



Congressman Pedro R. Pierluisi
Remarks as Prepared For Delivery
“Shaping Puerto Rico’s Political and Economic Future”
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Good evening. I want to thank NYU Law School for inviting me to speak. I particularly want to thank the NYU Journal of Law & Business and the NYU Latino Law Students Association for co-sponsoring this event, and Professor Clayton Gillette, who will moderate the discussion that follows my remarks. I also want to thank Monica Ramirez de Arellano, who attends NYU Law and who was born and raised in Puerto Rico. Monica proposed this event and she has handled the logistics with great skill. Monica is a terrific example of the talented, hard-working young men and women that Puerto Rico produces. *Gracias* Monica.

The old joke about law school is that first year they scare you to death, second year they work you to death, and third year they bore you to death. If there is any truth to this joke, each of the students sitting in the audience is currently in a state of either fear, exhaustion, or near-slumber. I will do my best not to add to your emotional burdens by speaking for too long.

In all seriousness, every day I am grateful for the training I received in law school, in private practice, and as Attorney General of Puerto Rico. In Congress, as in the courtroom, the most effective advocates are those who are well-prepared, who are principled but not dogmatic, who are strategic as well as passionate, and who can make a clear and concise argument.

Tonight, I am going to put on my old litigator hat and make the case for why Puerto Rico should become a state.

In 1898, the United States acquired Puerto Rico from Spain as part of the treaty that ended the Spanish-American War. Since then, Puerto Rico has been a U.S. territory. In 1917, Congress enacted a law conferring U.S. citizenship on all individuals born in Puerto Rico. The island is currently home to about 3.5 million people, roughly the same population as Connecticut.

Over the course of the 20th century, the federal government granted the government of Puerto Rico increased authority over local matters. In 1947, for example, federal law was amended to provide for the territory's governor to be elected by the people, rather than appointed by the U.S. president. And in 1950, the federal government authorized the territory to draft a local constitution, which took effect in 1952. All told, Congress has now delegated to Puerto Rico about the same degree of authority over local matters that the states possess under the U.S. Constitution. Nevertheless, these measures have not altered Puerto Rico's status. The island remains today what it was 117 years ago: a territory of the United States.

Yet, to be a territory is to be deprived of political rights and equality under the law. Let me explain.

Federal law is supreme in Puerto Rico, just like it is in New York. We have federal courts in Puerto Rico, and all federal agencies have a presence on the island. However, island residents cannot choose the leaders who make their national laws. They cannot vote for their president

and commander-in-chief, even though they serve in large numbers in the U.S. military. They are not represented in the Senate, a body where each member wields great power. And they send one delegate to the House, called the Resident Commissioner. In this role, I can introduce bills and vote on committees, but I cannot vote on the House floor. While 435 of my colleagues, from Maine to Alaska, cast votes on legislation that affects every aspect of my constituents' lives, I am confined to the role of a spectator. You can imagine how I feel about that. Think about how it would make you feel. This is the 21st century, after all.

Moreover, the Supreme Court has held that, with limited exceptions, the federal government is free to enact laws that treat the territories differently than the states—and residents of Puerto Rico are treated worse than their fellow citizens under key federal programs, including nearly every social safety-net program. In many cases, the disparity shocks the conscience.

The irony, of course, is that my constituents—as U.S. citizens—can move to New York or Florida for the price of a plane ticket. Once they take up residence in the states, they instantly acquire the right to vote for their national leaders and the right to equal treatment under federal law—the very rights they were denied while living in Puerto Rico.

So, what are the *practical* consequences of territory status? Apart from depriving my constituents of fundamental democratic rights that Americans living in the states take for granted, territory status has harmed Puerto Rico's economy and our quality of life.

Because Puerto Rico is treated unequally under federal grant and tax credit programs, it is deprived of billions of dollars every year that would otherwise flow to the local economy. The shortfall in federal funds means individuals have less money to spend, businesses make fewer sales, and economic growth is hindered. In addition, the quality of government services delivered in a range of areas, from health care to anti-hunger programs, is relatively poor. Finally, the Puerto Rico government must shoulder a disproportionate share of the burden of paying for these services. This leads to large borrowing by the government, excessive debt, higher interest payments on bonds, and the diminished ability to make other important investments for the benefit of the people.

Consider a few examples of the economic harm associated with territory status:

Since at least the 1970s, when the federal government began collecting statistics, Puerto Rico's unemployment rate has always been far higher than every state. The island's unemployment rate has averaged 15.5 percent, while the U.S. national unemployment rate has averaged under 6.5 percent—a nine-point difference.

Next, consider the employment-to-population ratio, which measures the share of a jurisdiction's working-age population that is employed. In the last 35 years, the ratio in the U.S. has averaged above 60 percent. The ratio among Hispanics living in the states is currently about 60 percent as well. In Puerto Rico, the ratio is far worse, averaging about 40 percent.

Now consider per capita gross national product. Since at least 1970, Puerto Rico's per capita GNP has been about one-third of per capita GNP in the United States. For example, in 2010, Puerto Rico's per capita GNP was under \$16,000, whereas U.S. per capita GNP was nearly \$48,000. Even the poorest states have average household incomes that are far higher than Puerto Rico's.

Finally, consider the government of Puerto Rico's finances, which are in dire straits. In each of the last 12 years, the territory government has run budget deficits and financed those deficits by issuing bonds. There has always been great demand for Puerto Rico bonds from investors because these bonds offer much better yields than bonds issued by other U.S. state or local governments. Moreover, for better or for worse, Congress has chosen to make the interest earned on U.S. territory bonds "triple-tax-exempt," meaning that such interest income is excluded from federal, state, and local taxation, regardless of where the investor resides. Thus, there has historically been a large appetite for Puerto Rico bonds among investors hungry for robust returns. For this and other reasons, Puerto Rico's public-sector debt rose from \$30 billion in 2002 to over \$70 billion today.

Now, does anyone really think that Puerto Rico's economic and fiscal performance has been so poor because the territory's people and political leaders are not as capable or hard-working as their counterparts in, say, Mississippi or Montana? To the contrary, our island is home to exceptionally bright and diligent people. The truth is that we have not failed as individuals; our political system has failed us.

If you need additional evidence, consider these almost-unbelievable statistics from the U.S. Census Bureau. In April 2000, Puerto Rico's population was a little over 3.8 million. By July 2014, it had fallen by nearly 7 percent to 3.5 million. In the last four years alone, upwards of 250,000 island residents have relocated to the states. According to my office's conversations with Census Bureau officials, this level of sustained migration from a single jurisdiction appears to be unprecedented in modern American history.

This Census data is like a dagger in the heart of any supporter of the *status quo*. As future lawyers, you are becoming experts at examining evidence in an objective way, and drawing conclusions based on that evidence. I submit to you that the case is clear and compelling. Puerto Rico's territory status has led to a dead end. The island needs a new path, and a new destination.

There are only two alternatives to the current status. The first is for Puerto Rico to become a state. The second is for Puerto Rico to become a separate nation, either fully independent from the United States (like the Philippines) or in a voluntary association with the U.S. that either nation can terminate (like Palau or the Marshall Islands). While both statehood and nationhood are dignified status options, I strongly support statehood. Here's why.

While nationhood would sever or weaken Puerto Rico's union with the United States, statehood would *perfect* our union. Statehood would deliver to Puerto Rico what all free people deserve: full voting rights, full self-government, and full equality under the law. The state of Puerto Rico would have far more political power than the territory of Puerto Rico—in the form of two U.S. senators, five representatives in the U.S. House, and seven votes for president and vice-president

in the Electoral College. At the same time, in part by ensuring that Puerto Rico would receive equal treatment under all federal spending and tax credit programs, statehood would strengthen Puerto Rico's economy and improve our quality of life, as the most recent examples of Alaska and Hawaii demonstrate. Indeed, I have never heard an objective observer argue otherwise.

But there is an even more fundamental point. An overwhelming percentage of my constituents cherish their American citizenship, especially the hundreds of thousands who have served—or have a family member who served—in the U.S. military. But if Puerto Rico were to become a separate country, future generations of island residents would be citizens of the nation of Puerto Rico, not the United States. That is totally unacceptable to the vast majority of Puerto Ricans.

By the way, let me address an anti-statehood argument I have heard, one usually advanced by politicians in San Juan who support the status quo or separate nationhood for Puerto Rico. The argument is that Puerto Rico's culture would be harmed if the territory were to become a state. I could not disagree more. Those who make this argument do not understand, or choose to ignore, how the United States has changed in recent decades. As of July 2013, there were roughly 54 million Hispanics living in the United States, representing approximately 17 percent of the total population. Four states and the District of Columbia already have minority populations that exceed 50 percent, and eight more states will join that list by 2020. Twenty-five years from now, more than one in four working-age individuals in the U.S. will be Hispanic. The notion that Puerto Rico and the United States have separate and distinct cultures that somehow cannot be reconciled is outdated and, frankly, absurd.

It is also worth reiterating the self-evident point that statehood will not change the fact that Puerto Rico is located in the Caribbean, 1,000 miles from Miami, and that our culture draws upon the influence of Latin America, Africa and Europe, as well as the United States. Evolving from an unequal member of the American family to an equal member of the American family will not change who we are as a people. Our history, traditions, language, faith, food, arts, music, love of family, and embrace of life—these things are the essence of what it means to be Puerto Rican. Nothing, certainly not equality under statehood, could ever diminish their role in our lives. Our culture is simply too powerful and too intrinsic a part of who we are.

So, in sum, from my perspective, statehood is the right and logical next step for Puerto Rico, the natural progression from territory status.

But this is not just my personal view; it is also now the predominant view among the Puerto Rico public. In 2012, the Puerto Rico government sponsored a referendum where voters soundly rejected Puerto Rico's current territory status and expressed a clear preference for statehood.

In the wake of that historic vote, I conveyed the results to my colleagues in Congress and to the Obama administration. I did this because, for a territory to become a state, Congress must approve legislation known as "an admission act" and the president must sign that legislation into law—just like any other bill. I also explained the results at the United Nations here in New York, noting that my constituents—citizens of the most democratic nation in history—were now clearly being governed without their consent.

At my initiative, the Obama administration requested—and Congress approved—an appropriation of \$2.5 million to fund the first *federally-sponsored* status vote in Puerto Rico’s history. This funding will remain available until it is used by the Puerto Rico government. While the law does not prescribe the exact format of the ballot, it does establish an important condition. Namely, the law provides that the U.S. Department of Justice must certify that the ballot and voter education materials are consistent with U.S. law and policy. Not everyone realizes it yet, but this is the most important step that the federal government has ever taken to resolve the issue of Puerto Rico’s political status.

I have proposed that the federal funding be used by the government of Puerto Rico to hold a simple yes-or-no vote on whether Puerto Rico should be admitted as a state. This approach is logical and fair. First, it is deeply rooted in precedent. Alaska and Hawaii each conducted federally-sponsored yes-or-no votes prior to statehood. Second, because statehood obtained the most votes in the 2012 referendum, it makes sense to now hold a straightforward vote on statehood itself. Third, the format is inclusive. Those who support statehood can vote “yes” and those who oppose it for any reason can vote “no.” Fourth, the vote would yield a definitive result that nobody could reasonably question. Finally, this approach has broad bipartisan support in Congress. A bill I filed in 2013 that calls for a federally-sponsored yes-or-no vote on admission obtained support from 134 U.S. Representatives and Senators.

Right now, the problem is that the governorship of Puerto Rico and the two chambers of the island’s legislative assembly are controlled by the local political party that favors the territory status quo, and they have declined for over one year to schedule this federally-sponsored vote.

The reason seems clear enough—the Governor and his troops believe statehood would win and so the democratic process has become their adversary.

To exert additional pressure on the Governor to act, and to lay out a clear and precise path forward for Puerto Rico, last week I introduced the most forceful and ambitious statehood admission bill for Puerto Rico in U.S. history. The bill, which already has strong bipartisan support, would authorize a vote to be held in Puerto Rico within one year of the bill's enactment—that is, by the end of 2017. The ballot would contain a single question: “Shall Puerto Rico be admitted as a State of the United States?” To conduct this vote, the Puerto Rico government could use the \$2.5 million that Congress has already approved.

If a majority of voters affirm their desire for admission, the bill provides for an automatic series of steps to occur that would culminate in residents of Puerto Rico voting for president and vice-president, U.S. senators and voting members of the U.S. House in November 2020 and Puerto Rico being admitted as a state in January 2021.

I will continue to press for action in both San Juan and Washington, using any strategy and technique that will advance the statehood cause. I firmly hold the view that, to achieve its enormous potential, Puerto Rico must discard its status as a U.S. territory. History is clear. No people have ever prospered while being deprived of political and civil rights, and Puerto Rico is not—and will never be—an exception to that rule.

The truth is simple. To succeed, Puerto Rico must be treated equally. And to be treated equally, Puerto Rico must become a state.

Thank you.