

TESTIMONY OF RUBEN VELEZ LEBRON
PRESIDENT OF THE PUERTO RICO MANUFACTURERS ASSOCIATION
BEFORE
THE COMMITTEE ON ENERGY AND NATURAL RESOURCES
OF THE UNITED STATES SENATE
JUNE 16, 1989

MR. CHAIRMAN AND HONORED MEMBERS OF THIS COMMITTEE. MY NAME IS RUBEN VELEZ LEBRON AND I AM PLEASED TO APPEAR BEFORE YOU AS THE PRESIDENT AND REPRESENTATIVE OF THE 1,800 MEMBERS OF THE PUERTO RICO MANUFACTURERS ASSOCIATION.

FOR MORE THAN 60 YEARS, THE PRMA HAS REPRESENTED THE INTERESTS OF THE LARGEST AND MOST SIGNIFICANT GROWTH SECTOR OF THE PUERTO RICO ECONOMY---COMPANIES LARGE AND SMALL THAT FULLY REPRESENT 95% OF ALL THE MANUFACTURING EMPLOYMENT ON THE ISLAND.

THE ISSUE OF PUERTO RICO'S ULTIMATE POLITICAL STATUS IS, THEREFORE, OF CRITICAL CONCERN TO OUR MEMBERSHIP AND THE THOUSANDS OF FAMILIES THAT RELY ON THE EMPLOYMENT OPPORTUNITIES GENERATED BY THE HUNDREDS OF MILLIONS OF DOLLARS IN PRIVATE INVESTMENT MADE BY THAT MEMBERSHIP.

THE PRMA HAS, THEREFORE, SERIOUSLY CONSIDERED THE INTERESTS OF THIS BROAD CONSTITUENCY IN TAKING A POSITION ON THIS VITAL ISSUE.

THAT CONSIDERATION WAS UNDERTAKEN BY A BLUE RIBBON COMMITTEE WITHIN THE ASSOCIATION, MADE UP OF BUSINESS PERSONS WHO HAVE EXCELLED IN THEIR PARTICULAR FIELDS. THEY ARE ALL PRODUCTS OF THE OUTSTANDING ECONOMIC PROGRESS OF PUERTO RICO. PROGRESS THAT

SHOULD NOT, THAT MUST NOT BE CURTAILED REGARDLESS OF WHAT POLITICAL STATUS THE PEOPLE OF PUERTO RICO FINALLY CHOOSE.

WE WANT TO MAKE IT VERY CLEAR THAT AS AN ORGANIZATION WE HAVE NO PARTICULAR POSITION AS TO WHAT THAT STATUS SHOULD ULTIMATELY BE.

WE DO, HOWEVER, HAVE A VERY STRONG CONCERN ABOUT HOW THE PEOPLE OF PUERTO RICO WILL COME TO THAT ULTIMATE CONCLUSION. THAT DECISION SHOULD BE MADE ON CLEAR AND UNEQUIVOCAL INFORMATION ABOUT THE REAL COSTS AND BENEFITS OF EACH STATUS OPTION.

WE, THEREFORE, ASK THIS COMMITTEE AND THE POLITICAL LEADERS WHO COME BEFORE YOU TO BE STRAIGHT FORWARD AND SPECIFIC ABOUT THE IMPACT OF THE STATUS ALTERNATIVES PRESENTED ON THE ECONOMIC REALITIES OF PUERTO RICO.

CLEARLY, THE PLEBISCITE PROCESS ITSELF SHOULD NOT BE AN OBSTACLE TO CONTINUED ECONOMIC PROGRESS. IT SHOULD CLARIFY, NOT CONFUSE, SUCH ISSUES AS THE CURRENT STATUS OF PUERTO RICANS AS U.S. CITIZENS. THAT WE SEE AS A PRIMARY REQUIREMENT.

ANOTHER PRIMARY REQUIREMENT TO THAT PROCESS IS A CLEAR STATEMENT AS TO THE CONTINUATION OF THE BENEFITS OF SECTION 936, WHICH ARE ESSENTIAL TO SUSTAIN OUR ECONOMIC WELL BEING AND OUR FUTURE ECONOMIC EXPANSION. EACH OF THE THREE FORMULAS PRESENTED TO THIS COMMITTEE RECOGNIZES THE IMPORTANCE OF SECTION 936 AS AN INCENTIVE TO INDUSTRY OVER A LONG TRANSITION PERIOD. FURTHER,

THE PEOPLE OF PUERTO RICO MUST BE ASSURED THAT THE FREE ACCESS TO THE U.S. MARKET, WHICH IS FUNDAMENTAL TO OUR COMMERCE, WILL NOT BE PLACED IN JEOPARDY.

IN TRADE AS WELL, THE PEOPLE OF PUERTO RICO MUST BE ASSURED THAT THEIR INTERESTS WILL BE TAKEN INTO CONSIDERATION DURING TRADE NEGOTIATIONS.

WE CONSIDER THAT CONGRESS MUST ASSUME PRIMARY RESPONSIBILITY FOR THE ECONOMIC VIABILITY OF THE POLITICAL FORMULAS THAT ARE BEING PROPOSED.

THE PRINCIPLES THAT HAVE INSPIRED THE FEDERAL LEGISLATION CONCERNING ENVIRONMENTAL, SOCIAL JUSTICE, LABOR AND OTHER MATTERS ARE OF GREAT IMPORTANCE TO PUERTO RICO AND SHOULD BE PRESERVED UNDER WHATEVER POLITICAL STATUS SELECTED. HOWEVER, IT SHOULD BE RECOGNIZED THAT CONSIDERING THE PARTICULAR ECONOMIC AND GEOGRAPHICAL CONDITIONS OF THE ISLAND, FLEXIBILITY IS NEEDED FOR THE IMPLEMENTATION OF SUCH POLICIES. THEREFORE, WHERE POSSIBLE, THE GOVERNMENT OF PUERTO RICO SHOULD BE CHARGED WITH THE PRIMARY RESPONSIBILITY OF ADMINISTERING THESE LAWS AND REGULATIONS. THE COSTS OF THEIR IMPLEMENTATION SHOULD BE CONSIDERED IN THE ECONOMIC AND TAX MODELS OF THE THREE POLITICAL FORMULAS.

THIS ASSOCIATION SUBMITS THAT IN DEFINING THEIR ECONOMIC AND TAX MODELS, EACH OF THE POLITICAL PARTIES MUST SPECIFICALLY ADDRESS THE FOLLOWING ISSUES:

1. THE QUANTIFICATION OF THE PROJECTED COSTS OF GOVERNMENT, GOVERNMENT SERVICES AND INFRASTRUCTURE EXPENDITURES.
2. THE TAX STRUCTURE CONTEMPLATED, THE QUANTIFICATION OF THE PUBLIC REVENUES TO BE DERIVED FROM THAT TAX STRUCTURE AND THE RECONCILIATION OF SUCH REVENUES TO THE ANTICIPATED COSTS AND EXPENDITURES OF GOVERNMENT.
3. THE ANTICIPATED IMPACT OF SUCH TAX STRUCTURE ON INDUSTRY AND OTHER PRODUCTIVE SECTORS OF THE ECONOMY.
4. THEIR TREATMENT OF SECTION 936 OR, IN LIEU THEREOF, THEIR ALTERNATIVE PROPOSAL FOR THE DEVELOPMENT OF A FAVORABLE INDUSTRIAL AND INVESTMENT CLIMATE.
5. THE QUANTIFICATION OF THE COST OF PUERTO RICO'S LONG TERM PUBLIC PROJECTS, PARTICULARLY THOSE RELATING TO INFRASTRUCTURE.
6. PUERTO RICO'S ABILITY TO FINANCE ITS LONG TERM PUBLIC DEBT.
7. THE AVAILABILITY AND COST OF FUNDS FOR PRIVATE FINANCING VIS A VIS 936 FUNDS.
8. PUERTO RICO'S FREE ACCESS TO THE UNITED STATES COMMERCIAL AND FINANCIAL MARKETS.

THE ANSWERS TO THESE QUESTIONS ARE IMPERATIVE IN THE CONSIDERATION OF THE POLITICAL FUTURE OF PUERTO RICO. THE PEOPLE OF PUERTO RICO MUST HAVE THOSE ANSWERS IN CLEAR AND CERTAIN TERMS BEFORE THEY CAN EXERCISE THEIR VOTE IN A PLEBISCITE. THEY MUST KNOW WHAT THAT VOTE WILL MEAN TO THEIR ECONOMIC, AS WELL AS THEIR POLITICAL FUTURE.

THE ASSOCIATION, THEREFORE, RESPECTFULLY URGES THIS COMMITTEE AND CONGRESS TO INSURE THAT THE POLITICAL PARTIES PROMOTING THEIR STATUS FORMULAS FAIRLY AND ACCURATELY PRESENT TO THE PEOPLE OF PUERTO RICO THE SHORT AND LONG TERM ECONOMIC MODELS, THE TAX STRUCTURES AND THE UNDERLYING FINANCIAL ASSUMPTIONS UPON WHICH THEIR FORMULAS ARE PREDICATED.

WE BELIEVE THAT ONLY SUCH FULL AND COMPLETE DISCLOSURE WILL ALLOW FOR THE CONTINUED ECONOMIC EXPANSION AND GENERAL WELL BEING OF PUERTO RICO DURING AND AFTER THE PLEBISCITE PROCESS. PUERTO RICO MUST BE ASSURED THAT THE CLIMATE FOR GROWTH WILL NOT BE CLOUDED BY POLITICAL EXPEDIENCY IN THAT PROCESS.

IN CLOSING, I WISH TO THANK THIS COMMITTEE FOR ALLOWING THE PUERTO RICO MANUFACTURERS ASSOCIATION TO STATE ITS POSITION ON THIS CRITICAL ISSUE. WE ARE APPRECIATIVE OF THE ENORMOUS TASK THAT YOU HAVE UNDERTAKEN IN THE INTERESTS OF PUERTO RICO.

THANK YOU AGAIN FOR THIS OPPORTUNITY.