



Congressman Pedro R. Pierluisi
Statement as Prepared For Delivery
Puerto Rico Chapter of the Federal Bar Association Luncheon
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Good afternoon.

I want to begin by thanking Oreste Ramos, the President of the Puerto Rico Chapter of the Federal Bar Association, for inviting me to speak today. I understand that this Chapter is one of the largest and most active in the United States, and that the Federal Bar Association's National Convention in 2013 will be held in San Juan. Clearly, the Chapter is in good hands, and I commend all of you for the terrific work that you are doing.

As some of you may recall, the last time I had the privilege to address your organization was in May 2010, at *Los Chavales* Restaurant in Hato Rey. As I noted in those remarks, I was an attorney before I was elected to office, serving for close to 20 years in private practice and for four years as Puerto Rico's Secretary of Justice.

I can tell you that representing the 3.7 million U.S. citizens of Puerto Rico in Congress over the past four years has been the greatest honor of my life. The work has been challenging, at times frustrating, but always rewarding. And every day I am grateful for the training I received in law school and in practice. Many of the skills acquired and lessons learned during my legal career have helped me in Washington. The same methods I once used to convince a judge or jury of the merits of my client's case, I now use to persuade my colleagues of the merits of legislation that I support. And, while politics will always play a role, I have found that my fellow lawmakers are often willing to endorse my initiatives if they are thoughtful, balanced and provide a practical solution to a concrete problem. In Congress, as in the courtroom, the best advocates are those who combine passion and logic, not those who rely on just one or the other.

Moreover, for political leaders, as for legal advocates, your reputation can be your best asset—or your worst liability. In either case, once you have acquired a reputation as honest, capable and hard working, you greatly improve the odds that you will be able to deliver positive results for the people you represent, who have placed their trust in you.

I am proud of the record my team and I have established during my first term, whether the subject is the economy, public safety, health, education, the environment, fighting for our veterans, caring for the Island's most vulnerable citizens, or Puerto Rico's political status. But, ultimately, it is the voters who will decide whether I have earned another four years in office. It is their verdict that counts, and it is a verdict that cannot be appealed to a higher authority!

I want to take this opportunity to talk to you candidly about the upcoming plebiscite. As you know, the plebiscite ballot will consist of two questions. Voters will first be asked if they want to continue with the current territory status. Then they will also be asked to express their preference among the three alternatives to the current status recognized as legally and politically viable by the federal government and international law: statehood, independence, and nationhood in free association with the United States—which is called “ELA Soberano” on the ballot.

I cannot stress enough how important this vote is for Puerto Rico’s future. I have heard people, especially certain local politicians, argue this the plebiscite does not matter, that it will not make any difference. This opinion has been expressed in good faith by some and in bad faith by others. In either case, it is absolutely wrong. It will matter if we *make* it matter, by going to the polls in large numbers, consistent with the proud democratic tradition in Puerto Rico. And if we don’t, we will have missed a rare opportunity.

All of you know that I oppose the current status and support statehood for Puerto Rico. I recognize—and I respect—that not everybody here shares my vision for the Island’s future. But I also know that, as good lawyers, you are open-minded, you care about facts, and you make decisions based on all the evidence. So, with your indulgence, I want to deliver a brief oral argument against the status quo and in favor of statehood.

I should note that it has never been my style to be overly insistent in my efforts to convince others to adopt my point of view on the status question. Nobody wants to be lectured, and no one enjoys having their opinion insulted or belittled. I may believe that the case for statehood is self-evident, but that does not mean that everyone else does. Statehood advocates will not convert a single person to the cause we believe so deeply in, unless we can make a clear, coherent and evidence-based argument.

First, let me briefly explain why I do not support the current status, and why I hope the people of Puerto Rico—of all political stripes—will vote “No” in response to the first question in next month’s plebiscite.

My primary concern with the status quo is that it deprives us of the two most fundamental rights in a democracy.

First, the current status—whether you prefer to call it territory, ELA, commonwealth or colony—denies us the right to choose the leaders who make our national laws, which govern nearly every aspect of our daily lives. We cannot vote for president, U.S. senators, and voting representatives in the U.S. House. In the 21st century, this should be shocking.

Second, the current status denies us the right to equal treatment under our national laws. The number of federal programs that treat Puerto Rico worse than our fellow citizens in the states is too long to list, but it includes key safety-net programs like Medicaid, Medicare, Supplemental Security Income, and food assistance, to name just a few.

The current status does not only result in fewer federal resources flowing to Puerto Rico under federal programs; it also harms us in less tangible but equally important ways. One example is federal procurement contracts for goods and services. In 2010, companies in Oklahoma, with a population size similar to Puerto Rico's, were awarded nearly \$3.5 billion in contracts from the federal government, money that was used to create jobs and spur economic development in the state. In comparison, Puerto Rico firms received federal contracts totaling less than 30 percent of that amount. There are multiple reasons for this disparity, but any knowledgeable observer will confirm that the lack of political power that is an inherent feature of our current status is a major contributing factor.

Another intangible harm caused by the current status relates to an issue that has been my top priority in Washington, and that I know is of paramount concern to you and your families. I am referring to drug trafficking and the senseless violence that accompanies it.

Since we came into office, Governor Fortuño and I have been pushing the U.S. Department of Justice and the U.S. Department of Homeland Security to allocate more resources and personnel to Puerto Rico to address the Island's public safety crisis, just as they have done along the Southwest border with Mexico and in high-crime areas like Oakland, Detroit, and Philadelphia. After relentless—and I mean relentless—advocacy, the Governor and I have achieved some notable successes, and the federal government is finally giving this issue the attention it deserves.

But let's not fool ourselves. If the level of violence we have been experiencing in Puerto Rico were taking place in any U.S. state, the response from the federal government would be immediate, it would be strong, and it would continue until the problem was alleviated.

The hard truth—which we must acknowledge with candor—is that we are second-class citizens in the nation of which we form an integral part and that our sons and daughters have defended for generations. So when I hear people argue that, under the current status, we somehow have the best of both worlds—I honestly don't know what world they are talking about. I want to invite the people who believe this to spend a day in my shoes as Resident Commissioner. I want them to experience what it is like to fight tooth-and-nail to ensure that Puerto Rico is not excluded from a job-creation or health-care bill that *automatically* includes the states. I want them to experience how it feels to watch as 435 of my colleagues, from Maine to California, cast their votes on a bill that affects Puerto Rico, while I can only sit there and watch. Puerto Ricans are such a proud people that I cannot understand how we can voluntarily submit to a status that relegates us to second-class citizenship.

These are the principal reasons why I oppose the current status, but they are not the only reasons. I also believe the current status hurts our economy and, therefore, our quality of life. Let me submit some evidence into the record to support my case.

In 1976, the federal government began collecting unemployment statistics for each of the states and territories. In those 36 years, Puerto Rico's unemployment rate has always been significantly higher than every single U.S. state. The Island's unemployment rate has averaged

15.5 percent, while the U.S. national unemployment rate has averaged less than 6.5 percent, a 9-point difference.

How about the labor force participation rate, which measures the share of a jurisdiction's population 16 years and older that is employed or seeking employment? Over the last five decades, the U.S. labor force participation rate has averaged over 65 percent. Since the early 1950s, the labor force participation rate in Puerto Rico has never exceeded 50 percent, and is currently at about 40 percent.

Finally, examine per capita gross national product. In 2010, Puerto Rico's per capita GNP was under \$16,000, which is about one-third of per capita GNP in the United States of nearly \$48,000. That percentage is unchanged since 1970, when the Island's per capita GNP was also about one-third of U.S. GNP. Even the poorest states have per capita GNPs that are substantially higher than Puerto Rico's.

This evidence points to a single conclusion. In the last 40 years, we have had governments in San Juan led by both the PNP and the PDP. In Washington, both Democrats and Republicans have controlled the executive and legislative branches. Countless measures designed to improve Puerto Rico's economy, both wise and unwise, have been enacted at the local and federal level.

And yet, through all of these political and policy changes, our numbers—relative to the states—have barely budged. These figures demonstrate that, despite the recent improvements in employment and other indicators achieved under Governor Fortuño, the economic problems in Puerto Rico are structural and chronic, not cyclical and temporary. The numbers tell a story of stagnation, of opportunities wasted, of potential unfilled.

Does anyone think Puerto Rico's economic performance lags so far behind the states because our people are less talented or less hard-working than people in Mississippi or Montana? To the contrary, I think our Island is home to some of the most intelligent and diligent men and women in the world. What we need to understand is that we have not failed as individuals. Our system has failed us.

If you need additional evidence, consider the fact that Puerto Rico is one of only two U.S. jurisdictions that experienced a population decrease between 2000 and 2010. Because of the auto crisis, Michigan's population decreased, but only slightly. Puerto Rico's population decreased by a remarkable 2.2 percent, almost all of which was attributable to migration to the states. Hundreds of thousands of our friends, colleagues and family members have made the decision to seek a better future in Orlando, Hartford, Cleveland and other locations throughout the U.S. Note that they are *not* moving to the Dominican Republic, Panama, or Costa Rica. Every day, residents of Puerto Rico—young and old, rich and poor—cast a symbolic vote against the current status and in favor of statehood by boarding an airplane and leaving behind the Island they love.

That is my argument, in summary form, against the current status. If you have arguments in rebuttal, as I suspect some of you may, I look forward to hearing them and doing my best to respond to them in the question-and-answer session.

Now, if a majority of plebiscite voters express satisfaction with the current status, Puerto Rico's status would not change at this time. However, if a majority votes against the status quo on the first question, and in favor of either statehood, independence or free association on the second question, Puerto Rico officials will petition Congress and the President to take action that honors that choice.

So let me turn to my final point, which is to make the case for why I believe the people of Puerto Rico should choose statehood—rather than independence or free association—to replace the current status.

Independence and free association can be fairly described as two sides of the same coin, and that coin is nationhood. Both are dignified options that would provide Puerto Rico with full self-government at the national level. But, we need to be very clear about what these status options could mean for quality of life on the Island, especially for our children and grandchildren.

Independence entails breaking all of the strong economic, political and social bonds that have formed between Puerto Rico and the United States over the past 114 years, which is a prospect that I think the overwhelming majority of our people resoundingly reject. If Puerto Rico becomes independent, future generations of Island residents will be citizens of Puerto Rico, not U.S. citizens. Currently, the Island receives about \$30 billion a year from the federal government in grants, retirement and disability payments, procurement contracts, loans and insurance. In place of this funding, an independent Puerto Rico would presumably receive a much smaller package of foreign aid. I would note that Israel, the top recipient of U.S. assistance, receives about \$3 billion a year.

Whereas independence involves shattering Puerto Rico's bonds with the U.S., free association means substantially weakening those ties. Under free association, Puerto Rico would become a sovereign nation, but would have a negotiated agreement—or compact—with the U.S. that sets forth the terms of the relationship between the two nations. As with any agreement between sovereign nations, the agreement could be unilaterally terminated by either party at any point—as denoted by the “free” in free association. If the U.S. or Puerto Rico chose to end the association, Puerto Rico would become a fully independent nation.

The U.S. currently has compacts of free association with three small nations in the Pacific that it formerly administered under the U.N. trusteeship system—the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. Under the compacts, these countries receive assistance under certain federal domestic programs, but do not receive assistance under critical programs like Medicare, Medicaid and Social Security. Residents of the freely associated states may enter the U.S. without restriction, but they are not American citizens.

Let me quickly expand on this citizenship point, because some supporters of free association in Puerto Rico have been proclaiming to the public that, if Puerto Rico were to choose this status, U.S. citizenship would not be disturbed for present or future Island residents.

I think these statements need to be scrutinized closely, because the facts are as follows: For decades, in both congressional testimony and legislation, federal officials in the executive branch and in Congress have taken the clear position that U.S. citizenship would not continue to be granted in a nation of Puerto Rico, whether that nation was fully independent from or freely associated with the United States. Don't just take my word for it: the leadership of the PDP has opposed free association on the ground that it would mean the end of U.S. citizenship for the people of Puerto Rico. As with independence, free association is a worthy option, but I do not believe it reflects the aspirations of most Island residents.

While independence would sever our union with the United States, and free association would substantially weaken our union, 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. At the same time, statehood would strengthen our economy and improve our quality of life, as the most recent examples of Alaska and Hawaii clearly demonstrate.

The two most common argument against statehood are that residents of Puerto Rico will be required to pay higher taxes and that our culture will be compromised. Neither argument withstands scrutiny.

Even putting aside the many benefits that would accrue to Puerto Rico if we enjoyed the right to vote for president and to elect two senators and at least five representatives, the benefits of full inclusion in federal programs would vastly outweigh the cost associated with any increased taxes. Moreover, if Puerto Rico were to become a state, the vast majority of households on the Island would see no increase in their total tax liability. At present, nearly half of all households in the states do not owe federal income taxes because they do not earn enough. Indeed, lower-income households in the states have access to certain refundable federal tax credits that offset tax liability, like the Earned Income Tax Credit and the Child Tax Credit, which do not currently apply in Puerto Rico or do not apply fully. Finally, the Puerto Rico government would lower local tax rates if the Island became a state, since we would no longer need to bear the burden of funding a disproportionate share of health and other programs.

With respect to the culture argument, my response is simple. Our history, our traditions, our language, our faith, our food, our music, our dance, our art, our love of family, and our embrace of life—these things constitute the very essence of what it means to be Puerto Rican. Nothing—least of all equality under statehood—could ever diminish their power or their role in our lives. Our culture is simply too strong and too resilient.

That, in short, is my argument for statehood. I respectfully submit that it is a clear and compelling case. So with that, I rest my case.

Thank you very much.