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Good afternoon. I want to thank José Feliciano, the Chairman of the Hispanic Roundtable, for that warm introduction. I also want to thank Kent State University, where I delivered a speech in April, for helping to arrange my appearance here today. Finally, I want to thank the City Club of Cleveland, and its chief executive director Dan Moulthrop, for graciously inviting me to speak.

I am thrilled to be here. For over a century, the City Club of Cleveland has hosted prominent speakers—including presidents, senators, secretaries of state and Supreme Court justices—to discuss issues of national and global importance, and I feel honored and humbled to have been invited. I want to welcome our audience, including those watching on television and online, or listening on the radio.

Since 2009, I have served as the representative in Congress for the 3.6 million American citizens of Puerto Rico, a position known as the Resident Commissioner. I know that Congress is not very popular right now, given that its actions have led to a shutdown of most federal government operations, and so I hope you will be gentle with me. The subject of my remarks is Puerto Rico's political status and, in particular, the prospect of the U.S. territory becoming a U.S. state,

which is a goal I have been fighting for since I was a student no older than many of the young men and women in this room. Following my remarks, I look forward to answering any questions you have. I urge you to challenge my arguments on the merits, because I welcome a vigorous debate.

I want to begin by expressing this sentiment. In one sense, Puerto Rico's political status is a complicated subject—lying at the intersection of history, law, politics, identity and culture. In another sense, however, this matter—at its heart—has always struck me as simple and straightforward. For reasons I will attempt to explain, it is about right versus wrong, equality versus inequality, and justice versus injustice. My goal is to distill the subject down to its essence, to strip away the layers of complexity in the hope that you, too, will see the crystal-clear core.

My remarks will cover three areas. First, I will explain Puerto Rico's current political status and describe some of the practical consequences of this status. When I talk to my congressional colleagues, or travel around the country meeting people, I find that there is a significant degree of confusion about Puerto Rico and its relationship to the United States. This knowledge gap does not irritate or offend me, because it is almost never rooted in indifference or ill will. I do believe that U.S. schools and media outlets could do more to educate the public on this subject. But, in my experience, Americans of all political stripes are genuinely curious about Puerto Rico and, once they are introduced to the topic, they are eager to learn more.

Second, I will summarize the reasons why I believe that statehood would be in the best interest of both Puerto Rico and the United States as a whole. I recognize and respect that there are people of good faith who do not share this view. Some, for instance, would prefer to see the territory become a sovereign country where future generations would be citizens of Puerto Rico, not citizens of the United States. Nationhood is a dignified and democratic status, but it has very little popular support in Puerto Rico, because most of my constituents do not believe that it would lead to a better quality of life for them and their families.

Lastly, I will describe the historic results of a referendum that Puerto Rico held last November, where a clear majority of voters said they do not want Puerto Rico to continue its current status and more voters expressed a desire for statehood than for any other status option. I will explain the steps I am taking in Washington to ensure that the federal government responds to this expression of the democratic will. For Puerto Rico's status to change, whether to become a state or a sovereign nation, it is not enough for the people of Puerto Rico to demand change. Congress must approve—and the President must sign—legislation to bring this change into effect. That is why it is so important for this subject to be debated, not only in Puerto Rico, but in the states as well. Because it is an issue that affects our entire country.

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Before we examine Puerto Rico's future, however, we need to understand where the island stands at present. And, to do that, it helps to know a little about our past.

There is a provision in the Constitution, known as the Territory Clause, that gives Congress broad power to legislate regarding the territories. For a century or so following ratification of

the Constitution, it was assumed that an area's designation as a "territory" was temporary and would ultimately lead to that territory becoming a state. During this period, many jurisdictions evolved from territories to states. Ohio was one of those states.

In 1898, as part of the treaty that ended the Spanish-American War, the United States acquired Puerto Rico—as well as the Philippines, Guam and Cuba—from Spain. There was a spirited, though not always high-minded, debate in this country about how the U.S. should treat its new territories, which were located far away and whose residents were regarded as different in racial, cultural, linguistic and other respects.

In 1900, the federal government enacted a law that established a civilian government in Puerto Rico, led by a governor appointed by the president. Two legislative chambers were established: an unelected upper chamber and an elected lower chamber. The law also authorized the election of a representative to the federal government, the Resident Commissioner, who was later given a seat in the U.S. House of Representatives. I am the 19<sup>th</sup> person to hold this office—and it has been the greatest honor of my professional life.

In the first decades of the 20<sup>th</sup> century, the Supreme Court decided a series of cases regarding its island territories, holding that Puerto Rico had been acquired by the United States, but had not been "incorporated" as part of the U.S. In short, the Court created a black-and-white world of "incorporated" and "unincorporated" territories. Under this doctrine, an incorporated territory was one on the path to statehood in the longstanding American tradition, while an

unincorporated territory was one whose ultimate status—statehood or nationhood—Congress had yet to decide.

Some critics of these cases took comfort in their assumption that Puerto Rico's status as an unincorporated territory would be temporary, lasting only until the federal government either granted American citizenship to island residents—which would presumably place Puerto Rico on the path to statehood—or granted the island its independence.

It was not long before this theory was put to the test. In 1917, on the eve of the U.S. entry into World War I, a federal law was enacted to extend citizenship to individuals born in Puerto Rico. However, in a controversial decision handed down five years later, the Supreme Court held that the grant of citizenship did not demonstrate that Congress intended to incorporate Puerto Rico. Thus, the Court held that Puerto Rico's status as an unincorporated territory could last indefinitely. Accordingly, unless the Supreme Court revisits its earlier cases, any solution to Puerto Rico's status dilemma must come from Congress and the White House, rather than the judiciary.

In the 1940s and 1950s, the federal government took additional steps to grant the government of Puerto Rico increased authority over local matters. In 1947, the law was amended to provide for the territory's governor to be popularly elected. And in 1950, the federal government authorized the territory to draft a local constitution, which took effect in 1952, after Congress required certain changes. All told, Congress has now delegated to Puerto Rico about the same degree of authority over local matters that the states possess under the Constitution.

Nevertheless—and this is a critical point—these measures have not altered Puerto Rico’s status as an unincorporated territory subject to Congress’s broad powers under the Territory Clause. This may surprise some of you who have heard Puerto Rico described as a “commonwealth” and therefore assumed that Puerto Rico must have some special status that is neither a state nor a territory. But this is simply not the case. The term “commonwealth” does not denote any particular status, as demonstrated by the fact that four U.S. states also call themselves “commonwealths.” When people ask what Puerto Rico’s status is, the only correct answer is a territory of the United States.

So, what are the practical implications of territory status? I would place them in three baskets, one labeled “political rights,” one stamped “civil rights,” and one branded “economic opportunities.” In reality, there is a meaningful degree of overlap and interplay between these baskets, but this serves as a useful conceptual framework.

With respect to political rights, federal law is supreme in Puerto Rico, just like it is in Ohio or any state. However, because Puerto Rico is a territory, the U.S. citizens who reside on the island 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 all branches of the U.S. military. They are not represented in the U.S. Senate, a body where each member wields tremendous power. And they send only one representative to the U.S. House, 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 bills that affect my constituents, I am confined to the role of spectator.

My purpose here is to generate reflection, not outrage, on your part. Pause for a moment to contemplate the intensity with which women of an earlier generation fought, or the sacrifices that African Americans endured, to achieve the right to vote, to obtain a real voice in choosing the leaders who make the policies that shape their lives. More recently, and far away from our shores, consider the Arab Spring, where courageous men and women from Tunisia to Syria have sought, with varying levels of success, to depose dictators and usher in more democratic systems of government. Against this backdrop, it is difficult to understand how residents of Puerto Rico, citizens of the greatest democracy in history, still do not enjoy true self-government after 115 years under the American flag. It is the 21<sup>st</sup> century, after all.

With respect to the basket labeled “civil rights,” the Supreme Court has held that, with limited exceptions, the federal government can enact laws that treat the territories differently than the states—and it should come as no surprise that the federal government has done so with considerable frequency. Residents of Puerto Rico are treated worse than their fellow citizens in the states under critical federal programs, including the main poverty relief program, the major health insurance programs for the poor and the elderly, the primary nutrition assistance program, the program to assist low-income individuals who are elderly, blind or disabled, and the landmark *Affordable Care Act*, also known as Obamacare, that is in the process of coming into full effect.

Some of you may have heard it argued that residents of Puerto Rico do not pay federal taxes and therefore should receive fewer federal funds than their counterparts in the states. This argument deserves careful scrutiny because the truth is more complex. Congress has chosen to exempt most residents of Puerto Rico from paying federal taxes on income they earn in the territory. However, island residents are required to pay federal taxes on any income they earn in the states or in foreign countries. Workers in Puerto Rico are also responsible for all federal payroll taxes, which are deducted from their paychecks. Furthermore, nearly half of all households in the states do not earn enough to pay federal income taxes, and yet they are treated equally under all federal safety-net programs. Finally, the reality is that federal law—through the use of refundable tax credits like the Earned Income Tax Credit and the Child Tax Credit—actually provides a substantial benefit to working families in the states that is denied to working families in Puerto Rico

To illustrate, consider a married couple with two children living in Ohio that earns \$25,000 dollars a year, and then consider an identical family living in Puerto Rico. Both families owe the same payroll taxes. But the Ohio family would receive over \$6,000 dollars in federal tax credits, for a final income of over \$30,000 dollars. The Puerto Rico family, because it is ineligible for these credits, takes home less than \$24,000 dollars. This is a useful example to bear in mind when you hear someone cite the supposed tax advantages of living in Puerto Rico as a justification for treating residents of the territory unequally under federal programs.

Now, let me turn to the third basket of consequences, the one labeled “economic opportunities.” Because Puerto Rico is treated unequally under numerous 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 has three interlocking effects in Puerto Rico. First, individuals have less money to spend on goods and services, businesses make fewer sales, and economic growth is hindered. Second, the quality of government services delivered in a range of areas, including health care and aid to the most vulnerable, is relatively inferior—often shockingly so. Third, the responsibility for providing many of these services is shifted from the federal government to the Puerto Rico government, which is compelled to shoulder a disproportionate share of the financial burden. This has a negative cascading effect, characterized by excess government borrowing, large deficits and debt, higher interest payments, credit downgrades, and the diminished ability to make other important investments for the benefit of the public.

To demonstrate that Puerto Rico's economic problems are structural and chronic, rather than cyclical and temporary, let me offer three quick examples.

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. Over the last 35 years, the ratio in the U.S. has averaged over 60 percent. The ratio among Hispanics living in the U.S. is currently about 60 percent as well. In Puerto Rico, the ratio ranges from about 30 to 40 percent.

Finally, consider household income. Between 2007 and 2012, the median household income in the United States was about \$52,000 dollars. The median household income in Mississippi was around \$40,000 dollars. Meanwhile, in Puerto Rico, it is under \$20,000 dollars.

To be sure, some of Puerto Rico's economic problems are attributable to local mismanagement, and their severity could be alleviated by more responsible and capable leadership in San Juan. But on those occasions when I hear policymakers and commentators in Washington shake their heads at Puerto Rico's long-underperforming economy, I am tempted to compare the situation to depriving a man of essential food and then professing to be surprised that he is too sickly to work productively.

The best evidence that the architecture of Puerto Rico's economy is unsound is also the most discouraging. In addition to a falling birth rate, the territory is experiencing a mass exodus of its population to the states. As American citizens, my constituents do not need a passport to begin a new life in Ohio, Florida or Texas. The only thing they require is money for a one-way plane ticket. In 2004, there were over 3.8 million people living in Puerto Rico. Today, there are about 3.6 million. The territory's population, in other words, has declined by over four percent in that brief time period. Meanwhile, the Puerto Rican population in the states has skyrocketed, from 3.4 million in 2000 to nearly 5.0 million today—a 45 percent increase. The irony, of course, is that as soon as my constituents from Caguas or Coamo move to Cleveland or Chicago, they instantly acquire the right to vote for their national leaders and the right to equal treatment under federal law—rights they were denied while living in Puerto Rico.

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The lesson that I draw from all of these economic and demographic statistics is that Puerto Rico, because of the limitations inherent in territory status, has not been able to provide its people with the quality of life they deserve, and that it is time for this status to be discarded in favor of a different status. The world is evolving rapidly, both politically and economically. And yet Puerto Rico remains stuck in neutral and, recently, even seems to be moving in reverse. The path we are on has led us to a dead end. We need a new path and a new destination.

Let me explain briefly why I believe statehood is the “right and logical” destination for Puerto Rico, as the first President Bush phrased it. Other than the current status, Puerto Rico has three alternatives: statehood, full independence, and something called nationhood in free association with the United States.

Independence and free association are 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.

Independence would break all of the strong economic, political and social bonds that have formed between Puerto Rico and the United States over the past 115 years, a prospect the overwhelming majority of my constituents reject.

Likewise, free association would substantially weaken the close ties that have been forged between Puerto Rico and the United States. Under free association, Puerto Rico would become a sovereign nation, but would have an agreement with the U.S. that sets forth the terms of the relationship between the two nations and that could be terminated by either nation at any point. The U.S. currently has such agreements with three small nations in the Pacific: the Marshall Islands, Micronesia, and Palau. These countries are included in certain federal programs, but do not receive assistance under important programs like Medicare, Medicaid and Social Security. Residents of these nations can enter and work in the U.S. freely, but unlike residents of Puerto Rico, they are not American citizens.

While independence would dissolve our union with the United States, and free association would 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. The state of Puerto Rico would have far more political power than the territory of Puerto Rico. As a state, Puerto Rico would have 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 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.

I want to address perhaps the most common argument against statehood, which is that Puerto Rico's vibrant culture would be compromised if the territory were to become a state. Those who

make this argument do not understand, or choose to ignore, the composition and characteristics of the contemporary United States. There are now 53 million Hispanics in this country, constituting 17 percent of the national population. That percentage is projected to increase to 31 percent by 2060. Sometimes, when I hear the negative way in which certain statehood opponents describe the United States, they seem to be talking about the racially and ethnically divided country of 1898 or 1950, not the diverse and inclusive society that the U.S. has become today.

More to the point, statehood will not change the fact that Puerto Rico is located in the Caribbean, 1,000 miles from Miami, and the fact 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 passion for 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.

Up until now, I have suggested that the current status hurts, and that statehood would help, Puerto Rico. I want to add just a few words about why I think statehood would also be better for the United States. It is a mistake to assume that status is a zero-sum game, where one side's gain is another side's loss. In my view, statehood would be mutually beneficial for Puerto Rico and the United States.

From a practical vantage point, the U.S. succeeds when Puerto Rico succeeds; when the island is strong, secure and stable; when its residents do not feel obligated to relocate to the states to achieve their dreams; when they live, work and invest in Puerto Rico; and when the island's economy grows, individuals and businesses prosper, and the tax base both widens and deepens. From the U.S. perspective—a robust and resilient state of Puerto Rico would advance the national interest.

From a purely political vantage point, I can say to both Republicans and Democrats that they should not view the prospective state of Puerto Rico as either a blessing or a curse for their party's fortunes. I firmly believe Puerto Rico would be a competitive state where each national party, if it is willing to put in the effort, could achieve success. The island's population appreciates an active government that empowers individuals and assists the needy, but it is socially conservative on a range of issues. So, electorally speaking, the state of Puerto Rico would be very much in play.

From a moral vantage point, if Puerto Rico wants statehood, I cannot identify any principled basis upon which Congress could decline that petition. How could the United States government, a champion of democracy and self-determination around the world, disregard those principles with respect to its own citizens, without losing credibility both at home and abroad?

Given the contributions that residents of Puerto Rico have made to this country, in times of both war and peace, it is not difficult to understand why President Reagan said that his administration would accept whatever status choice is made by a majority of the island's population—a

sentiment that has been expressed in similar form by every president since Harry Truman. In a very real sense, Puerto Rico has earned the right to be equal.

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Turning to the final section of my speech, I want to discuss the recent developments on this issue, which are among the most significant in memory. Last November, pursuant to a local law, Puerto Rico held a two-question referendum on its political future. The results demonstrate that 54 percent of voters do not support the current territory status, that 61 percent favor statehood among the three alternative options, and that more voters want statehood than any other option, including the current status. This historic vote has received a great deal of attention in the national and international media. In June, I testified at a United Nations hearing on the matter. And in August, a Senate committee held a hearing on the referendum, and I appeared as a witness.

At the hearing, the committee chairman, Senator Ron Wyden of Oregon, said: “There is no disputing that a majority of the voters in Puerto Rico . . . have clearly expressed their opposition to continuing the current territorial status.” Chairman Wyden also made this powerful statement:

“For Puerto Rico to meet its economic and social challenges and to achieve its full potential, this debate over status needs to be settled. Puerto Rico must either exercise full self-government as a sovereign nation, or achieve equality among the States of the Union. The current relationship undermines the United States’ moral standing in the world. For a nation founded on the principles of democracy and the consent of the governed, how much longer can America allow a condition to

persist in which nearly four million U.S. citizens do not have a vote in the government that makes the national laws which affect their daily lives? That is the question.”

My view is this: Now that American citizens living in an American territory have informed their national government, in a free and fair vote, that they do not consent to a political status that deprives them of the most basic democratic rights, it is incumbent upon the federal government to take appropriate action in response.

In April, with my support, the Obama Administration requested an appropriation of \$2.5 million dollars, which would be provided to the Puerto Rico Elections Commission to conduct the first federally-sponsored status vote in the territory’s history, with the specific purpose of “resolving” the issue. This funding was approved by the Republican-controlled House Appropriations Committee. If Congress ultimately approves appropriations bills for the current fiscal year, which is an open question, I am confident this language will become law.

Moreover, in May, I introduced a bill called the *Puerto Rico Status Resolution Act*. My legislation outlines the rights and responsibilities of statehood, provides for an up-or-down vote in Puerto Rico on the territory’s admission as a state, and lays out the steps the president and Congress would take if a majority of voters favor admission. Those supporting statehood and those opposing it would have equal opportunity to express their views. My bill already has 124 cosponsors from all over the country, including 12 Republicans, which is a major achievement in these highly partisan times.



In conclusion, I believe that the quest for Puerto Rico statehood is a fight for civil rights and human dignity. This nation's founding documents, the Declaration of Independence and the Constitution, stand for the principle that "all men are created equal" and that there is no such thing as second-class citizenship in this country. This nation fought a war with itself to vindicate that principle. And later generations, among them women and African Americans, had to struggle and sacrifice to become full and equal members of the American family. Like these earlier movements, the statehood movement is driven by the desire to perfect our Union. With discipline and faith, I am confident we will prevail.

Thank you.