

# PROBLEMS OF RECONSTRUCTION IN PUERTO RICO

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I THINK it is a little late to turn this round-table discussion to other than demographic problems. We have only a short time left and obviously if we try to discuss adequately the problems of reconstruction—by which I take it is meant construction, since reconstruction implies more to begin with than exists—it would certainly take much longer than is available to us.

As to the demographic questions which have come up, if I may be allowed to comment on them from the point of view of one who has worked in the field and who began as a social scientist, it seems to me that this has been a very valuable conference. My feeling is that things have been drawn together so that the organic nature—the wholeness of the situation—has been emphasized. I think that is extremely important.

The danger in all parallel attempts to persuade society to better itself is that we shall all of us follow our own lines of development and forget the others.

I was very much interested in Mr. Davis's division of the ways of improvement in Puerto Rico into three. He was speaking, of course, from the demographic point of view, but he said that the ways to improve Puerto Rico would be by (1) economic improvement, (2) emigration, or (3) reduction of the population. I believe if an economist were going to state the ways to improve Puerto Rico, he would make exactly the same statement. He might have a different emphasis in the following discussion, but I think he would state his position about the same way, and I think that those of us who have worked with public policy in Puerto Rico have approached it with just those things in mind.

Our efforts have not always been approved because people, as you know, after stating a thing as reasonably as that, often are not so reasonable about following it up. They frequently

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feel that their particular way to improve is much more important than the others, or that the emphasis which public policy is following is wrong, and they frequently condemn the efforts of others in somewhat immoderate terms.

I think it must be said in all fairness that the possibilities in Puerto Rico have been pretty generally disputed over these three fields. It is true that in none of the fields have we had adequate information or do we have adequate information, as a matter of fact, today. As you see, it is coming in the demographic field, and, as Mr. Davis mentioned in passing, it is coming in the economic field too.

We already have two or three basic reports, either finished or well under way; we are going to have information on which public policy can be based very much more intelligently than it has been in the past. As to emigration, the third "out," so to speak, information is going to become available on that as well; so that in all three fields we are going to be very much better equipped to make decisions and to shape an intelligent policy than we have been in the past.

I have tried to think how I might contribute best to this discussion. Obviously I cannot do it in the demographic field. I thought perhaps it might be interesting to go back and to review the situation which we faced some years ago and to say something about the solutions as we attempted to build them up.

As you know, all attempts in this field of human betterment are very long-time solutions, and the difficulty of determining what the results are over any short period of time is very great. Not only that, as this group is perfectly well aware, the results are apt to become so mixed up that it is very difficult to separate out what were the causative factors and what were the ones which played only subordinate parts in whatever result is arrived at.

I cannot very well go much further back than the beginning of my governorship, which was in 1941, but obviously great changes have occurred in Puerto Rico beginning with the dates

mentioned by Mr. Davis which showed so clearly the beginning of the death rate decline. That was the time when American relief began to be extended to Puerto Rico in large sums; it was this period which I, sitting at the other end of the table, referred to as the "New Deal."

There was a change at that time in the attitude of the United States toward Puerto Rico which is best measured by the amount of relief which was extended to her poverty-stricken population. It expressed itself not only in home relief but in work relief and in assistance in housing and various public works as well as in other ways, to the extent, over a ten-year period of something like, although differing from year to year, fifty million dollars a year.

That is quite a large amount in comparison with any relevant figures concerning the Puerto Rican economy. For instance, the governmental budget—although it was constructed so that it was very difficult to say what it was exactly—was in the neighborhood of fifty million dollars itself, so that the relief granted was, you see, almost equal to the budget itself. This contribution was kept up over a period of years, with some intervals, as in the United States. There were some large and some smaller years but it was a foundation on which we could build when my group began to make its great efforts in Puerto Rico in 1941.

Let me say that we were not interested particularly, as we analyzed the situation, in further relief, because we felt that the relief which had come to Puerto Rico had not really been constructive. It had merely held things in *status quo*. Now, of course, great efforts would be necessary to rise above this level. That had always been recognized and nobody, I think, had ever known whether efforts great enough could be put out; but it was quite clear that those efforts were not going to be sufficient if they were merely quantitative because, measured in any quantitative terms, enough goods and dollars could not be brought to Puerto Rico to bring it to a standard of living comparable to the United States. That was completely unthinkable.

The efforts had to come, as all great constructive efforts in human history have had to come, out of men's heads and out of nowhere else.

I was interested to see that Mr. Stacy May had somewhat the same experience in Brazil and Venezuela. If you think in terms of capital enough to make a difference in this race between population and well-being—if you want to put it in those terms—you have to realize that you find the resources in men's spirits and men's minds and men's heads. You cannot find it in their pocketbooks and you cannot find it in material things.

In Puerto Rico, what we attempted to do was in the first place to reorganize men's attitudes toward government and toward the accomplishments that could be made in public welfare. When I say public welfare, I mean the welfare of the Puerto Rican people in general. That involved improving the headpiece first, so what we attempted to do was to set up a planning outfit which would be effective, to improve the public services of all kinds by reorganizing the civil service and the departmental personnel services and by doing all the other things which would make the government more effective for its share in this attempt to increase the standard of living.

We had some notable results from that and I think the results were largely notable because we did it in an unorthodox way. I am sure that if I had had to choose the first fifty associates who were gathered together in order to carry out this program of construction, through civil service methods, I should not have been able to get them. One of my chief assistants had been a druggist. One or two were fairly obscure professors, and many of them were found in other places. Some were contractors; some were lawyers; a few were doctors. They came from all kinds of places. I had to take a lot of chances in my selection but I had an extraordinarily large number of successes with them.

The next series of things we attempted to do after we got the planning going and got into the public service a new spirit, at least, if not complete reorganization, and after we got better

budgetary procedures and other reforms of that kind instituted—was to see whether in the field of the production of goods and services in Puerto Rico, something striking and new and novel could not be pulled out of the air.

We could not raise the level of living in Puerto Rico by producing sugar. Sugar was being produced as well as it could be produced, probably, within a very small percentage, and yet sugar was the great resource of Puerto Rico. Coffee and tobacco had been important in the past, but they probably could not be revived. We had to see if we could not think of something entirely new.

There were two possible lines of thinking if it was approached in that way. They have been mentioned here before, today. One was to consider industrial possibilities, and the other was to consider agricultural possibilities. Well, the druggist from Ponce, who was mentioned before, who took charge of the attempt to industrialize the island, got hold of what we considered, and I guess it would still be considered, the best engineering advisory firm of that kind in the United States and went over all the possibilities anybody could think of and decided on ten or a dozen possibilities for industrial adventures, if I may call them that, and they are now under way.

It is entirely too early yet to say what success they may have and everybody was always conscious that their success was not only dependent on what might happen in Puerto Rico itself but on lots of things that might happen to the island from the outside. Because Puerto Rico is a dependent area and being a dependent area means being part of the larger system and being affected by changes which occur in the larger system, which are entirely outside of your control.

Then we turned to agriculture. Well, it was obvious that if one approached the agricultural matter from an entirely new point of view, Puerto Rico is a place where the sun shines nearly every day, where there is water available, and anything which could be done with sunshine and water could be done in Puerto Rico; so a number of possibilities opened out.

We had a great deal more trouble getting an agricultural development company established than we had in getting an industrial company established, because there were vested interests in Puerto Rican agriculture. But they were not so much the vested interests you might think of. It was not the sugar barons who were effective in opposition so much as the agronomists, who always knew so many reasons why nothing except the growing of sugar was possible.

Therefore, we are still further away from reporting any final results from the new ventures in agriculture in Puerto Rico than in reporting on the industrial adventures. The agricultural program is the one on which I myself worked longest and hardest; and it is still the closest to my heart. I still hesitate to say, however, what the result will be.

I am often asked what the chances are that the Puerto Ricans will go on with the attempt to keep up the reforms which were made in the public service—whether they will, for instance, keep the planning organization and budgetary control at the high state of development which it has at present reached. I have had a most wonderful experience in taking people who know something of city and state planning to see our planning organization. They invariably say: "This is the finest thing I have ever seen"; and it is the best planning job, I believe, that has ever been done anywhere within the American sphere of influence.

I have to be honest to this extent: We had some awfully good luck while I was Governor. A Governor's good luck consists of having funds enough to operate on. If funds enough come in anything can be done; and if there are not enough funds nothing can be done.

The war was a great disadvantage in many ways. When we were besieged by submarines we were unable to get materials for the building ventures we wanted to carry on; and even housing had to stop. There were other difficulties. But there was one benefit which I am sure those of you who do not know the particular situation in Puerto Rico would never guess. It

happened that there the internal revenue taxes for products which originate in Puerto Rico are returned to the Puerto Rican Government. During the war whisky-making stopped in the United States; and Puerto Rican rum began to be drunk in unaccustomed quantities. Also the Congress raised the taxes eventually from \$4.00 to \$9.00 a gallon. The result of this was that one year we had a revenue from that source alone which was larger than the budget. With the consent of the Insular Legislature, we allocated practically all of this unexpected revenue to the new industrial and agricultural ventures, so that we were able to have an initial capital which gave them a decent chance to get well started. They have not used up that capital yet by any means.

Puerto Rico may be an interesting laboratory to demographers but it is just as interesting, I think, to the rest of us. It is true that the situation is a very bad one from the point of view of the amount of land there is and the amount of obvious resources there are contrasted with the number of people who have to share them; whether or not we shall be able to change the relationship between the amount of goods there are and the number of people there are by any methods at all, I think is still a question which is not answered. Certainly it is not answered by any facts I know.<sup>2</sup>

The attack has been a varied one; and now if it becomes possible to get some reduction of population at the source, that will help and I should like to see it tried in any way that it can be tried.

I have some feeling about the possibility of birth control, as I

<sup>2</sup> There is one other thing which is of interest, particularly to me, which I should like to mention. It is a subordinate matter but it will be of interest to Mr. Stacy May, I know. We too found in Puerto Rico that it was useless to talk about increasing food production or devising any new things in agriculture unless we could get through to the consumer, and we were completely blocked by a small bloc of importers and distributors.

It was not so much a monopoly as a general agreement to have several times the mark-ups which are customary in the United States. So we put in a system of state stores. It was a pretty drastic thing to do but it worked and it is working now, and whether the state stores are successful or not, it certainly has cut the mark-ups on agricultural products. Furthermore, food is getting through to the people in a far freer flow and with less additions of profits for middlemen than before.

am sure all of you have, and some concern as to how it is going to be managed, as I am sure all of you have. I do feel, however, that the excess of births over deaths in Puerto Rico is one which is not to be discussed on any other grounds than that the Puerto Ricans are making a contribution to the population of the United States which the people of the United States in general did not choose; therefore such a contribution ought to be an interest not only of the Puerto Ricans but of all Americans.