

# Committee on Resources

---

## Witness Testimony

---

***STATEMENT OF THE CHAMBER OF COMMERCE OF PUERTO RICO  
BEFORE THE COMMITTEE ON RESOURCES  
U.S. HOUSE OF REPRESENTATIVES***

***San Juan, Puerto Rico  
April 19, 1997***

Mr. Chairman and Members of Congress, my name is Héctor Reichard. I am the President of the Chamber of Commerce of Puerto Rico, and we want to thank you for the opportunity to express the views and positions of our institution on this most important issue of the political status of Puerto Rico.

This presentation is a brief summary of the main points and conclusions of our written statement, which has been submitted for the record. This statement reflects the resolutions adopted by the Assembly of our members on this issue from 1985 to 1996, as well as the positions adopted by the Executive Committee of our Chamber. The central focus in our analysis is the economic and social circumstances of our members and, what is more important, those of the Puerto Rican people.

The Puerto Rico Chamber of Commerce does not favor any particular form of political status. Its membership includes individuals from all perspectives. In this diversity it is a consensus on the need to resolve the status issue and bring stability to our society. The status issue and the recent plebiscite processes creates uncertainty among present and potential investors. Such situation is an enemy of economic prosperity; therefore, this should be resolved as quickly as possible. Neither Congress nor the Puerto Rican people should wait another century to decide this issue. Once the status question is resolved, efforts could be more efficiently channeled to deal with the various social and economic problems of our society.

The position of our institution revolves around two main concerns. One is that the plebiscite process ought to be fair and well informed, for the people to make an enlightened decision. The other is that, if the Puerto Rican people chose to change the present status, an orderly and well-defined transition has to be clearly stated. This is of outmost relevance, because the people should know not only the final outcome of its decision, but the road to reach it, if they are going to issue a responsible vote. Let me elaborate on these two issues.

The plebiscite process should be dealt with on its own merits. It should not be mixed with the normal electoral process. Voters have to be able to focus upon the status issue, apart from any distractions and confusions with other issues. The plebiscite process should be separate and apart from the normal electoral process. [In consequence, the plebiscite should be held in 1998, two years prior to our normal elections.]

The long-term performance of the status question requires that voters be well-informed on the consequences of their decisions. Before Puerto Ricans are asked to mark their status preference on the plebiscite ballot, it is necessary to clearly spell-out the cultural, political and socioeconomic consequences of each political status. The information transmitted to the people should be based upon accurate and unbiased data. We are deeply concerned about the consistency of the data that federal agencies have produced in the past with respect to the costs and benefits of each status alternative. Hereby we offer the resources of our institution to help in obtaining additional information about the socioeconomic consequences of each status alternative to supplement what has already been produced, and what needs to be produced in order to allow the people to make an informed decision.

The legislation that your Committee will develop for this process should delineate each step and action in this process, the participating institutions for each step in the process, and, very importantly, the responsibility and role of each participant at each step. Our institution believes that the private sector must have a role and a consequent responsibility in this important undertaking. Political parties should welcome the private sector's contributions to this process. Your

Committee should encourage a broader participation among Puerto Rican institutions to complement the contributions of political parties.

For the people to make an informed decision, the following issues must be clearly addressed before the plebiscite:

The transition period contemplated for each political status, including its length and specifications. The situation of the present U.S. citizenship of the Puerto Rican people under each status alternative. The federal tax treatment of U.S. corporations doing business in Puerto Rico under each status formula, including the period of time for which the corresponding tax treatment is guaranteed. The federal tax treatment to residents and local business in Puerto Rico under each status, as well as during the different stages of each transition period.

Puerto Rico's access to the United States commercial and financial markets under each status formula, including its position with respect to present and future trade agreements that the U.S. engages with foreign countries. Conditions and restrictions to Puerto Rico's access to foreign commercial and financial markets under each formula, as well as the market penetration of foreign goods into our market. Adjustments to be made, if any, to Puerto Rico's long term public debt under each status, as well as constraints, if any, to the issue of additional public debt during each transition period. Amount and terms of U.S. transfers to Puerto Rico under each status alternative. Particular attention has to be paid to what is going to happen to contributions that Puerto Rico make to earmarked funds, such as Social Security, Medicare, Unemployment Insurance and the FDIC, among others. The conditions for travel and migration between Puerto Rico and the United States under each status alternative. This is a most crucial thing, since almost all families in Puerto Rico have close relatives in the U.S.

Should it become apparent that, for whatever reason, these basic concerns about the plebiscite process cannot be properly addressed for 1998, and the Puerto Rican voters cannot be afforded the opportunity to make an informed decision in selecting among the status options at that time, the plebiscite should not be held in such year.

The Chamber of Commerce realizes that some of the key factors that have contributed to our economic development are subject to changes as circumstances vary over time, but we are also aware that drastic changes over a short period of time could prove to be disastrous if the changes occur at a rate faster than ability of our economy to adjust to them.

Whatever alternative is democratically chosen by the people of Puerto Rico will probably result in economic adjustments and could entail sacrifices on our part. Private enterprise is ready to shoulder its responsibility; however, even in times of budgetary restraint, Congress should be sensitive to our needs and economic realities. Self-sustained economic development can only be achieved through a long term process. With your help, and a great deal of work on our part, we are confident that we can achieve our mutual goal of human progress for the people of Puerto Rico.

Thank you.

###