within the NPP and the party infighting see, ´´Ultimatum de los alcaldes al Gobernador,´´ ibidem, November 17, 1984, p. 3; ´´Pugna de poder ´invade´ al PNP,´´ El Mundo, December 10, 1984, p. 5A; and ´´Dice CRB carece de apoyo para volver en ´88,´´ ibidem, December 3, 1984, p. 7A.

Ferré´s remarks on statehood as the axis of the NPP program appeared in ´´Ferré mantiene su lucha por la Estadidad,´´ El Nuevo Día, November 9, 1984, p. 5. See also Francisco González, ´´Volveremos,´´ ibidem, November 24, 1984, p. 5; and ´´Salvar el ideal,´´ El Mundo, December 6, 1984, p. 18A, where a die-hard statehooder claims that the "ideal" was saved by a majority vote for statehood in spite of the defeat suffered by the NPP due to its "corrupt functionaries."

4) The fact that the NPP retained its hold over the large cities of the Metropolitan area, with their large areas of urban poor, is indicative of the great support of these groups for the NPP. The NPP Mayor-elected of San Juan, Baltazar Corrada del Río, acknowledged the importance of

this vote for his victory, in El Nuevo Día, November 25, 1984, p. 3.

5) According to Juan M. García Passalacqua, Constantine Menges, Assistant to the President on Latin American Affairs in the National Security Council, has been the strongest voice within the Reagan Administration on the issue of Puerto Rico. Menges maintains that the issue of statehood for Puerto Rico is too conflictive, both in Puerto Rico and the United States, and that the status issue should not be stirred at the present. See, García Passalacqua, ´´Los actos de inaguración,´´ El Nuevo Día, January 4, 1985, p. 16.

6) Ronald Reagan, ´´Puerto Rico and Statehood,´´ Wall Street Journal, February 11, 1980, p. 20.

7) U.S. Congress. House. Puerto Rico Statehood Act of 1977: Communication From the President of the United States Transmitting a Draft of Proposed Legislation to Enable the People of Puerto Rico to Form a Constitution and State Government, to be Admitted Into the Union, and for Other Purposes. 95th Congress, 1st Session, House Document no. 95-49. (Washington, D.C.: U.S. Government Printing Office, 1977).

8) See Juan M. García Passalacqua, ´´Puerto Rico: Equality or Freedom?; The Rebirth of the Status Issue,´´ Caribbean Review XIII:1 (Winter 1984), pp. 8-13.

9) ´´Bush Still Favors ´Statehood Now´,´´ San Juan Star, October 20, 1983, p. 2. On the effects of the Reagan Administration´s cuts and the status see ´´Troubled Island: Puerto Rico is Hurt By Investment Slump and Reagan Cutbacks,´´ Wall Street Journal, February 3, 1982, p. 1.

10) U.S. Department of Defense. "Puerto Rico: Commonwealth, Statehood, or Independence." Memorandum for the President, Office of the Assistant Secretary of Defense. July 12, 1977; U.S. Library of Congress, Congressional Research Service. Puerto Rico: Commonwealth, Statehood, or Independence?/prepared by Peter B. Sheridan. (Washington, D.C.: Congressional Research Service, 1978; and U.S. Department of State. "Puerto Rico´s Status: A Problem for the Eighties."/ prepared by Dolores Wahl. Executive Seminar in National and International Affairs, Department of State, April 1980.

11) U.S. Library of Congress. Congressional Research Service. Treating Puerto Rico as a State Under Federal Tax and Expenditure Programs: A Preliminary Economic Analysis. /Prepared by Donald W. Kiefer. (Washington, D.C.: Congressional Research Service, 1977). Also U.S. General Accounting Office. Puerto Rico´s Political Future: A Divisive Issue With Many Dimensions. (Washington, D.C.: General Accounting Office, 1981).

12) Ibidem.

13) Ibidem.

15) The notion of Puerto Rico as a ghetto of the United States was introduced by Elías Gutiérrez, Víctor Sánchez, and Pier Caldari, Invversión externa y riqueza nacional: Un dilema? (Buenos Aires: Ediciones SIAP, 1979), p. 13.

15) Memorandum to the President, op.cit., p. 27; Wahl, op.cit., p. 12; ´´Puerto Rico: A Strategic Assessment--1980 to 1983,´´ International Strategic Issues I:7 (October 1980); and Robert Pastor, "Puerto Rico as an International Issue: A Motive for Movement?," paper delivered to "Puerto Rico: The Search for a National Policy" Conference, sponsored by the World Peace Foundation, Meridian House, Washington, D.C., September 19-20, 1983.

16) On the intellectual elaboration of statehood by consensus see, Luis R. Davila Colon, "The Rainbow Blueprint: A Revisionist Initiative for the Decolonization of Puerto Rico," paper presented at the "Puerto Rico: The Search for a National Policy" Conference, sponsored by the World Peace Foundation, Washington, D.C., September 19-20, 1980. For the latest developments within the statehood movement see, Tomas Stella, ´´PNP resurge unido después de elecciones,´´ El Reportero, February 25, 1985, p. 2; and ´´El PNP tras los que se fueron con el PRP,´´ El Nuevo Día, April 18, 1985, p. 11.

17) Wahl, op.cit.

18) From one of Romero Barceló´s last statements as governor; in El Nuevo Día, December 29, 1984, p. 2.

APPENDIX TO CHAPTER II

TABLE II.1

PRODUCTION OF SUGAR AND COFFEE, 1850-1897

(In Pounds/Selected Years)

Year	Sugar	Coffee
1850	112,129,432	11,783,684
1855	101,437,866	13,642,264
1861	131,035,472	13,902,296
1865	121,053,963	18,960,252
1871	206,606,711	20,822,229
1875	162,193,601	26,162,600
1879	340,647,036	67,161,383
1883	195,423,826	37,555,117
1888	136,373,194	51,095,847
1891	105,807,699	41,623,716
1893	94,792,832	49,124,374
1897	126,827,472	51,710,997

Source: E. D. Colón, Datos sobre la agricultura de Puerto Rico antes de 1898 (San Juan: Tip. Cantero, Fernandez & Co., 1930), p. 290-91.

TABLE II.2

YEARLY AVERAGE EXTERNAL TRADE OF PUERTO RICO, 1836-1900

Period	Total Value (In Millions of Dollars)
1836-38	9.0
1841-50	11.0
1851-60	11.6
1861-70	15.6
1871-80	22.7
1881-90	21.4
1891-1900	22.4

Source: Harvey S. Perloff, Puerto Rico's Economic Future (Chicago: University of Chicago Press, 1950; reprinted by Arno Press, New York, 1975), p. 17.

TABLE II.3

VALUE OF PUERTO RICAN EXPORTS,

1864-1897

(In Thousands of Dollars)

Year	Sugar	Coffee	Total Exports
1864	3,766	1,012	4,940
1870	5,749	1,045	7,032
1875	4,866	1,570	6,663
1880	3,017	3,077	6,925
1883	5,183	4,780	10,371
1885	5,782	6,067	12,989
1888	4,029	6,503	11,027
1890	3,782	5,577	9,940
1892	4,038	9,453	14,254
1894	3,195	11,912	15,750
1896	3,734	13,864	18,022
1897	4,008	12,223	17,425

Source: E. D. Colón, Datos sobre la agricultura de Puerto Rico antes de 1898 (San Juan: Tip. Cantero, Fernandez & Co., 1930), p.289.

TABLE II.4

PUERTO RICO'S MAIN EXPORTING ARTICLES AND COUNTRIES, 1897

(Value in pesos)

Coffee	
Spain	3,563,921
France	3,017,297
Cuba	2,084,563
Germany	2,067,456
Italy	1,008,475
Austria	408,212
Sugar	
United States	2,418,938
Spain	2,272,885
English possessions	102,831
Tobacco	
Cuba	990,808
Spain	141,729
United States	33,906

Source: Henry K. Carroll, Report on the Island of Porto Rico (Washington, D.C.: Government Printing Office, 1899; reprinted by Arno Press, New York, 1975, p. 154.

TABLE II.5

PUERTO RICO'S MAIN IMPORT ARTICLES AND COUNTRIES, 1897

(Value in pesos)

Article	
Foodstuffs	8,984,808
Cotton & manufactures	2,540,293
Animals & related	1,196,377
Paper	818,952
Stones, minerals, etc.	691,824
Metals & manufactures	675,747
Chemicals, etc.	651,947
Countries	
Spain	7,152,016
United States	3,749,815
England	1,755,754
British possessions	1,445,600
Germany	1,314,603
British India	913,069
Cuba	692,780

Source: Henry K. Carroll, Report on the Island of Porto Rico (Wash., D.C.: Government Printing Office, 1899; reprinted by Arno Press, New York, 1975), p. 152.

APPENDIX TO CHAPTER III

TABLE III.1

RELATIVE IMPORTANCE OF MAJOR PUERTO RICAN EXPORTS

(Selected Years, 1895-1931)

Year	Commodity	Percent of Total Exports
1895	Sugar	25.71
	Coffee	60.30
	Tobacco	4.44
	Other	5.91
1901	Sugar	54.94
	Coffee	19.56
	Tobacco	7.97
	Fruits	1.19
	Other	9.30
1911	Sugar	61.32
	Coffee	12.51
	Tobacco	17.40
	Fruits	4.55
	Other	2.80
1921	Sugar	64.52
	Coffee	4.77
	Tobacco	19.32
	Fruits	2.80
	Needle-work	2.08
	Other	5.27
1931	Sugar	55.25
	Coffee	.55
	Tobacco	17.48
	Fruits	4.44
	Needle-work	14.18
	Other	6.71

Source: Harvey S. Perloff, Puerto Rico's Economic Future (Chicago: University of Chicago Press, 1950; reprinted by Arno Press, New York, 1975), p. 136-137.

TABLE III.2

ACRES OF CULTIVATED LAND BY MAJOR CROPS

(Census Years, 1899-1929)

Year	Crop	Percent of Total Acres
1899	Sugar cane	15.0
	Tobacco	1.2
	Coffee	41.2
1909	Sugar Cane	26.8
	Tobacco	4.0
	Coffee	34.4
1919	Sugar Cane	34.5
	Tobacco	5.9
	Coffee	29.3
1929	Sugar Cane	31.4
	Tobacco	6.99
	Coffee	25.3

Source: Arthur D. Gayer, Paul T. Horman and Earle K. James, The Sugar Economy of Puerto Rico (New York: Columbia University Press, 1938), p. 21.

TABLE III.3

NUMBER OF FARMS CLASSIFIED BY SIZE, 1910, 1920, and 1930

Year	Size of Farms (Acres)	Number of Farms	Percent of Total
1910	0-19	42,004	72.0
	20-49	8,872	15.2
	50-99	3,728	6.4
	100-499	3,228	5.5
	500-over	539	0.9
1920	0-19	25,602	62.3
	20-49	8,467	20.6
	50-99	3,493	8.5
	100-499	3,047	7.4
	500-over	469	1.2
1930	0-19	37,587	71.0
	20-49	8,835	16.7
	50-99	3,351	6.3
	100-499	2,825	5.3
	500-over	367	0.7

Source: Arthur D. Gayer, Paul T. Horman, and Earle K. James. Thee Sugar Economy of Puerto Rico (New York: Columbia University Press, 1938), P. 24.

TABLE III.4

LAND IN FARMS CLASSIFIED BY SIZE OF FARMS, 1910, 1920, and 1930

Year	Size of Farms (Acres)	Total Acres	Percent of Total
1910	0-19	257,922	12.4
	20-49	268,234	12.9
	50-99	250,691	12.0
	100-499	645,345	31.0
	500-over	662,970	31.7
1920	0-19	215,222	10.6
	20-49	255,199	12.6
	50-99	234,993	11.1
	100-499	600,500	29.7
	500-over	716,490	36.0
1930	0-19	278,935	14.1
	20-49	264,712	13.4
	50-99	226,464	11.4
	100-499	341,873	27.4
	500-over	867,490	33.7

Source: Arthur D. Gayer, Paul T. Horman and Earle K. James, The Sugar Economy of Puerto Rico (New York: Columbia, 1938), p. 24.

TABLE III.5

EXTENT AND CHARACTER OF FOREIGN OWNERSHIP IN PUERTO RICO, 1930

(Figures are given in thousands)

Foreign and Mainland Holdings in Puerto Rico:	
Insular and municipal government securities....	$43,894
Stocks and bonds of corporations operating mainly or entirely in the island.....	70,000
Foreign-owned enterprises operating in Puerto Rico (chiefly smaller branches of mainland or foreign enterprises.....	5,000
Individual ownership of foreigners and mainlanders in real state and mortages of Puerto Rico....	25,000
Mortages and loans of the Federal Land Bank and Intermediate Credit Bank.....	12,700
Deposits of foreigners and mainlanders with Puerto Rican banks.....	2,000
Loans and advances of foreign and mainland commercial banks to Puerto Rican corporations and individuals.....	15,000
External Holdings of Puerto Rican short-term securities.....	500
Commercial debts due to foreigners and mainlanders.....	1,000
Government debt of the Insular government to Federal government.....	1,200
Total.....	$176,294

Source: Victor S. Clark, Porto Rico and its Problems (Wash., D.C.: Brookings Institution, 1930), p. 417.

TABLE III.6

VALUE OF PUERTO RICO'S EXTERNAL TRADE AND U.S. SHARE

(In Thousands of Dollars)

Year	Imports	Exports	U.S. Share (Percent of total)
1901	8,908	8,584	71.7
1905	16,536	18,710	84.0
1910	30,635	37,960	86.3
1915	33,635	49,357	88.0
1920	96,389	150,811	90.6
1925	90,505	94,819	88.4
1930	83,923	99,566	91.7
1935	69,986	79,678	94.3

Source: Arthur D. Gayer, Paul T. Horman, and Earle K. Jones, The Sugar Economy of Puerto Rico (New York: Columbia University Press, 1938), p. 28.

TABLE III.7

DIRECTION OF PUERTO RICO'S EXTERNAL TRADE

(Percentage Distribution, By Countries)

Countries	1887-91	1901	1914	1920	1928	1935
Exports:						
United States	28.7	65.0	79.9	88.3	93.4	97.4
Cuba	19.8	12.9	7.1	4.8	0.2	....
Other American	6.9	5.9	0.4	5.4	5.1	2.6
Spain	21.4	7.0	3.2	1.1	0.8	....
Other European	23.2	9.2	9.3	0.4	0.2	....
Imports:						
United States	23.6	78.1	89.5	94.1	86.3	90.3
Cuba	4.3	....	0.1	0.1	1.4	0.4
Other American	6.8	3.6	2.6	3.3	7.0	5.2
Spain	28.6	9.1	2.1	1.0	0.8	0.8
Other European	36.7	9.1	4.5	1.0	3.2	1.6

Source: Arthur D. Gayer, Paul T. Horman and Earle K. James, The Sugar Economy of Puerto Rico (New York: Columbia University Press, 1938), p. 33.

TABLE III.8

COMPOSITION OF THE IMPORT TRADE OF PUERTO RICO

(By Percentages, Selected Years)

Imports	1901	1914	1929	1935
Foodstuffs	49.9	40.7	35.7	36.6
Apparel	23.8	18.2	21.7	21.0
Household Goods	7.9	9.7	9.4	11.3
Building Materials	11.1	13.4	13.2	8.1
Transportation Equipment	0.8	1.5	8.8	7.2
Manufacturing Equipment	5.8	6.3	4.9	7.9
Agricultural Equipment	....	2.1	4.4	3.6
Other	0.7	8.1	2.3	4.3

Source: Arthur D. Gayer, Paul T. Horman and Earle K. James, The Sugar Economy of Puerto Rico (New York: Columbia University Press, 1938), p. 31.

TABLE III.9

SOCIAL COMPOSITION OF REPUBLICAN LEADERSHIP, 1924-1932*

Social Position	Republican (Alliance)	Pure Rep. (Coalition)	Total
Trade	2	0	2
Sugar	1	1	2
Banking	1	0	1
Industry	2	0	2
Professional**	20	21	41
Linked to:			
US Sugar	1	0	1
PR Sugar	2	2	4
US Government	0	3	3
PR Government	15	9	24
US Trade	0	2	2
US Capital***	1	4	5
PR Capital	1	1	2
Total	26	22	48

* Includes only those elected to leadership positions within the parties.

** Includes those that rendered services to capital and government.

*** Other than sugar corporations or trade companies.

Sources: Conrado Asenjo, ed., Quien es quien en Puerto Rico (San Juan: Real Hermanos, 1933 and 1936); Conrado Asenjo, Quien es quien en Puerto Rico (San Juan: Imprenta Venezuela, 1947); Esther M. Melon de Diaz, Puerto Rico: Figuras del presente y del pasado (Rio Piedras: Editorial Edil, 1972).

TABLE III.10

RESULTS FOR ELECTIONS OF 1914 AND 1917
(Selected Municipalities)

1914 Elections

Municipality	Total Vote	Percentage		
		Union	Rep	Soc
San Juan	9,031	44.0	51.2	
Bayamon	3,926	23.4	75.2	
Rio Piedras	3,013	54.8	42.0	
Carolina	1,680	80.6	13.5	
Arecibo	8,173	31.0	3.5	36.8
Anasco	2,799	52.0	43.0	
Rincon	1,510	53.0	40.0	
Cabo Rojo	3,523	54.0	43.6	
Hormigueros	831	18.2	80.0	
Yauco	5,094	35.0	61.3	
Cayey	4,041	63.7	42.8	
Caguas	5,012	80.5	11.6	
Guayama	3,802	51.0	46.0	
Patillas	2,583	58.0	39.0	
Humacao	3,290	70.9	26.0	
Yabucoa	2,338	83.6	13.0	
Fajardo	2,668	51.0	47.7	
Vieques	1,032	47.0	49.6	
Luquillo	1,199	43.5	52.5	
Loiza	2,360	63.7	27.8	
Rio Grande	1,893	70.2	24.3	
Ceiba	910	50.3	46.9	
Naguabo	2,815	59.0	39.9	

TABLE III.10 (Continued)

1917 Election

Municipality	Total Vote	Union	Rep	Soc
San Juan	7,548	38.1	42.6	18.3
Bayamon	3,748	22.7	55.2	22.0
Rio Piedras	2,541	64.0	23.7	12.3
Carolina	1,299	71.5	4.2	24.2
Arecibo	7,253	58.5	3.0	38.4
Anasco	2,007	53.5	3.5	43.0
Rincon	1,283	63.0	15.0	22.0
Cabo Rojo	3,228	53.4	24.0	22.6
Hormigueros	766	14.6	54.2	31.2
Yauco	3,920	29.0	56.4	14.5
Cayey	2,448	40.9	15.0	35.8
Caguas	3,814	78.0	5.7	16.0
Guayama	3,058	47.9	17.5	34.5
Patillas	1,882	53.5	17.7	28.7
Humacao	2,529	57.5	14.0	28.4
Yabucoa	2,202	43.5	2.5	54.0
Fajardo	2,254	42.0	5.7	52.0
Vieques	1,439	61.3	8.7	29.0
Luquillo	952	22.6	12.0	65.4
Loiza	2,037	58.0	8.9	32.9
Rio Grande	774	44.3	8.3	47.3
Ceiba	714	22.3	3.6	74.0
Naguabo	2,043	39.5	16.5	43.9

Source: Data compiled from the votes for Resident Commssioner for the 1914 and 1917 elections by the Commonwealth Board of Elections, Commonwealth of Puerto Rico, San Juan, Puerto Rico, no dates.

APPENDIX TO CHAPTER VI

TABLE VI.1

TRANSFER OF FEDERAL FUNDS TO PUERTO RICO

(In Millions of Dollars)

	1960	1970	1975	1980	1982
Total	----	699.7	1962.6	3778.6	4416.6
Operating Expenditures of Federal Agencies	91.8	160.8	188.0	277.4	365.0
Transfers to Individuals	78.1	282.4	1141.3	2181.1	2915.2
Transfers to the Public Sector	126.0 (1965)	256.5	633.3	1320.1	1136.4

Source: Junta de Planificación, Informe económico al Gobernador 1982, and 1983 (San Juan: Junta de Planificación, 1983 and 1984), pp. A-18, A-19, A-29, and A-30.

TABLE VI.2

PERSONAL INCOME AND STATE TRANSFERS IN PUERTO RICO

(Amounts in Millions of Dollars)

	1960	1970	1975	1980	1982
Total Personal Income	1373.6	3752.6	6843.0	10934.0	12756.6
State Transfers	123.3	459.8	1453.5	3067.1	3658.5
Percentage of TPI	8.9	12.2	21.2	28.0	28.7
Commonwealth Transfers	43.6	173.1	404.0	764.1	836.3
Percentage of TPI	3.1	4.6	5.9	7.0	6.5
Percentage of ST	35.7	37.0	27.8	25.0	22.8
Federal Transfers	78.1	280.8	1026.6	2289.7	2807.8
Percentage of TPI	5.7	7.5	15.0	21.0	22.0
Percentage of ST	63.3	61.0	70.6	74.6	76.7

Source: Junta de Planificacion, Informe economico al Gobernador 1982 (San Juan: Junta de Planificacion, 1983), p. A-9.

TABLE VI.3

COMMONWEALTH RECURRENT RECEIPTS

(In Millions of Dollars)

	1960	1970	1975	1980	1982
Commonwealth Total	251.3	823.3	1501.8	2651.5	2786.8
Commonwealth Sources	193.5	562.5	995.4	1682.7	1910.7
Percentage of Total	77.0	68.3	66.3	63.5	68.5
Federal Sources	57.8	260.8	506.4	968.9	876.1
Percentage of Total	23.0	31.7	33.7	36.6	31.5

Source: Junta de Planificación, Informe económico al Gobernador 1982 (San Juan: Junta de Planificación, 1983), p. A-26.

TABLE VI.4

FEDERAL GRANTS TO THE COMMONWEALTH, BY SELECTED SECTORS

(In Millions of Dollars)

	1970	1975	1980	1982
Total	256.5	650.6	1348.4	1136.4
a) Department of Education	44.8	120.3	227.3	241.0
b) Department of Health	41.5	63.4	104.9	89.5
c) Department of Social Services	28.0	63.8	211.7	167.0
d) a-b-c as Percentage of Total	44.5	38.0	40.3	43.7
e) Municipalities	4.1	58.3	241.3	154.9
f) Right to Employment Administration	---	----	97.4	52.1
g) Unemployment Insurance	29.4	104.5	122.5	174.1
h) CETA	----	39.1	117.2	23.3
i) g-h as Percentage of Total	--	22.0	17.7	17.3

Source: Junta de Planificación, Informe económico al Gobernador 1983 (San Juan: Junta de Planificación, 1984), pp. A-30 and A-31.

TABLE VI.5

FEDERAL FUNDS TO PUERTO RICO, BY FUNCTION: 1976-1980

(In Thousands of Dollars)

	1976	1978	1980
Total	3,026,419	3,242,611	4,163,662
Defense-Military	165,161	226,962	276,599
Percentage of Total	5.5	7.0	6.6
Education	460,868	295,343	344,143
Percentage of Total	15.0	9.0	8.3
Health	125,206	154,922	202,119
Percentage of Total	4.0	4.7	4.8
General Retirement & Disability Insurance	585,979	804,840	1,069,661
Percentage of Total	19.4	24.8	25.7
Public Assistance & Other Income Supplements	658,427	804,944	1,077,682
Percentage of Total	21.7	24.8	25.9
Manpower Training	152,052	222,935	287,848
Percentage of Total	5.0	6.8	7.0

Note: Annual totals do not include funds under the category of "Indirect Federal Support," what accounts for the discrepancies between these figures and the ones cited before from the Commonwealth Government.

Source: Geographic Distribution of Federal Funds in Territories and Other Areas Administered by the United States. Compiled for the Executive Office of the President by the Community Services Administration, 1976, 1978, and 1980.

TABLE VI.6

COMMONWEALTH GOVERNMENT RECURRENT RECEIPTS

(In Millions of Dollars)

	1970	1975	1980	1982
Total	823.3	1501.8	2651.5	2786.8
Commonwealth Sources	562.5	995.4	1682.7	1910.7
Percentage of Total	68.3	66.3	63.4	68.6
Taxable	510.6	921.3	1563.1	1780.2
Income Tax Total	249.7	510.1	877.8	1990.0
Percentage of Commonwealth Sources	44.4	51.2	52.0	57.5
Individuals	148.5	323.9	526.7	647.3
Percentage of Commonwealth Sources	6.4	32.5	31.3	33.9
Corporations and Partnerships	26.1	162.8	243.0	320.5
Percentage of Commonwealth Sources	4.6	16.3	14.4	16.7
Excise Taxes	212.6	301.0	538.3	507.0
Percentage of Commonwealth Sources	37.8	30.0	32.0	26.5

Source: Junta de Planificación, Informe económico al Gobernador 1982 (San Juan: Junta de Planificación, 1983), p. A-26.

TABLE VI.7

GROSS PUBLIC DEBT OF PUERTO RICO, 1970-1982

(In Millions of Dollars)

	1970	1975	1980	1982
Total	1657.6	5094.9	6999.6	8059.0
Commonwealth	505.0	1266.4	1599.7	1834.1
Percentage of Total	30.5	25.0	23.0	34.1
Municipalities	115.3	171.4	187.3	176.6
Percentage of Total	7.0	3.3	2.6	2.2
Public Corporations	1037.3	3657.1	5212.6	6047.3
Percentage of Total	62.5	71.7	74.4	75.0

Source: Junta de Planificación, Informe económico al Gobernador 1983 (San Juan: Junta de Planificación, 1984), p. A-32.

TABLE VI.8

LEGISLATIVE LEADERSHIP OF THE NEW PROGRESSIVE PARTY, 1969-1980

Year	1968	1972	1976	1980
Senate	13	8	14	12
Reelected	--	6	3	10
House	33	15	33	25
Reelected	--	11	9	17

Source: Comisión Estatal de Elecciones/ Tribunal Electoral, Elecciones Generales, 1968, 1972, 1976, and 1980 (San Juan: Estado Libre Asociado de Puerto Rico, respectives dates).

APPENDIX TO CHAPTER VII

TABLE VII.1

GROSS PRODUCT OF PUERTO RICO, 1970-1982

(In Millions of Dollars)

	1970	1975	1978	1980	1982
Gross Product	4,687	7,184	8,994	11,074	12,627
Personal Consumption	3,746	6,460	9,140	10,976	12,414
Percent of GP	79.9	89.9	101.6	99.0	98.3
Government Consumption	765	1,614	1,867	2,281	2,418
Percent of GP	16.3	22.5	20.7	20.6	19.0
Gross Domestic Investment	1,452	2,089	1,870	2,446	1,236
Percent of GP	30.9	29.0	20.8	22.0	9.8
Net Sales to Rest of the World	-1,276	-3,109	-3,884	-4,641	-3,451

Source: Junta de Planificación, Informe Económico al Gobernador 1983 (San Juan: Junta de Planificacion, 1984), p. A-2.

TABLE VII.2

FEDERAL FUNDS TO PUERTO RICO AND RELATIVE POSITION, 1976-1980

(Amounts in Millions of Dollars)

	1976	1977	1978	1979	1980
Total	3,026.4	3,208.9	3,242.6	3,702.1	4,163.6
Percent US Total	.8	.8	.7	.8	.8
Relative Position of P.R.					
Population	28	25	25	25	27
Number of Poor	4	4	4	4	4
Funds Received	34	35	37	36	36

Source: Geographic Distribution of Federal Funds in Territories and other Areas Administered by the U.S. Compiled for the Executive Office of the President by the Community Services Administration. years 1976 to 1980.

TABLE VII.3

FEDERAL FUNDS TO PUERTO RICO BY FUNCTION AND PERCENTAGE OF PUERTO RICO TO TOTAL, 1976, 1978, 1980

(Amounts in Thousands of Dollars)

	1976	1978	1980
Defense-Military	165,161	226,962	276,599
	.2	.2	.2
Education	460,868	295,343	344,143
	11.8	8.1	7.7
Health	125,206	154,922	202,119
	1.0	.9	.7
General Retirement & Disability	585,979	804,840	1,069,661
	.7	.8	.9
Unemployment Insurance	27,201	26,524	18,388
	1.3	1.8	.7
Public Assistance & Other Income Supplements	658,427	804,944	1,077,682
	3.6	3.7	3.5
Training & Employment	152,052	222,935	287,848
	2.2	2.4	2.6
Other General & Fiscal Assistance	201,192	91,524	80,362
	43.7	4.8	16.3

Source: Geographic Distribution of Federal Funds in Territories and Other Areas Administered by the U.S. Compiled for the Executive Office of the President by the Community Services Administration. Years of 1976, 1987, and 1980.

TABLE VII.4

NET MANUFACTURING INCOME, 1970-1982

(Selected Areas, in Millions of Dollars)

	1970	1975	1980	1982
Total	957.6	1987.4	4808.7	5405.9
Chemicals & Allied Products	109.3	560.5	1583.2	1907.5
Percent of Total	11.4	28.2	32.9	35.3
Machinery & Metal Products	191.5	484.0	1453.7	1828.3
Percent of Total	20.0	24.3	30.2	33.8
Food & Kindred Products	161.3	285.5	548.5	681.6
Percent of Total	16.8	14.3	11.4	12.6
Apparel & Related	172.0	205.5	360.7	375.1
Percent of Total	18.0	10.3	7.5	6.9

Source: Junta de Planificación, Informe económico al Gobernador 1983 (San Juan: Junta de Planificacion, 1984), p. A-7.

TABLE VII.5

EMPLOYED PERSONS BY MAJOR INDUSTRIAL SECTOR, 1960-1982

(In Thousands)

	1960	1970	1975	1980	1982
Total	543	686	699	753	719
Agriculture	124	68	47	40	35
Percent of Total	22.8	10.0	6.7	5.3	4.8
Manufacture	81	132	130	143	134
Percent of Total	15.0	19.2	18.6	18.4	18.6
-Textiles, Sugar Tobbaco & Spirits	38	52	45	41	32
Percent of Total	6.9	7.6	6.4	5.4	4.4
-Other	43	80	85	102	102
Percent of Total	7.9	11.6	12.1	13.5	14.2
Trade	97	128	134	138	141
Percent of Total	17.8	18.6	19.1	18.3	19.6
Finance, Transportation & Communication	37	46	52	54	55
Percent of Total	6.8	6.7	7.4	7.2	7.6
Services	75	116	114	135	132
Percent of Total	14.0	17.0	16.3	17.9	18.3
Public Administration	62	106	143	184	171
Percent of Total	11.4	15.4	20.4	24.4	24.0

Source: Junta de Planificación, Informe económico al Gobernador 1983 (San Juan: Junta de Planificación, 1984), p. A-25.

TABLE VII.6

LABOR FORCE, BY OCCUPATION, 1970 AND 1980

(In Thousands, Percent of Total)

	1970	Percent	1980	Percent
All Occupations	765	100	907	100
White Collar	263	34.4	366	40.3
-Office Workers	75	9.8	114	12.5
-Profesionals	57	7.5	96	10.6
-Propietaries & Administrators	70	9.0	89	9.8
-Salesmen	51	6.6	54	6.0
-Semi-Professionals	10	1.3	12	1.3
Blue Collar	325	42.5	360	39.7
-Operaries	154	20.0	166	18.3
-Artisans & Foremen	101	13.0	143	15.7
-Non-Agricultural	67	8.7	50	5.5
Services	95	12.4	119	13.1
-Domestic	15	2.0	6	.6
-Protective	16	2.0	26	2.8
-Other	64	8.3	87	9.5
Agriculture	75	9.8	48	5.3
-Workers	49	6.4	33	3.6
-Farmers & Administrators	26	3.4	15	1.6
Non-Specified	6	.8	13	1.4

Source: Junta de Planificación, Serie Histórica de Empleo... 1978, and 1983 (San Juan: Junta de Planificación, 1979 and 1984), pp. 14 and 51, respectively.

TABLE VII.7

RATE OF PARTICIPATION AND UNEMPLOYMENT OF LABOR FORCE, 1950-1982

(In Thousands)

	1950	1960	1970	1980	1982
Labor Force	713	641	765	907	918
-Employed	604	565	686	753	719
-Unemployed	110	76	79	154	199
Rate of Participation	55.5	45.7	44.5	43.3	41.8
Rate of Unemployment	15.4	11.8	10.3	17.0	21.7

Sources: Junta de Planificación, Serie Histórica de empleo...1979, p. 1; and Junta de Planificación, Informe económico al Gobernador 1983 (San Juan: Junta de Planificación, 1984), p.A-24.

TABLE VII.8

PERSONAL INCOME OF PUERTO RICO, 1970-1982

(In Millions of Dollars)

	1970	1975	1980	1982
Total	3,752.6	6,860.8	10,931.8	12,687.5
Employees Compensation*	2,800.2	4,838.2	7,217.0	7,972.3
Percent of Total	74.6	70.5	66.0	62.8
Property Income	734.2	1,175.9	1,601.9	2,077.1
Percent of Total	19.5	17.1	14.6	16.3
State Transfers	572.2	1,578.6	3,288.3	3,946.4
Percent of Total	15.2	23.0	30.0	31.1
Commonwealth	173.1	392.2	734.9	806.9
Percent of Total	4.6	5.7	6.7	6.3
Federal Gov.	280.8	1,037.7	2,369.7	2,913.2
Percent of Total	7.5	15.0	21.6	22.9

*(Gross, contributions for social insurance have not been substracted. This accounts for discrepancies in total percentages.)

Source: Junta de Planificación, Informe económico al Gobernador 1983 (San Juan: Junta de Planificación, 1984), p. A-9.

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