

# INTERNATIONAL LONGSHOREMEN'S & WAREHOUSEMEN'S UNION

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July 15, 1954

**TO:** Jack Hall, Regional Director  
**FROM:** Lincoln Fairley, Research Director  
**SUBJECT:** Commonwealth status for the Territory of Hawaii.

I understand from Lou that you have raised the question that the ILWU might agitate for commonwealth status for Hawaii as a substitute for the statehood campaign and that you are thinking of the status of Puerto Rico as the example. I have checked a bit about the present status of Puerto Rico and feel that Hawaii would not have much, if anything, to gain by moving in this direction.

Commonwealth status for Puerto Rico is unique. It seems to be principally a device for quieting the demand for real independence without in fact providing many of the basic factors required for independence.

Commonwealth status for Puerto Rico means the following:

1. A compact between Puerto Rico and the United States that Puerto Rico will remain a part of the U. S. Federal system.
2. A considerable degree of autonomy in Puerto Rican affairs (exclusive, of course, of international relations) with an elected governor with a constitution drafted and ratified in Puerto Rico. However, they have only an observer in Congress and do not participate in presidential elections.
3. A number of serious limitations with regard to control over even local affairs:
  - A. There is apparently serious doubt whether the Constitution could be amended without approval by the U. S. Congress.
  - B. There are certain limitations written into the Constitution. There is, for example, a debt limit for Puerto Rico and its municipalities as a percentage of the actual valuation of property.

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The government's hands, therefore, would be tied if they sought to promote a program involving major government expenditures along New Deal lines.

C. Most U. S. federal agencies operate in Puerto Rico under U. S. legislation; Selective Service, for example, though the Puerto Ricans had nothing to say about its passage. Similarly the Taft-Hartley Law is in effect and is not limited to commerce with the U. S.; all local industry is covered.

4. The Internal Revenue Bureau is an exception to the foregoing. Puerto Ricans are exempt from U. S. income tax legislation. This I assume is primarily an advantage to Puerto Rican corporations, many of which are in fact owned by persons in the U. S. There cannot be many workers in Puerto Rico who earn enough to gain much from income tax exemptions.

5. Puerto Rico is part of the U. S. tariff system. Puerto Rico exports to the U. S. are not taxed on arrival here and customs collections on goods coming into Puerto Rico are turned back into Puerto Rico and do not go into the U. S. Treasury.

Commonwealth status (referred to in Puerto Rico as Estado Libre Asociado) was effected when the Constitution went into effect on July 25, 1952. The Constitution was drafted and subsequently approved by referendum vote pursuant to Public Law 600 adopted by the U. S. Congress in 1950. The purpose of the changes brought about by Public Law 600 are indicated by the following quote from the report of the Public Lands Committee:

"The bill under consideration would not change Puerto Rico's fundamental political, social and economic relationship to the United States. Those sections of the Organic Act of Puerto Rico pertaining to the political, social and economic relationship of the United States and Puerto Rico concerning such matters as the applicability of United States laws, customs, internal revenue, Federal judicial jurisdiction in Puerto Rico, Puerto Rican representation by a Resident Commissioner, etc., would remain in force and effect, and upon enactment of S.3336 (the precursor of Law 600--ED.) would be referred to as the Puerto Rican Federal Relations Act." (Committee on Public Lands of 81st Congress, House Report 2275, 1950.)

Mr. Jack K. McFall, Assistance Secretary of State, in a letter included in the above committee's report, wrote that the bill should be passed, "in order that formal consent of the Puerto Ricans may be given to their present relationship to the United States."

He added: "In view of the importance of 'colonialism' and 'imperialism' in anti-American propaganda, the Department of State feels that S.3336 would have great value as a symbol of the basic freedom enjoyed by Puerto Rico, within the larger framework of the United States of America."

How popular commonwealth status actually is, is difficult to determine. It is true that the Constitution was adopted by referendum vote but only 41% of the eligible voters participated. Consequently the constitution was actually adopted by 34% of the eligible voters. Moreover, three of the political parties in the territory favor outright independence. How wise independence would actually be under present circumstances is another question. My own guess that Puerto Rico being so small and so dependent on a single crop would be in an even tougher spot than the Philippines if full independence were achieved.

There appears never to have been any serious agitation for statehood in Puerto Rico. The choice was between independence and something short of independence. The question was how far from the U. S. would Puerto Rico move, not how close.

In pursuing this matter further I suggest that you get a copy of THE ANNALS of the American Academy of the Political and Social Science for January 1953. The best thing in the issue is an article by Rupert Emerson, who during part of the Roosevelt era was Director of the Division of Territories and Insular Possessions. After describing the character of the commonwealth setup, Emerson has the following to say about the possible application of commonwealth status to Alaska and Hawaii:

"To Alaska and Hawaii the change which has been made in Puerto Rico's status presumably appears as a menace, rather than as an advance to be envied. Coveting statehood which has several times seemed almost within their grasp, these territories have lingered under organic acts dating four or five decades into the past and providing for Washington-appointed governors and other restrictions on their autonomy in domestic affairs. In company with Puerto Rico, they lack full congressional representation and are excluded from Presidential elections. Fiscally they are at a disadvantage in that, unlike Puerto Rico, they neither receive exemption from the federal income tax nor secure the return to their own treasuries of internal revenue taxes and customs duties. But the one goal to which they aspire is statehood, and it would be the coldest of comfort to them to think that they might be put off by having accorded to them the favor newly devised to meet Puerto Rico's needs. In its bearing on their own position, they could applaud the Puerto Rican solution only in the unlikely event that their own claims to statehood would receive kinder treatment because of the removal of Puerto Rico from the list of current aspirants to the prize of becoming the forty-ninth state."

LJ/eh  
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cc: Lou Goldblatt