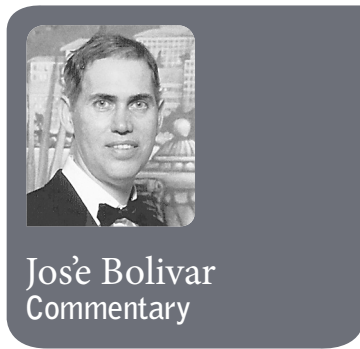


Historical lessons: Have we learned from them?

Given the current financial crisis in Puerto Rico (as well as in the United States,) local businesspeople, economists, and politicians, pin their hopes for a recovery on receiving a portion of the Federal "bailout," which the U.S. Senate just approved to the tune of \$838 billion dollars. A backwards look in time reveals that this would not be the first time that the Puerto Rican Economy is rescued by a massive Federal Capital infusion: between 1939 and 1948, the Federal Government invested over one billion dollars (approximately \$20 billion in today's equivalent) in military spending and tax rebates. Are there lessons to be learned from this past experience?

Even before the start of the Second World War, the U.S. Navy had shown interest in building naval bases in Puerto Rico and in the Caribbean. Of particular interest was the area around the San Juan Bay, comprising the Islands of Miraflores and Isla Grande. On the 19th of April, 1939, the local government transferred 293 acres of land valued at just under \$12 million (approximately \$240 million in today's equivalent) to build such a base. It required filling in about 2,000,000 square yards of mangroves. According to interviews conducted with veterans working on this project, some of the fill came from a fairly large mogote located where Volvo now stands on Kennedy Avenue. That same year, 1,877 acres were expropriated in Aguadilla in order to build Borinquen Air Field (latter known as Ramey Air Force Base).

The military buildup was felt throughout the Island. In 1940, then Governor William D. Leahy transferred the Islands of Monito and Desecheo to the Navy so they could be used as a bombing range. Parcels located in Puerto de Tierra, Hato Rey, the Monacillos portion of Río Piedras, Guaynabo, Palmas in Cataño, and La Puntilla in Old San Juan were also transferred to the U.S. Armed Forces. Governor Leahy assured President Roosevelt that it would be difficult to invade the mainland given the bases under construction in Puerto Rico. Rafael Carrión Pacheco, executive



José Bolívar
Commentary

at San Gerónimo and Club Náutico, 400 low cost housing units at San Patricio, and the Naval Bases at Vieques and Ceiba. Due to the possibility of an areal attack, similar to the one that occurred at Pearl Harbor on December 7, the Civil Defense of Puerto Rico began building aerial bunkers beneath the old city of San Juan, and refurbishing the old tunnels built by the Spanish during colonial times. During 1942, the Works Projects Administration, a New Deal Federal Agency, built trenches behind the Capitol Building as well as four tunnels on the old Spanish wall circumventing San Juan near the Paseo La Princesa, and another four near the Puerta de San Juan. Behind the old Casino de Puerto Rico, ditches were dug in order to explore the possibility of discovering old Spanish tunnels between San Cristobal and La Marina. Seven tunnels originating from San Cristobal were discovered, one of these below Muñoz Rivera Avenue, heading towards the Marina, under the old Casino de Puerto Rico.

Unfortunately the German submarine blockage severely affected the economy of Puerto Rico, particularly during 1942. Food supply was short. Raw materials for industry and commerce were scarce. However, things started to look up by middle to end of 1943, as the Allied victory seemed like a forgone conclusion. Military construction pretty

vice-president of Banco Popular, was among the many businessmen that believed that these investments were critical to the strengthening of the local economy.

The construction boom continued in 1941, with the building of officer's quarters

much ground to a halt during this time. The Island became more dependent on the sale of Puerto Rican rum to the mainland, as the local government received taxes collected by the Federal Government on the sale of this product. In 1944, rum sales accounted for 63% of the income generated by the Puerto Rican Government. Between 1937 and 1947, Puerto Rico Rum held 47% of the stateside rum market, while its nearest competitor, Cuba, accounted for just 19%. This too came to pass, as with the end of the war, new competition carved out their share of the market, leaving Puerto Rico with a smaller portion. By this time, Teodoro Moscoso was promoting a manufacturing based economy dependent on granting tax exemptions to stateside investors, so priorities shifted away from the rum industry.

It is important to take note that the local economy benefited from these Federal Investments. The construction of the bases educated a formidable workforce, and provided a foundation for the creation of local companies. The tourism industry benefited from hotels such as the Caribe Hilton. Businesses in banking, wholesale food distribution, cement, and of course, the rum industry, showed record profits. Unfortunately, with the shift toward promoting stateside manufacturing investments, local participation in the economy diminished, as growth depended more and more on foreign investment. An opportunity was lost by the (almost) exclusion of local industry during the boom years that followed the Second World War.

Currently, Puerto Rico faces a growing number of decisions with resulting long term impacts. If history is to be our guide, than economic growth must, to a large extent, depend on local involvement and investment. Will this happen? Nobody really knows.

José L. Bolívar holds a doctorate in history and is completing a book on the economic impact of the Second World War on Puerto Rico, which is scheduled to be published this year by the University of Florida.

Correcting inequities

Frequent PR Daily Sun Voices contributor Kal Waggenheim should have done some research and got his facts together before accusing the NPP-controlled Legislature of appropriating funds only for NPP-controlled municipalities (P R Daily Sun 2/11/09).

The truth is that what the current Legislature has done is to correct the inequities committed by former governor Anibal Acevedo Vila during the preceding administration. That NPP-controlled Legislature approved fund appropriation for PDP-controlled towns as well as for NPP towns. BUT, Acevedo Vilá then proceeded to use or rather abuse his line item veto power to scratch out most of the appropriation for NPP towns leaving most of the funds for assignment to PDP municipalities. That was nasty. It was unfair. Worse, it was undemocratic.

The current Legislature, therefore, has now proceeded to try and get the NPP towns to catch up, a very commendable act. Once equity has been achieved, the Legislature should thenceforth assign fund appropriation to all of the municipalities based on need and not on which political party controls what town.

J. Raymond Watson
Guaynabo City

Underlying democracy

To Will Sims:

You're sorryly misinformed. The way we process elections here is more democratic than what they do on the mainland. We assure

minorities reasonable representation. In the Stateside winner-take-all count, parties with a fourth to a third of the popular vote end up getting one or two-percent representation, if any. If you don't win your district, you get zilch.

Hardly "one man, one vote," like you say, which is what they actually have in Italy and had in Israel. There one-fifth the votes gets one-fifth representation. Nevertheless winner-takes-all minimizes deadlock and filibuster, as it's a bit more like a dictatorship. So Puerto Rico is a happy medium.

Andy Tyler
Condado

Funding suggestion for AAV

To Anibal Acevedo Vilá:

So you need \$3M for Watergate Attorney Thomas Green to get your chestnuts out of the fire. Don't forget you filched \$40K off your party to buy yourself a hyperluxury wardrobe. Might the moment be right for a garage sale?

Ana Badillo
Hato Rey

Educational priorities

The University of Puerto Rico is cutting back on classes. No funds, they say. And the libraries are mostly old books, they spend loads of cash to fumigate against fungi, each time means a few days closed and librarians

on paid leave. But forget the new books that are needed, I mean, you have to update, particularly textbooks that students photocopy because they're so expensive at the privatized bookstore.

Yet the four new large buildings with the pompous architecture in front of the campus went a full year vacant with all the lights and air-conditioning on 24/7. We're talking up to \$100 thousand surely. In the wee hours of a Sunday morning you could spot the condensation inside all the glass. Wanton waste and educational deprivation side by side.

Danilo Alvarez
Hato Rey

Tribal politics

A policy where the state, while taxing everybody, signs out discretionary funding only for jurisdictions that voted for the reigning pols, is an indignity, tribalism at its most indecent, tyranny. And certainly undeserving of statehood or citizenship even. Not even its own.

The men and women responsible are scoundrels to the fullest depths of the word, truly beneath contempt, and the rest of us, we who actually voted for the cads, are somewhere between mentally challenged and unable to tell right from wrong. Wonder why we're that last colony on the planet?

Eleuterio Serpieri
Santuce

