

# PUERTO RICO: SHOWCASE OF OPPRESSION

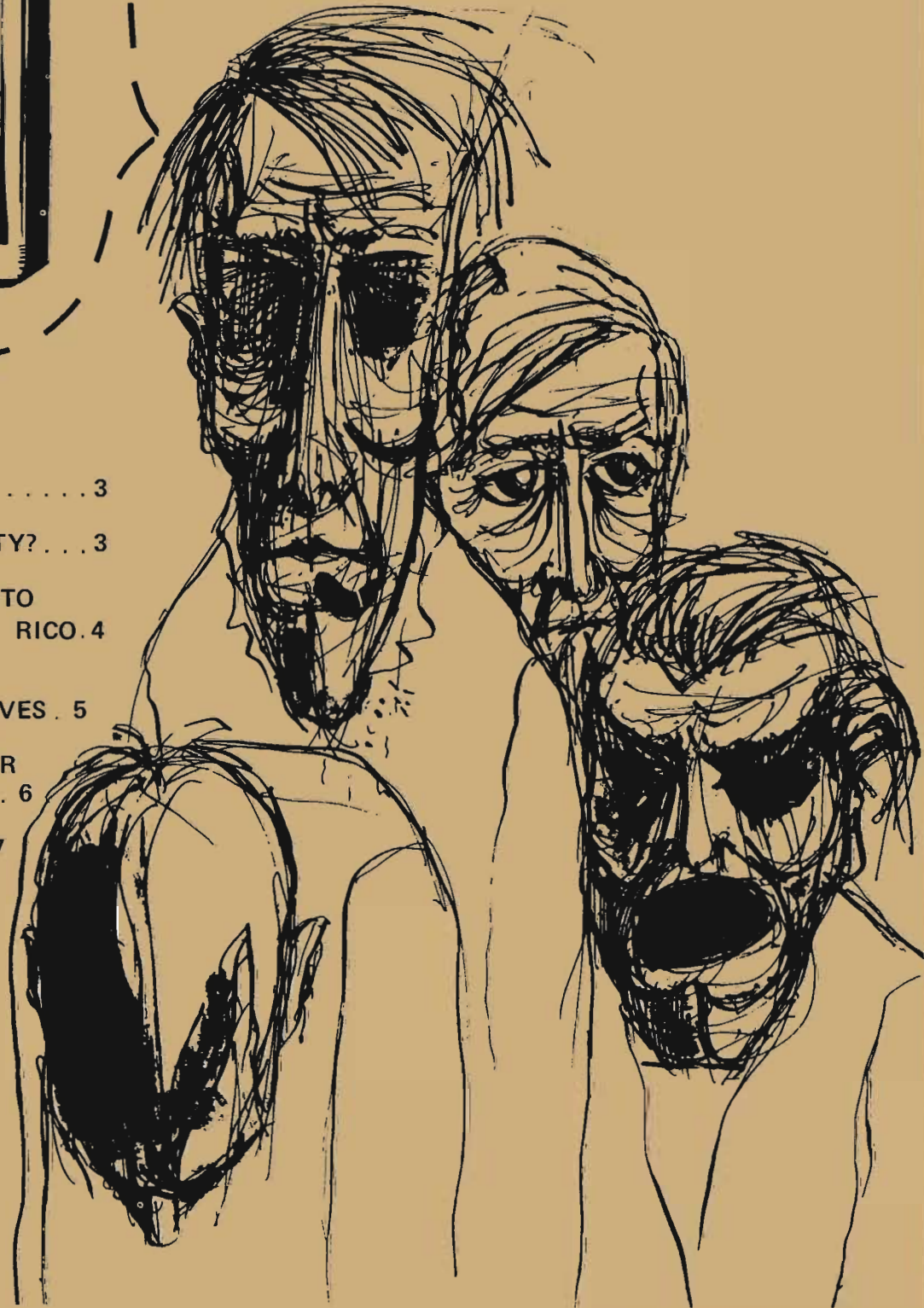
## PROMISED PROGRESS

An Examination of  
Operation Bootstrap



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## DEVELOPMENT: MYTH OR REALITY? STORY OF OPERATION BOOTSTRAP

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### INTRODUCTION

In the late 1940's the attempts toward meaningful land reform in Puerto Rico were dropped, to a great degree because little capital was left after buying the land and because without protection Puerto Rican agriculture could not compete against the large scale American agricultural enterprise. The pressing problem of unemployment made it imperative that the reformists of the Popular Democratic Party make good on their promises of bread, land, and freedom. The decision to try to industrialize the island and provide factory jobs for the people determined Party success in the eyes of some and failure in the eyes of others.

To carry out the proposed goal, which was to attract American industries and capital to the country, the "Puerto Rico Development Corporation" was established. This government agency that started as an obscure bureaucratic dependency grew after the war to huge proportions. Puerto Ricans use the Spanish name of the corporation and call it "Fomento".

It was "Fomento" that started and is still largely responsible for attracting industrial concerns, and the program for doing this is called "Operation Bootstrap". It consists primarily of offering American companies complete tax exemptions for a period varying from ten to seventeen years. Low labor costs are also advertised since salaries are usually one third of what they are in the United States. Many times "Fomento" will also provide the buildings for a factory as well as many other services.

The "Bootstrap" concept of economical development has been the focus of a long and heated debate. The "Commonwealth" government holds it up as one of its major achievements, while both ends of the political spectrum subject the program to harsh criticism for its failure to provide significant numbers of jobs. Many groups also criticize it on moral and cultural grounds.

The next three articles deal with "Operation Bootstrap", followed by two articles on one of the main symbols of Bootstrap "progress", the copper mines.

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In 1940 the reformist Popular Democratic Party came to power in Puerto Rico by a narrow electoral victory. For the next twenty-eight years it dominated Puerto Rican life. The changes and non-changes of these years have been the subject of much controversy. The hottest issue was in the economic development program, the hub of which was the industrialization program known as "Operation Bootstrap". The prestige of many a prominent politician as well as of economists, planners, and administrators has rested on its success. A whole school of developmental thought has been spun around Bootstrap and has received a great deal of publicity.

Let us take a close look at the different opinions as to how effective this program has been in dealing with the problems of the Puerto Rican economy.

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### CAPITAL INVESTMENT: LOCAL TO FOREIGN

The war years left the local government with 160 million dollars extra revenue from the "rum bonanza" that followed the decrease in European imports. This money was an excise tax on rum from Puerto Rico collected by the U.S. federal government with the obvious intention of protecting American distilleries. Since this tax legally amounts to a violation of interstate commerce laws and the issue of taxation without representation has been raised against it (Puerto Ricans have no voting participation in federal government) the money was and still is given back to the Puerto Rican government. Under this system rum is still high-priced in the U.S., but a possibly explosive situation is kept below the critical point.

After the war it became apparent that the land reform efforts were not working to anyone's satisfaction. A decision was made to use the extra rum revenue to create public corporations that would give the island basic services (electricity, water, roads and sewage systems) necessary for the establishment of industries. Several government-owned industries were started, but in spite of heavy capital investment (20 million), only 2,000 jobs were created. At this rate it would take \$2 billion to create the 100,000 jobs needed. As one can see, the decision to abandon agrarian reform and use available capital for industrial development was crucial because it mapped out the future road of government policy.

Once the die was cast and there was no turning back, the meager results of government-owned enterprises led to the enactment of the tax exemption laws which operate still.

The prospect of no taxes to pay and a cheap labor force attracted a great many American businesses. The

growth of capital investment, industrial jobs, net income, etc., are illustrated in the following:

|                     | 1949          | 1960            | 1970            |
|---------------------|---------------|-----------------|-----------------|
| Per Capita Income   | \$121.00      | \$571.00        | \$1,124.00      |
| Net National Income | \$225 million | \$1,500 million | \$3,740 million |
| Factories           | 28            | 660             | 2,500           |

The most important of the questions thrown at Bootstrap is: does capital investment necessarily mean the well-being of the people? Consider the reality of the economic situation of the Puerto Rican people:

1963:

51.5% total income to 20% population

4% total income to 20% population

1968-69:

20% population receives emergency food

1969:

unemployment – 30%

112,000 families receive less than \$500 yearly

\$456 million paid in loans to foreign capital

#### THE NEW SITUATION: ABSOLUTE DEPENDENCY

Contradictions of this magnitude are not easily believed. Yet the explanation is simple. There does not exist an indigenous Puerto Rican economy, rather an American economy based in Puerto Rico; this is because the Puerto Rican economy rests on manufacture, and 70% of all factories belong to American companies.

But the intention of Bootstrap was to create new jobs. Has this been accomplished?

The fact that during this period of industrialization a third of the Puerto Rican population has left the island for the urban slums of the United States to look for jobs is proof of the ineffectiveness of the program.

The abandoning of agriculture as an economic alternative has left almost all the population dependent on foreign capital. What happens when the tax exemption period is over? In the island newspaper *El Mundo* of September 29, 1970, Mayor Eliseo Guerra, of the municipality of Comerio and member of the Popular Democratic Party, stated after the closing down of four factories:

"We want to declare our town a disaster area, economically. We have neither tobacco nor coffee nor other crops. Our well-being, now transformed into crisis, depended on those four factories. We had gotten them years ago when the agriculture started to fail. Honestly, the socio-economic situation of this town is chaotic".

## FIERY BOOTSTRAP: DOW IN PUERTO RICO

Bishop Antulio Parrilla-Bonilla, S.J.

*The San Juan Star* of November 21, 1970, brings the chilling news that Dow Chemical Company has plans to establish itself in Puerto Rico, an action sanctioned by "Fomento," which has been negotiating with Dow to erect a refinery in our nation. This affair transplants a very serious moral problem to our island since Dow is one of the major war industry companies of the U.S. It produces napalm\* in huge quantities; napalm that not only has been used to burn millions of acres of vegetation and countless homes in Vietnam but also has been an instrument of exterminating by fire, thousands of human lives.

Besides incendiary weapons Dow is contracted to produce and develop for the U.S. government biological, chemical and gas weapons. Many of these weapons are already outlawed by international treaties concerning inhuman forms of warfare, and all are condemnable by human decency.

Can a multimillion dollar corporation that has enriched itself ad infinitum making these terrible weapons for mass destruction of lives and property be permitted to establish itself in Puerto Rico? The persons who are making the arrangements and decisions so this can come about are making themselves accomplices of the U.S. government and the Dow company in committing war crimes. Dow has become a symbol of the industrial-military establishment that carries out the immoral Vietnam war and is therefore the target of the legitimate rage of the U.S. Peace Movement. There are already peace movement leaders (among them clergy) under sentence for having burned the records of this unspeakable corporation.

For some time Juan Rodriguez de Jesus, the head of Fomento (Government Industrial Development Corp.) has been negotiating for the establishment of Dow in Puerto Rico. Recently it has been announced that there will be a new refinery in the Penuelas area. Is it possible that Senor Rodriguez de Jesus does not know what Dow is? Does he not know that those who cooperate with a criminal become participants in the crime? This concession transplants a grave moral problem to our country, and Puerto Rico will share responsibility for it. Dow should not exist at all, neither in the U.S. nor Puerto Rico. It is an industry of death and destruction. It is up to its neck in an inhuman and immoral war in which victims cry out daily for vindication and justice.

But there is still more. The news media points out that the already heavily polluted area where the Common-

\* Dow Chemical has stopped producing napalm. However, it remains one of the largest makers of herbicides, materials for 2.75 inch rockets, antipersonnel weapons and aluminum landing mats for constructing "instant" airfields.

wealth Oil Refining Company operates has been selected as the site of the new refinery. No details were given about the consequence of yet another agent of mass pollution and ecological destruction for Puerto Rico. Is it perhaps better not to arouse the beehive but use the old trick of surprising the good faith of Puerto Ricans?

We wish to warn all those who are in the progressive forces of Puerto Rico, the sincere believers in peace, who

are struggling for the social, economic and political liberation of Puerto Rico, of the danger that the presence of Dow poses for our homeland. We also wish to warn the ecologists and planners who are fighting to rescue our natural resources—resources that belong to all.

We Puerto Ricans want no part of Dow and the U.S. Government war crimes.

Rio Piedras, November 1970

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## DEVELOPMENTISM VERSUS THE COOPERATIVES

Bishop Antulio Parrilla Bonilla, S. J.

The press has informed us that the sugar co-op that operates the "Los Canos" sugar mill in Arecibo will not be in operation for the next harvest. The main reason given is that the number of "cuerdas" of sugar cane in the Arecibo area has been considerably reduced.

And, of course, since cooperatives have the lowest priority in the government's order of things, of the three sugar mills in the area they sacrificed the only cooperative one, so the other two could survive. The other mills are "Cambalache," which is run by the Land Authority, and "Monserate," which is owned by a wealthy family. If next year another mill is shut down it should be to no one's surprise if it is "Cambalache."

Why is there this deficiency of 40,000 tons of sugar cane that makes the running of "Los Canos" not worthwhile? It seems that many owners of land suitable for growing sugar cane prefer to build housing projects on the land and make it useless with cement. When will this voracious speculation in our scarce land be stopped? Flat land is very valuable to us for agriculture. When will the construction of deficient and high priced houses on prime agricultural land be stopped? What is happening in Arecibo is a good example of what has been going on in all of Puerto Rico for the last 25 years.

Those agricultural cooperatives that exist precariously and whose days are counted should break their isolation and silence if they want to survive. They must group together with the Cooperative League of Puerto Rico and scream bloody murder. They must abandon their comfortable but suicidal, passive and consenting relationship with the "status quo."

The demise of the other three cooperatives that would go with "Los Canos" (credit, refracton, and agricultural machinery) would produce a serious blow to the whole economy of Arecibo. Not only would \$700,000 worth of direct jobs be lost, but also indirect ones, and the area would be subjected to the loss of an estimated \$5 million in annual income. The large alcohol industry of the area will also be adversely affected. It receives 22% of its raw material (molasses) from "Los Canos." Having to replace this raw material from more distant producers will undoubtedly result in higher production costs for the industrial and domestic alcohol industries.

There is an enormous incapacity on the government's part to go to the roots of the problem, and therefore it can present no meaningful and lasting remedies. The basic problem is the lack of real agricultural planning at a total level, the national level.

Agricultural problems, like all others, have been looked at in isolation, and a sense of coordination is totally lacking. Cooperatives have played a minimal role in the categories of government planners and technocrats who, in spite of their beautiful programs, have not attempted to understand the importance of the cooperative formula in the total development of the individual and collectivity as opposed to "developmentism," in which there is no distribution of wealth and national income.

The two hundred disillusioned workers of "Los Canos" say that they run the most efficient of the three mills. Then why sacrifice the cooperative sugar mill? Some of the directors of the sugar mill say they did not receive much cooperation from the government's Cooperative Development Administration ("Fomento"). This agency demanded the right of intervention as a prerequisite to giving the "Los Canos" cooperative a loan. Anyone would have imagined that the problem was solved then. But no, the new administration seems to have precipitated the failure. It seems that "Fomento" took over a still salvable business with the purpose of sinking it.

What is happening to "Los Canos" and is occurring to other cooperatives will be repeated in many cooperatives in all sectors. Until the cooperative movement realizes that the new government (PNP) is hostile to it, the government will slowly eliminate, with its "beneficial" intervention, all but the capitalistic cooperatives. The old leadership of the movement must stop leaning on the government as a crutch and look for new solutions or let younger men with combative spirit take their place; without this there will be no new ideas or dynamism to blow life into the movement. Unless we change the movement *totally*, with each sector going toward true and intelligent integration, what happened in "Los Canos" will become an everyday occurrence, and only the blatantly capitalistic cooperatives will survive.

Rio Piedras, June 18, 1970

*In-depth studies can be made after the signing of the contracts, and if we find danger of contamination, we can stop the mining.*

Santiago Vazquez, Chairman,  
Government Mining Board

## TYPICAL BOOTSTRAP: THE COPPER MINES

The central mountain range of Puerto Rico has been the "Heartland" of Puerto Rico island culture ever since Guarionex, the Taino war chief from the Utuado Valley, led the 1511 war against the Spanish. Two towns of the area, Lares and Jayuya, have great historical significance. Lares was the scene of the proclamation of the First Republic in 1868. In 1950 Jayuya was taken by the nationalists, and the Second Republic proclaimed only to die by American arms.

Today the four central municipalities (Utuado, Jayuya, Lares, and Adjuntas) are in an advanced state of decay. The ruin of the coffee industry that occurred when the United States imposed tariff restrictions eliminating Europe as a market, and the failure of the industrialization program to create a significant number of new jobs, have stimulated mass migration. In the municipality of Utuado alone, 10,000 people live on a "welfare" allowance from the Social Service Department, an average \$17.50 a month.

During the last decade two American copper mining companies (Kennecott and American Metal Climax) have been exploring for copper deposits in the area and trying to get contracts signed to exploit them. The government's policy of attracting American investments has been applied to this issue and the mining companies are officially seen as another industrial enterprise which will supply jobs in exchange for exemption from all taxes. Let us look at the implications of the matter.

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### ECONOMIC PERSPECTIVES

The copper companies would sell 4,224 million pounds of copper at 60 cents a pound to their own subsidiaries in the U.S. The government of Puerto Rico would receive no more than 33-1/3% of all profit. From the estimated total of 210 million dollars in revenue to Puerto Rico the government would have to spend 125 million in supervision of contract fulfillment and in providing facilities (roads, water, electricity, etc.) for the mining operations.

The copper would be mined and smelted in Puerto Rico, then sent to be refined and manufactured in the United States. This means two things:

1. There would be no satellite copper industries in Puerto Rico and therefore jobs beyond the level of the mining and smelting process would not be available.

2. The mining companies would take away several hundred million dollars in aggregated minerals (gold, silver, and molybdenum) which are present in the copper ore. The value of these bonus minerals is estimated to be from two to three hundred million dollars.

The number of permanent jobs has been estimated by the companies at 800 and by Puerto Rican economists at 600. Since open pit mining is very highly mechanized, most of these jobs will be for technicians and heavy equipment operators of which there are practically none in the mining area. Therefore, instead of providing ample new jobs, the mines would be meaningless for the tens of thousands of unemployed, mostly uneducated farmers of the area.

The price of copper on the world market is 74 cents a pound and rising since it is in high demand. Because, by the terms of the contract, Puerto Rican copper will be sold at the domestic U.S. price of 60 cents a pound there will be a net loss to Puerto Rico of 588 million dollars.

The 33-1/3% profit to be paid to the Puerto Rican government is much lower than that paid to other countries in the world (78% in Chile) by these same companies.

### ECOLOGICAL IMPLICATIONS

Open pit mining is a notoriously destructive operation even in semi-arid regions. The consequences of this kind of mining operation in a tropical mountain region like the Puerto Rican central mountain chain, where rainfall varies from 80-100 inches yearly, have not been studied by either the companies or the government.

A few independent efforts made by Puerto Rican ecologists point out that pollution of both air and water in the region are to be expected; to what extent, no one is sure. The creation of "mine acids" has already occurred in the area of exploration. These same "mine acids" have wreaked ecological havoc in areas that receive half of Puerto Rico's rainfall. Erosion of an estimated 10,000 "cuerdas" of exposed mountainous land is expected.

When these sobering facts are coupled with the realization that the central mountain chain is the source of 50% of the water supply for the whole island and that Puerto Rico has a population density of 800 people per square mile, the whole panorama is chilling to say the least.

## CULTURAL CONSIDERATIONS

Mass displacement of people is not an uncommon happening in Puerto Rico. On the islands of Vieques and Culebra many people have been forced out by the military. Farmers have come to the Puerto Rican urban slums by hundreds of thousands. These forced migrations have had one thing in common at the human level: they have been disastrous.

What the mining operations will do to the life of the people of the area is unforeseeable. How does a four hundred year-old coffee farming culture adapt to modern mining? No one knows yet. Past examples of the effects of fast economic change on the culture and life styles of the Puerto Rican people do not speak well of this process.

Should ecological deterioration force relocation of tens

of thousands of under-educated farmers from the area (which seems likely) the social costs to Puerto Rico would be staggering. The loss of the center of Puerto Rican folklore, music, poetry, all that which makes a region a living culture—are inestimable.

All of these negative possibilities do not necessarily have to come about. On April 10, 1970, the agricultural experimental station of the University of Puerto Rico published a comprehensive study in which it is claimed that agricultural enterprises are feasible in the central mountain chain and could feed all of Puerto Rico if carried out with sufficient aid and technical assistance. The government has not commented on this report and is going ahead in the negotiations to sign the mining contracts.

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*The following article, The Mining Problem, was published as a booklet by the Centro de Socializacion de Informacion (Apartado 9002, Santurce, P.R.) to inform people in the mining areas of the expected consequences of mining that region.*

## EL PROBLEMA MINERO

Copper is not at surface level. It is necessary to excavate about 100 "cuerdas" of soil covering each mine, removing from the top of the three mines 10 million tons of soil that has little copper in it. This earth with little copper, is thrown in what is called "dumps" which are deep natural hollows. In the long run there will be "dumps" covering 600 "cuerdas" near Vivi and Tanama.

Then, mining starts. The mines are open shafts. The width of one is to be 1,200 by 250 meters and the depth 600 meters. (There are 1,000 meters per kilometer.) Explosives are used to open the shafts, and cranes pick up the stones which are thrown into heavy trucks. The trucks mount the dirt roads to take their load to concentration plants.

By this process of extraction, copper is obtained. This would cause us three problems: Dust; acid, copper and iron from the mines, polluting the water; erosion.

The mines of Vivi will send dust to the neighborhoods of Adjuntas and Arenas de Utuado since the wind blows in that direction. This dust, the result of explosions and the passage of heavy trucks on dirt roads inside the mines, contains copper and silicate which are very harmful to health. Silicate is a kind of thin sand that in time produces an illness in human beings called "silicosis", which kills a person within 10 to 12 years.

The acid is formed when a substance called pyrites is exposed to the air and water drops on it. It is the same acid that car batteries use. The mines of the center of the island have pyrites.

We have been told that there would be no acid problem by comparing our mines to those the companies have in Utah and Arizona. But in Utah and Arizona it seldom

rains; they are desert areas where the average rainfall fluctuates between 10 to 15 inches a year. In the Puerto Rican mining zones the average rainfall is from 80 to 100 inches a year. In Pennsylvania where it rains more than in Arizona and Utah but less than in Puerto Rico, there are 11,000 miles of polluted streams due to acid from coal mines.

In Cala Abajo, a hill of Vivi, there is a place which companies have explored excavating a width of 200 by 100 feet. This place is on a small scale, what the mines would be writ large. Professor Neftali Garcia, Chemist of the University of Puerto Rico, analyzed a stream of water coming from this place. He found the water 40,000 times more acidic than the water from the Vivi and Pellejas rivers. The water also contains 400 times more copper than drinking water. It has 50,000 to 100,000 times as much copper as river water. All this indicates that when mining begins, the mines will produce acid, but neither the government nor the companies know how much because they have not studied the question.

In sum, the acid and other poisoning substances from the mines will have the following effects: From the Vivi mines they would reach the Vivi and Pellejas rivers which provide water for Utuado. The acid from the Tanama mine would pollute the Tanama river which provides 50% of the water of Arecibo.

The "dumps" will also form acid from the mines because they contain pyrites and copper. The companies are planning to build dams of earth to resist the deposits of waste but it would be very easy for the heavy showers of the region to destroy them.

A final problem is erosion—the loose soil that the rain

carries away towards the plains, rivers and lakes of Puerto Rico. In the regions from Jayuya to Lares there is much erosion because of the mountainous area and the rains. If there are thousands of "cuerdas" of bare land, without trees to stop the dispersion of soil, the condition worsens. Again, neither the government nor the companies have studied this question to find out what problems this would cause. It is almost certain that lakes and rivers will fill with mud.

#### CONCENTRATION

The stones and soil that trucks carry from the mine are taken to a concentration plant. There, the stones are ground and water and chemical substances are poured over the materials and they are churned with pressurized air inside huge tanks. The copper and other minerals (silver, gold and molybdenum) that are drawn out amount to only 2% of the material thrown into the tanks. The remaining 98% is waste. It has not yet been decided how to dispose of this water and crushed stones mixed with chemical substances. There are many plans. One of them is to build artificial lakes and throw the residue there. Another is to throw the residue in the hummocks of the coast near Manati.

If the residue is dumped on the land, it will become forever sterile, and if it is thrown into the sea, the Southern coast fishermen will, in all likelihood, have no fish. If artificial lakes are built in the mining zone, they will occupy from 1,000 to 2,000 "cuerdas" in both the Tanama and Vivi mines. It is almost certain that they will filter into the rivers of the area. The lakes would have two substances used to separate copper from stone which are very dangerous to human beings: pine oil and creosol. Pine oil is poisonous and creosol is used as an insecticide known to be very dangerous.

The question of the residue is so delicate that the companies and the government have not yet decided what to do about it. One thing is certain—it is bound to create a problem.

Moreover, in the grinding process, before the crushed stone mixed with water is thrown into tanks, a very thin powder containing copper, iron, and silicates is produced. This powder is worse than that which rises from the mines because it is thinner and the wind will carry it further.

#### MAKING METAL COPPER: SMELTING

Once copper and other minerals are separated from the stone at the concentration plant, the next step is smelting. To smelt copper, it is treated with chemical substances and "cooked" until the copper, gold, silver and molybdenum are in a metal form. The metal blocks are shipped to refineries that the companies own in the United States.

The smelteries are to be built in the Southern coast, near Guayanilla. Smelting creates two problems: The use of water and pollution of the air by sulphur dioxide.

In the Southern coast water is scarce, and smelting requires the use of large quantities. How that would affect

people living between Yauco and Ponce is not yet known. Once more, the government has not studied the problem.

Sulphur dioxide is a poisonous gas produced by copper smelting. The companies say that they will recuperate most of the sulphur dioxide converting it into sulfuric acid which is also very dangerous. Should this be done they will still pollute the air with 100 to 159 tons of sulphur dioxide daily. One more problem is what to do with 600 tons of sulfuric acid. There is no use for it in such quantities. What then, throw it into the sea?

In the Queenbury area of Toronto, Canada, there is a copper smeltery which has polluted the area for 30 miles. Even now, in the United States the mining companies are facing several problems with their smelteries, because people are no longer willing to tolerate pollution. In some states smelteries are being sued. In effect, it is cheaper for the companies to build a smeltery in Puerto Rico than to continue polluting the United States.

#### CONTROL OF POLLUTION

Since there are no mines yet, it is very difficult to talk about air and water pollution in the mining zone of Puerto Rico. The few scientists who have made studies on their own agree that there will be pollution. How serious, they do not know, nor do they foresee how much it would cost us to avoid or control it. Up to now, the government has only studied the rivers to compare them once mining starts. The government is making decisions that will affect us all, without knowing what it is getting involved in. Can we trust this government to protect us in case of pollution? Let's see what our government has done with some existing cases of pollution.

The CORCO companies, Union Carbide and Ochoa have thrown chemical waste into the waters of the Guanica and Guayanilla bays. Fishermen lost their jobs because the fish died. These were 200 poor Puerto Ricans. The government didn't do anything.

CORCO Hooker's plant in Arecibo is polluting the air with a substance called thallic anhydride. This substance reduces the growth and the yield of the sugar cane lands of Arecibo and the government has not done anything.

The power plant of Palo Seco in Catano sends smoke with sulphur in it on Catano and Puerto Nuevo. The neighbors have protested. The plant belongs to the government and nothing has been done.

The cement factory of Ponce spreads cement over the city. There are more cases of tuberculosis in Ponce than anywhere else in Puerto Rico. The factory belongs to the Governor and he has not done anything.

Because of the construction industry, the plantations of mangrove trees are disappearing. The importance of mangrove trees lies in their being fish hatcheries. Nothing has been done.

The majority of Puerto Rico's municipalities throw their sewage into the rivers and the sea. Nothing has been done about this either.

