

sincerely wishes to comply with international law standards, territorial status must be excluded as a valid option. We are persuaded that this is the only way to resolve this stubborn issue between the United States and Puerto Rico in a satisfactory manner and end what the late Senator Daniel Patrick Moynihan once said about Puerto Rico in a letter to former President Clinton on territorial status, characterizing the relationship as "this remnant of 19th Century imperialism."

- (2) Prior to any consultation or plebiscite on Puerto Rico's future political status, Congress ought to recognize the inalienable right of the People of Puerto Rico to elect, in an exercise of its natural right to sovereignty, a Constitutional Convention of delegates to deliberate on the political future of Puerto Rico. The Constitutional Convention as mechanism would give due course to the initiative of the People of Puerto Rico to provide an educational process for a national discussion as well as multiple opportunities to engage in fruitful conversations and negotiations with Congress.
- (3) We recommend that in both the Constitutional Convention, and in all subsequent referenda on political status options, mechanisms be established to allow the inclusion of native born Puerto Ricans, not residing in Puerto Rico but interested in participating in the process of national self-determination of the Puerto Rican people.
- (4) Finally, we reiterate most emphatically that the options of sovereign free association be considered as an option in itself. For this option is vastly different from independence, statehood or any other non-territorial option. Although from the point of view of the United States, both independence and free association would mean disposing of the territory and hence ending U.S. sovereign powers over the territory, it is important to bear in mind that under the option of sovereign free association a special political and economic relation is maintained, between the two sovereign nations, through a bilateral treaty of free association as has been done in the case of the freely associated states of Palau, Micronesia and the Marshall Islands with the United States. The nature and content of such a treaty of free association establishes a clear difference between Puerto Rican sovereignty in free association with the United States and Puerto Rican sovereignty under the option of independence. We believe that H.R. 900 attempts to mislead and confuse the people by considering free association as a form of independence status. The foregoing is regarded as a palpable direct and unacceptable manipulation to avoid a level-playing field for all options in order to favor statehood by making people associate free-association with independence.

CONCLUSION

In conclusion, a final point. We want this committee to fully understand and appreciate that our organization and similar groups, as well as civil society groups in Puerto Rico are prepared to organize and promote an international campaign against any process of pretended self-determination that includes territorial status as an option or that resorts to unfair manipulations to obstruct or impede a democratic, just and rightful level-playing field for the competition among the different non-territorial options. I thank you for the opportunity to discuss our firm position on this very important topic, and I am happy to answer your questions.

Thank you very much.

Ms. CHRISTENSEN. The Chair now recognizes Mr. José Luis Fernández for five minutes.

STATEMENT OF JOSÉ LUIS FERNÁNDEZ, PRESIDENT, INTER-AMERICAN ENTREPRENEURS ASSOCIATION, PUERTO RICO

Mr. FERNÁNDEZ. Madame Chair and distinguished Members, thank you for inviting such a representative group of citizens to testify.

My name is José Luis Fernández, President of the Inter-American Entrepreneurs Association in Puerto Rico, an organization founded 46 years ago to promote free enterprise and international business development. We, like most other Puerto Ricans, hope you will provide us with a serious process to answer the question of the territory's status preference.

Our primary interest is the serious deterioration of our island's economic situation due to the lack of resolution as to what the territory's ultimate status will be.

This basic political question denies us the economic advantages of statehood or nationhood needed to compete in the greater American and global economies, distracts attention from economic and social issues, raises questions about what the appropriate economic and social policies are, and discourages investment in Puerto Rico while encouraging investment elsewhere.

A state of confusion, indifference, and uncertainty has permeated over the years. Territory status stopped benefitting Puerto Rico long ago. That is why the status quo only obtained 0.06 percent of the vote the only time it was ever voted on, in 1998. And all other status proposals, including commonwealth proposals, have been for a different governing arrangement.

Dissatisfaction with Puerto Rico's current situation is so great that now there are as many people of Puerto Rican origin in the States as in the islands. Over 3,000 Puerto Ricans a month move to Florida, and a recent poll revealed that at least a third of all Puerto Ricans are seriously considering leaving the territory.

Past local processes to answer the question of our status preference have failed because they have included proposals not attuned to what the Congress would accept based on the Constitution and basic laws and policies of the United States. In most cases, these options have included commonwealth proposals later rejected by the U.S. Government, which would have to act to change Puerto Rico's status.

In the 1998 referendum, the impossible option was a none-of-the-above line, when all of the options that U.S. officials have ever said they would be willing to implement were on the ballot.

H.R. 1230 would repeat the mistake by inviting us to choose a non-territory commonwealth status that would not be statehood or nationhood, when there is no precedent for such a status, and the President's Task Force on Puerto Rico's Status, the Clinton Administration, and the first Bush Administration have all said that there cannot be such a status.

Further, the local political minority that requested H.R. 1230 has repeatedly made it clear that their intent is that the non-territory commonwealth status be their development of the commonwealth proposal. Chairman Don Young and Ranking Democrat Miller of your full committee reported in 1999 that the proposal is based on principles that the committee rejected in 1998. The Clinton Administration specifically rejected it as impossible for constitutional and other reasons in testimony, and in a report to the full committee in 2000 and 2001. And the President's Task Force on Puerto Rico's Status rejected it in December 2005.

The proposal would permanently bind the U.S. to Puerto Rico determining the application of most Federal laws and court jurisdiction; Puerto Rico entering into international trade and other agreements and organizations that states and territories cannot; replacing tax exemptions for the income of U.S. companies in Puerto Rico that Congress just repealed; granting an additional subsidy for the insular government; and continuing all current programs of assist-

ance to Puerto Ricans, totally free entry to any goods shipped from Puerto Rico, and citizenship.

It would be counter-productive and irresponsible for Congress to invite Puerto Rico to propose a non-territory commonwealth status when it knows that the intent of the proponents for such a status is a proposal that Congress would not, and cannot, implement.

By contrast, the Puerto Rico Democracy Act, H.R. 900, proposes a process that includes only real statuses: statehood, independence, and nationhood, in a true free association with the U.S. in addition to the current territory status quo, all of the real statuses that have support in the island.

It would continue the current status if, and for as long as, Puerto Ricans vote for that instead of voting to seek one of the real status alternatives.

My one concern about H.R. 900 is that it would enfranchise non-citizens of Puerto Rico to vote in the determination of Puerto Rico's status preference, even though they may have no real connection with the islands, other than birth, and may never. Like citizens of Puerto Rico, these citizens of the States would also have voting representation in the U.S. Government decision of whether to implement the preference.

Madame Chair and distinguished Members, Puerto Ricans want to finally be able to choose among real statuses that can be implemented by Congress. The ongoing political impasse divides and holds down our people, and only benefits a few select economic interests, some external companies and a select few who work for them, and some lobbyists here in Washington, versus most Puerto Rican entrepreneurs and most Puerto Ricans.

The business community, representative of our people as a whole, abhors the uncertainty of the present status and; abhors the unrealistic process implied by the constitutional convention proposal. Congress should not be in a position to raise expectations that eventually would not be willing to fulfill.

Madame Chair, I appreciate your openness and willingness to listen to the citizens. People need to regain confidence. They are looking for trust, and they are expecting a true commitment.

Please help put an end to this limbo that has forced so many of us to leave the island, consigns almost half of those who remain to poverty, has resulted in Puerto Rico slipping further and further behind the States economically, as reported last year by the Brookings Institution and the Government Accountability Office, and denies us the democracy for which so many Puerto Ricans have sacrificed on behalf of the United States.

Thank you.

[The prepared statement of Mr. Fernández follows:]

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in our islands' economic situation due to the lack of resolution as to what the territory's ultimate status will be. This basic political question:

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Thank you.

Ms. CHRISTENSEN. I thank all of the panelists for your testimony, and I recognize myself for five minutes.

Mr. Mejía, you talked about the fundamental changes that have taken place in development models and the transformation for developing countries over the last 50 years. Do you believe that the current political status of Puerto Rico harms or helps its economic development, in spite of or because of its economic model, which you say dates back to the early 1980s?

Mr. MEJÍA. The situation in Puerto Rico is basically one of uncertainty, and that hinders any economic developments. So it all depends, in the actions of Congress, the future of Puerto Rico.

I certainly want the future, the progress and the future of Puerto Rico to be better than it is right now, and that the people of Puerto Rico have the conditions and the competitive advantage that has been, has been changing through years.

Ms. CHRISTENSEN. But under the current, do you think that the commonwealth in and of itself, the political status was harmful to the economy of Puerto Rico? Or helpful?

Mr. MEJÍA. It has been for some time very beneficial. But time changes, and it is a time for Congress to act.

Ms. CHRISTENSEN. Thank you. Mr. Fernández, in your statement you make reference to the plebiscite, where you state that commonwealth got only .6 percent of the vote. Isn't that not quite accurate, since the PDP was not happy with the definition in that plebiscite, and the fact that none of the above got more, 50 percent or a little over 50 percent? Doesn't that really contradict what you are trying to imply by that .6 percent?

Mr. FERNÁNDEZ. Madame Chair, if you look at the numbers throughout history, there has been a significant change in terms of how people feel about the different options. Regardless of the ideology, regardless of who belongs to which party or some ideology, people are reflecting in these local elections which have not been valid elections, because people really haven't had any confidence in these, unless Congress really guides us through a real serious process leading to that.

But regarding that particular one, where I point out that 0.06 percent only voted for the commonwealth, is according to what the Constitution of the United States and the policies and laws of the United States consider that as a reasonable option, as a reasonable