

# The new (newest) economic model

A few days ago, a local newspaper quoted NPP Senator Roberto Arango as saying that a new economic model was being implemented for future generations and that it gave him great satisfaction to be part of it. The Senator added that the Government is committed to ending the current economic model that served Puerto Rico so well for over 60 years, as it does not work, and the island is no longer competitive. Senator Arango noted that the New Economic Model is smaller, more agile, where the government serves as a facilitator.

His remarks necessitate clarification. Will there be a phase-in period between the current and the proposed economic models? Is an effort being made to retain our pharmaceutical manufacturing base? How can we improve our competitiveness and our educational system? What are the expected inputs and outputs of this new model, and when can we see some results of its implementation? A historical overview of our economic models can be helpful in visualizing where we've been, and where we should be headed.

The twentieth century in Puerto Rico can be divided into two distinct historical stages separated by World War II. The old colonialism of the first period, spanning over four decades from 1898 to 1940, was marked by the absence of self government, as Puerto Rico was ruled by presidentially appointed colonial and military governors. The island was dominated by a monocultural sugar plantation economy largely owned by absentee capital from the United States and had limited migration to the United States.

The second period, from 1940-1953, began with the U.S. entrance into World War II. It was followed by newly formed institutions and sweeping transformations in Puerto Rico that were established, and became entrenched, fol-



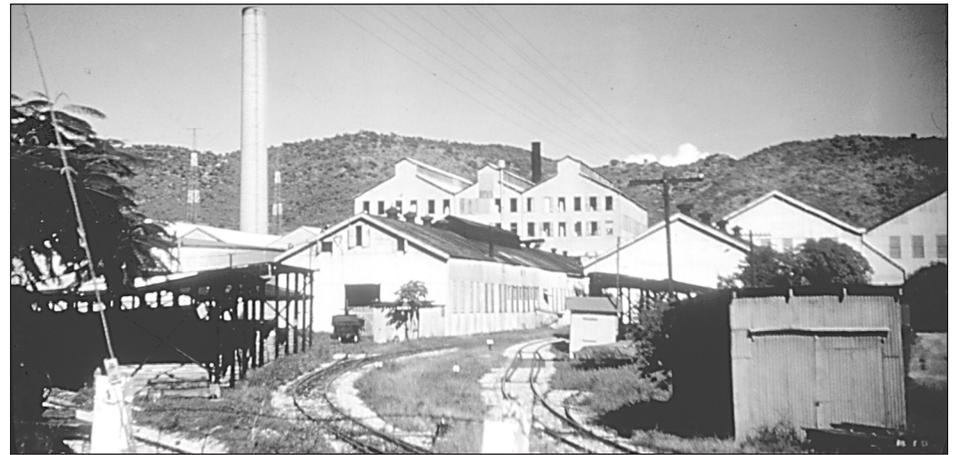
José A. Bolívar  
Commentary

lowing the war. Many of the changes introduced in the island were highly influenced or produced by federal initiatives that would have a long-term impact on Puerto Rico's subsequent historical development. There has been no comparable period of transformation and institutional innovation since then.

This period was marked by a progression of governors ranging from the liberal New Dealer Rex Tugwell (1941 to 1946), to the first presidentially appointed Puerto Rican governor Jesús Piñero (1946 to 1949), to the first locally elected governor Luís Muñoz Marín (1949 to 1965).

Puerto Rico experienced massive federal expenditure on military bases and road construction, agrarian reform marked by the dismantlement of the plantation economy, the development of an industrial economy oriented toward export markets, attempted first through government owned industries and then through the initiation of an "industrialization by invitation" program aimed at attracting U.S. capitalists to the Island, and subsequently largely owned by absentee capital from the United States.

Important government institutions that were designed to assist economic development included the Puerto Rico Planning Board, the Government Development Bank of Puerto Rico, the Puerto Rico Agricultural Company (PRACO) and the Puerto Rico Industrial Com-



Courtesy/José A. Bolívar

An early 1900's coastal sugar mill in Puerto Rico.

pany (PRICO) were developed. The government-owned power generating authority established provide electrification to the island was created during this period, as were pension benefits and federal financing for returning veterans that, in turn, boosted residential housing construction and promoted the emergence of a modern construction industry in Puerto Rico.

The 1950s brought self-government in the invention of the Commonwealth of Puerto Rico, and massive migration from Puerto Rico to the continental United States. The industrial period began to collapse with the end of the federal tax exemption program, which coincided with the aggressive manufacturing policies implemented in many developing countries, particularly China and India.

The Twenty-First century brings new challenges to the island. During the period of booming manufacturing, few local entrepreneurs created exportable products or services, the educational system (both public and pri-

vate) was not developed to compete with the rest of the world, and innovative and research oriented structures were not implemented. As we let go of our past economic model, we find that we have not invested in an alternative. This is not to say that we can not achieve what other states have done. Didn't North Carolina turn its tobacco based economic model into a research based one? It is not surprising to find that quite a few of their researches are Puerto Rican. Can we not offer these expatriates the opportunity to work these wonders here?

A new economic model requires, among other things, a long term plan, patience, perseverance, resources, and consistency. The hundreds of thousands of Puerto Ricans working in key leadership positions in the United States and elsewhere demonstrate that as individuals, we have the capability to succeed. To do it collectively requires consistent and committed public policies. Hopefully, Puerto Rico will see the implementation of these policies.

## The good guys always win? It's the other way around.

To Ursula Acosta:

You're wrong. The nonaggression pact between Germany and the USSR was before and not after the start of the war. After would've made no sense. Within a few days the Russians moved in on their half of Poland. And France and Britain on Germany. Notice the inconsistency. The Russians hold on to most of what they conquered from Poland to this day. Read Shirer's "The Rise and Fall of the Third Reich."

You're also wrong about Hess. Sure, he was an old time party hack and told anyone who'd listen that the Reich should pounce on the Bolsheviks and even stole a plane and parachuted over Britain to have his say there. But Hitler immediately pronounced him unauthorized to do such a thing and the Brits locked him up. Hess was hardly a war criminal. Compare him to Werner von Braun, whose usefulness to NASA superseded the blood of many thousands on his techy fingers.

You're wrong about Hiroshima and Nagasaki as well. It wasn't to save any lives, propaganda at the time notwithstanding, but to keep the USSR from getting in first. With Japan in the Warsaw Pact, the US would've fought hard and long for nothing. Read Alperowitz's "The Decision to Use the Bomb."

Even before going nuclear Truman ordered the incendiary bombings of cardboard-and-paper residential Tokyo, burning alive half a million civilians, women and children. I mean, the double standard is outrageous. The 25M Soviets and 6M Jews Germans slaughtered weren't exactly friends of the Third Reich. So wasn't it then reasonable to simply destroy them? It seems the worst war crime you can commit is to lose.

Andy Tyler  
from Condado July 1

## For what it is worth, but I know this cat fight has to end sometime.

To the Editor:

I did it! I hit a nerve, I hit a home run, I hit it way over the park and my favorite critic and statehood fanatic, Voices reader Robert McCarroll, calls it a foul ball. Why is Mr. McCarroll crying and ranting about me? Because he read my letter grading Gov. Fortuno and ex. Gov. Romero Barcelo on their Congressional appearance. And what is he mad about, that I wrote that Fortuno had a nicely written and delivered statement, and I wrote that Mr. Romero Barcelo gave a feisty and passionate defense for statehood. That was not good enough for Mr. McCarroll, who was one of the first to call Gov. Fortuno a wimp, which he now apologizes for after being wined and dined by the Fortuno family. Now, in his eyes, Fortuno is great looking, young, energetic leader. That is fine, but I still consider him to be the wimp McCarroll originally called him. I attempted to end this ping-pong game by writing a humorous (I thought) response to Mr. McCarroll, but apparently he is in no laughing mood. Finally, he questions why I am so against so many Puerto Rican political leaders.

That may be the silliest question ever asked by someone living in Puerto Rico, and needs no response. All I ask of Mr. McCarroll is that he remember his is not the only view, and the rest of us can and will continue to express ourselves in whatever manner we wish. He can just continue to cry about it.

J. D. Aragon  
on July 2 from Old San Juan

## An OPM Watch

Billions of stimulus funds are beginning to flow into the government coffers. The government has far reaching plans to use the stimulus funds to start and sustain a needed economic recovery for Puerto Rico. Whenever billions flow, the diversion for personal gain of tens of thousands or even millions of dollars may seem feasible.

Anyone, government or private, that has anything to do with the proper use of those funds needs to act within all aspects of law. The stimulus funds are Other People's Money (OPM) not anyone's personal funds.

So if you are in the stimulus money trail, ask yourself before you act, "How will I explain to my family if I act illegally?" "Who will provide for my family's welfare if I am incarcerated?"

If you are at a loss for an answer, ask the families of prior agency heads, politicians, and businessmen now incarcerated.

Puerto Rico does not need another illegal use of federal funds.

Just do the right thing, its OPM, not yours!

Tom Lewis  
on July 4

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