



Congressman Pedro R. Pierluisi
Five-Minute Floor Statement as Prepared for Delivery
Puerto Rico's Territory Status is the Primary Cause of its Economic Problems
December 4, 2013

Mr. Speaker:

Over the last several months, the press has been filled with stories about the severe economic problems in the U.S. territory of Puerto Rico. These economic problems have aggravated social problems like crime, have generated anxiety for individuals and institutions that have invested in Puerto Rico's bonds, and have caused island residents to relocate to the 50 states in unprecedented numbers. The statistics are staggering: in recent years, Puerto Rico's population has fallen by more than four percent, while the number of Puerto Ricans living in the states has increased by over 45 percent.

As Puerto Rico's representative in Congress, it pains me to read media accounts of the island's troubles, especially because I know that my constituents are just as capable and industrious as their fellow citizens in any other U.S. jurisdiction. Puerto Rico has enormous potential, but the reality is that this potential is not being fulfilled.

Although the island's problems have certainly grown worse in recent months, it is critical for policymakers and the American public to understand that these problems are not of recent vintage.

To the contrary, for at least four decades, Puerto Rico's economic performance—and, by extension, quality of life on the island—has been far worse than any state according to every indicator, including unemployment, average household income, and the ratio of government debt to economic production. In other words, Puerto Rico's difficulties have endured in more or less the same form, regardless of who holds power in Washington and San Juan and irrespective of the public policies they formulate. To be sure, fiscal mismanagement at the local level and insufficient attention at the federal level have both been factors contributing to Puerto Rico's problems, but the record clearly establishes that they are not the main factor.

What, then, is the principal source of Puerto Rico's longstanding woes? In a recent editorial, the *Washington Post* correctly identified the culprit, noting that the territory's economic problems are “structural—traceable, ultimately, to its muddled political status.” Curiously, the *Post* then asserted that “there will be time enough to debate” the status issue later and that Puerto Rico, for the time being, should focus exclusively on fixing its finances.

As I observed in a letter to the *Post*'s editor, this is like a doctor recommending medicine to alleviate a patient's symptoms but doing nothing to treat the underlying disease. As long as Puerto Rico remains a territory—deprived of equal treatment under critical federal spending and tax credit programs, forced to borrow heavily to make up the difference, and lacking the ability to vote for the president and members of Congress who make our national laws—the island will be in a position merely to manage, rather than to surmount, its economic problems. This is the only reasonable conclusion to draw from decades of empirical evidence.

A majority of my constituents understand this, which is why they voted to reject territory status in a referendum held one year ago. The Obama administration recognizes this as well, which is why it proposed the first federally-sponsored status vote in Puerto Rico's history to resolve the issue once and for all. And, finally, Members of Congress from both parties comprehend this, which is why 125 of them have co-sponsored legislation I introduced that provides for an up-or-down vote in Puerto Rico on the territory's admission as a state and outlines the steps the federal government will take if a majority of voters favor admission.

There are many reasons to oppose Puerto Rico's territory status, which is unequal, undemocratic and un-American. One of the most important reasons why Puerto Rico must discard this status in favor of either statehood or nationhood is because the current status has failed, and will continue to fail, to provide the island's 3.6 million American citizens with the economic opportunities and quality of life they deserve. Those who refuse to acknowledge this fundamental truth for ideological reasons are doing a great disservice to the people of Puerto Rico. They are on the wrong side of history.

Thank you.