

**THE DEMOGRAPHIC EVOLUTION OF PUERTO RICO
AND ITS TRANSFER VALUE FOR OTHER UNDERDE-
VELOPED COUNTRIES**

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CHAPTER VIII

POLICY IMPLICATIONS

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In its struggle of the last 20 years toward an equilibration of population and resources, Puerto Rico has been, to a significant extent, successful. The national gross product, for example, increased from \$499 millions of dollars in 1940 to \$1,415 millions of dollars in 1960 (1954 prices). Wages and salaries increased almost 250 per cent (1954 prices) during these two decades. On the other hand, income per capita, adjusted for price inflation, increased from \$210 in 1940 to \$508 in 1960, at an average rate of over 7 per cent per year.¹

Census data tell us that the median income of persons 14 years of age and over (which were income recipients) rose from \$378 in 1950 to \$818 in 1960 (The median family income was \$1,082 in 1960).²

In spite of these achievements much has to be done in this realm. The median personal income (of recipients), for example, is still one third of the corresponding figure for the United States. This is aggravated by the fact that while in the United States only 28 per cent of all persons 14 years of age and over were not income recipients, in Puerto Rico this proportion amounted to 46 per cent. In other words, if non-recipients are taken into consideration the gap between the income levels of these two countries becomes broader.

According to the 1960 Census, still 25 per cent of Puerto Rico's families had an annual income of less than \$500, 42 per cent had less than \$1,000 and almost two thirds of all families were below the \$2,000 level which is, by the way, the government's minimum annual income goal for all families.³

1. Puerto Rico Planning Board, Selected Indexes of Social and Economic Progress: Fiscal Years 1939-40 to 1959-60.

2. United States Census of Population, 1960, Report PC (1)-53C, Tables 57 and 58.

3. United States Census of Population, 1960, Report PC (1)-53C, Table 57.

Additional evidence of this alarming problem is the fact that almost 20 per cent of the island's population is under public assistance and almost 30 per cent is being nourished by the United States Government under the auspices of the Food Distribution Program.¹

The economic problem of Puerto Rican families, however, is not per se a problem of the low income level of the Island as a country. We must remember that Puerto Rico has achieved a per capita income level comparable to those prevailing in some of the most progressive countries of the world, e.g., Denmark. The real problem is one of maldistribution of income. Back in 1947, Perloff estimated that the eleven per cent of the Puerto Rico's top income families received 42 per cent of the total income.² This skewed distribution was even worse than in the United States, the richest country of the world. In 1950 (and in 1959) the top ten per cent of the income ladder of the United States received 29 per cent of all income.

A comparison between the 1950 and 1960 income distributions in Puerto Rico indicates that the gap between the rich and the poor has become broader. There is eloquent factual evidence also that in terms of economic progress there are two quite different Puerto Rico's: the progressive and extremely industrialized San Juan Metropolitan Area and the rest of the Island (with the exception of a few big towns), which have been left one or two decades behind.

Unemployment is another serious and chronic problem in the Island. Recent estimates show that almost 13 per cent of the labor force is looking for work. And one must remember the low participation rates of the Puerto Rico labor force. According to the President of the Puerto Rico's Planning Board, all the 76 municipalities of the Island can be considered areas of chronic unemployment, and thus eligible to

1. Official figures from the Office of Research of the Dept. of Health of Puerto Rico
 2. Harvey S. Perloff, The Economic Future of Puerto Rico, 58.

receive financial help through the Federal Program for the Acceleration of Public Works.¹

The task of rising the still low level of living and checking the high level of unemployment are difficult enough due to the prospects of future population pressures. Evidently this is a serious obstacle to the achievement of the badly needed socio-economic improvements, if not a menace for the progress already attained. In terms of working out a real and permanent relief from population pressures, Puerto Rico has been absolutely unsuccessful.

Its population growth potential has become a more serious threat today than it was in the past. This may be attributed chiefly to radical improvements in the realm of mortality. Fertility has declined very slowly, and the recent sharp decline in the crude birth rate can be explained almost completely in terms of structural changes in the population resulting from mass emigration (See Chapter VI). As in the case of Japan, industrialization has failed to produce detectable changes in the reproductive performance of the Island's population. A plausible explanation for such a failure has been offered by Roy G. Francis:

"The development of capitalism in the United States and other Western European countries, required the emergence of a culture which necessitated planning in life's affairs. The child competed with economic success, the family often had to decide whether to invest in a child or in a family business. It might have been this sentiment which generated the decline in the birth rate along with the industrialization of western society. If this were the case, the borrowing of a capitalist structure may not be accompanied by a decline in the birth rate in Puerto Rico".²

A substantial decline in fertility might be expected in a country where values, attitudes and beliefs are favorable to the use of birth control methods; where knowledge about the effective use of such methods is widespread; and where birth control material

1. "El Mundo", Wednesday, November 28, 1962, Front Page.

2. Francis, 122

is available for the underprivileged families. Birth control in Puerto Rico is neither hindered nor supported by institutional patterns and adherence to cultural norms. Ideals of a family size are held with little strength and consistency, and they easily change with different experiences.¹

It has been found that knowledge of modern methods of birth control comes late in marriage and its utilization is delayed past the point of ideal family size. Contraception takes the character of an emergency action, undertaken seriously only under great pressure. But how can an effective use of birth control methods be achieved by persons most of which have been unable to complete even their elementary education (over 60% of the 25 years and over population has had less than 6 grades of school completed)?

Besides, birth control methods are not available for the great majority of Puerto Rican families, although contraceptive materials are sold in almost every drugstore in the Island. As Puerto Rico's government has decided to keep its hands off from this controversial issue, families who are willing to limit their size cannot depend on the haphazardness of a few government run health centers to obtain the necessary information and materials and are forced to purchase these from private sources. But as we have discussed in previous paragraphs, almost 30 per cent of the island's families are being nourished by the government. How can families which are not capable of meeting this basic need by themselves afford the purchase of contraceptive material and medical advise to this effect in an uninterrupted basis? In other words, although they need to limit the size of their families because of economic pressures, they are impeded to do so by their economic situation.

1. Hill, Stycos and Back, 248

It is clearly evident that the breakdown of such a vicious circle and the attainment of a significant fertility reduction in Puerto Rico could be only accomplished through an island-wide intensive educational campaign and by the provision, free of charge, of contraceptive material to the low income groups. This is so, if one remembers the low educational level of the vast majority of the Island's adult population, which necessarily results in a lack of motivation that can only be counterchecked through an intense and extensive educational campaign. But we honestly doubt, on the basis of its pronouncements up to this moment, that the present government will ever gather the courage to undertake such an action.

Even under the assumption of a declining age-specific fertility, the crude birth rate would increase during the next 10 or 15 years if emigration is cut down considerably e. g., to 15,000 persons per year, as a result of structural changes in the population. On the other hand, continued mass emigration will not produce much further decline in the crude birth rate, unless age specific birth rates show a marked decline, and will level off around a figure slightly above 30 per 1,000 population during the next 15 or 20 years.¹

Under such circumstances, and with little to expect in relation to changes in the crude death rate (7 deaths per 1,000 population in 1960), the annual rate of "natural" increase will be of at least 24 per 1,000 (2.4%) during the next 25 years.

The event which really relieved Puerto Rico, at least temporarily, from this tremendous population pressure, and which unquestionably contributed to a rather significant extent to the Island's economic boom observed since 1940, was mass emigration. Emigration was able to subtract around a million Puerto Ricans during the period of 1940-1960 (See Table 62).² Thus, while during the 1950-60 decade the recorded

1. Table 128

2. Of this number around 700,000 were emigrants and 300,000 were children of emigrants born outside Puerto Rico during this 20 years period.

annual average rate of natural increase was 2.6 per cent, the annual rate of population growth was only 0.6 per cent. In other words, emigration took out 80 per cent of the recorded natural increase during the last decade.

As we have discussed in the previous chapter, future mass emigration of Puerto Ricans to the United States seems highly improbable at least during the next two decades. This is primarily due to an explosive labor force population growth in the United States during the sixties and seventies, and to the increasing tendency toward automation in the American industry.

The bare fact is that Puerto Rican leaders have relied too much upon emigration as a solution to the Island's population problem. The privileged position of Puerto Rico in this respect, has made them think that heavy emigration can go on forever. Emigration as an emergency measure, just to break down the vicious circle between population and resources, may be considered, although with reservations, an acceptable solution. But a healthy economy cannot be based, as implicitly is Puerto Rico's, upon continuous mass emigration. Such a policy is not only dangerous, economically inefficient, and painful from the human point of view, but morally highly questionable.

It is a really dangerous palliative because the volume, and even the direction, of this movement depends to a great extent upon conditions out of the Island's control. Migration seems to be strongly associated with the labor market and the economic situation in the United States, and the United States like any other country of the world, is not exempt of economic disturbances, temporary or otherwise. Due to the Island's economic dependency (direct and indirect) on the United States, any economic recession in the mainland will be felt at least in all its intensity in Puerto Rico. Examples of such a relationship were the 1930's economic crisis, and the two mild recessions of 1954

and 1958. The situation of Puerto Rico's economy, an economy predicated "upon the ability to dump unwanted people onto the continent", becomes worse as a result of the slow down in emigration which has been always observed during these economic crisis. And we should not forget that during the period of 1930-1934 around 9,000 of the 50,000 Puerto Ricans residents in the United States were able to find their way back to the Island, during the period of expensive and difficult travelling. That is, one out of every six Puerto Ricans returned back home. A heavy concentration of Puerto Ricans in the United States might act upon the Island's economy like a boomerang under a severe economic crisis in the United States.

Emigration is, in the long run, a rather expensive solution to the population problem. As things now stand, Puerto Rico is training people to enter the United States labor market, paying the costs of rearing, education, and training and "reaping only the benefit of having fewer mouths to feed" and an occasional remittance to relatives or friends in the Island. The fact is that emigration is taking out, on the average, the better educated people; the median of school years completed for the emigrant group was in 1960 of over 8 years as compared with only 4.6 years for the Island population.

In addition, emigration has depleted the "highly" productive ages (15-44), and as it takes out more "hands" than "mouths" the burden of dependency has increased considerably during the past 20 years. In 1940, for example, there were 2.5 persons without an employment per each one employed. This figures rose to 3.0 in 1950 and to 3.3 in 1960.

It seems too obvious that continuous mass emigration, although representing a population relief, is an inefficient and expensive solution from the economic point of view.

Emigration, however, must not continue to be viewed simply as an economic fact. The social and psychological problems accompanying it should not be ignored. Emigration is not only a physical movement, a simply geographical reallocation; it represents a breakdown with cultural values, traditions, and norms. In many cases it involves a separation from children and spouse. It almost always results in a loosening of social controls, and crime and delinquency is frequent among these "new comers". It is madness to continue to think only in terms of numbers; emigrants are human beings; unfortunate human beings, but nevertheless, human beings. Their sufferings, their dreams, and their aspirations should explicitly be taken into account by those who view emigration as the unique solution for Puerto Rico's population problem and who want to keep on pushing people out of their island to better accommodate themselves.

Continuous mass emigration as a basis for an economy and as a solution to a demographic problem, is morally questionable. It is an abominable type of irresponsible parenthood. Puerto Rico ought not to be the irresponsible parent who continues procreating unwanted children in full knowledge, that they cannot be properly reared and will have to be sent sooner or later, to a "rich uncle" for him to take care of them. Such a position, is at best economic opportunism. And how, as Francis has recently questioned¹, can a country develop a culture acceptable to its people in full knowledge that it is, at best, a parasite of another society, dumping in it hundred of thousands and eventually millions of unwanted children?

It is for these and other reasons that Alfred Sauvy, the eminent French demographer, in evaluating all possible solutions to the population problem, has considered emigration "as a barbarous remedy or at the most a precarious palliative". He added that the "essential aim is to find work for people in their own country".² According to his

1. Francis, 112-115

2. Alfred Sauvy, Fertility and Survival (Chatto and Windles, London, 1961), 83

analysis, the unique and great dilemma is: should we adjust the resources to the population (the purely economic solution) or adjust the population (by lowering the birth rate) to the resources?

Neither of these two solutions alone will result in real, permanent and rapid, advances toward a narrowing of the gap existing between the standards of living of the low and high income countries. In countries like Puerto Rico, the overpopulation problem is not an static question but one of speed of growth. Even a rich country like the United States would find it extremely difficult to have to meet a doubling of its population in each generation, particularly with regard to education, employment, and housing. As Sauvy concluded: "The economic solution is not enough and the demographic solution demands a preliminary or at least a simultaneous, economic development. Both solutions must therefore be studied and envisaged"¹

It has been for these reasons that Japan, India and even the Communist China (the communist doctrine asserts that overpopulation is only a fruit of capitalism) have broken with traditional policies after finding that the economic solution is not enough. The Chinese government in 1957, under the mask of health reasons, announced that a fifty per cent reduction in the crude birth rate was their goal for the next 10 years.²

It is because they have realized that the real problem is not one of advancing but of accelerating advancement so as to close, as soon as possible, the existing gap between the developed countries (which are continually advancing) and the underdeveloped ones. The unquestionably ideal model under such conditions, is one where an increasing proportion of the national income can be diverted from purely "demographic

1. Sauvy, Op. cit. 227

2. Sauvy, 192

investment" ¹ toward economic investment in order to raise the level of living at an increasing rate. And this can more easily be accomplished by reducing the population pressure. ²

In a sense, Puerto Rico's leaders have chosen the purely economic solution, as emigration is only a palliative and temporary relief for the population problem. United States capital has been successfully attracted through the incentives of cheap labor and a ten-year tax exemption. As Puerto Rico is a country of extremely scarce natural resources, raw material (and semi-elaborated products) has to be transported to the Island while the finished products have to be sailed back to the continental market. Thus, the industrial enterprises attracted to the Island are only those for which there is a significant and favorable balance between transportation and production costs. Almost all of them are light industries, in the great majority, of apparel manufacturing .

There will be no problem in the Island as long as this differential between transportation and production costs exists. There are, however, two indicators which tell us that this might not be so in the future. First, continued cheap labor is in contradiction with Puerto Rico's government's goals in relation to standards of living. The government's goal for annual minimum family income is \$2,000 for all family. Although when this goal is to be achieved is not stated, the fact is that family income in the island is increasing more rapidly than in the United States. While in the United States the average salary for a manufacturing worker increased in less than 20 per cent from 1956 to 1959, the corresponding increase in Puerto Rico was over 40 per cent. ³ At the same time, trade unions

1. Demographic investment is that which is utilized for giving to each additional inhabitant (product of population growth) the necessary installation for a standard of living equal to that of others (housing, schools, factories, etc.)

2. See Sauvy, Part II , and Joseph Marion Jones, Does Overpopulation Mean Poverty?

3. Junta de Planificación de P. R., Informe Económico del Gobernador, 1959, 8

in Puerto Rico (usually branches of United States unions) are striving for wages comparable to those prevailing in the United States.

In a second place, mechanization or automation is an efficient substitute for unskilled cheap labor. A continuation of the trend of automation in the United States could make the incentive of cheap manpower in Puerto Rico an unimportant factor in the decisions about investment on the part of the American industrialist. In a near future, he might probably begin to think more in terms of availability of raw material or natural resources, a realm in which Puerto Rico cannot compete with other areas.

Still, there is another factor which, although impossible to predict in terms of timing and extent, will sooner or later occur -- the industrialization of Latin America. If the anxiously expected industrialization of Latin America ever occurs, Puerto Rico would not only be in an unfavorable position in attracting American investors because of the Island's lack of raw materials and because of cheaper labor in Latin America, but also because of market possibilities. It is madness to think of industrialization in Latin America without thinking of market outlets for their products.

There are several other factors which undoubtedly have influenced many American industrialists in their decision to choose Puerto Rico to locate factories rather than any other country. Among these:

1. As a result of its political association with the United States, Puerto Rico is in a very favorable situation to attract United States capital which might have feared the possibility of undesirable governmental interventions or revolutions elsewhere.

2. As Puerto Rico is part of the United States market economy many American industrialists have chosen to come to Puerto Rico rather than to any other country because of the free access to mainland markets.

3. There is great assurance of stability for the United States capitalist when he knows to be operating within the United States judicial system and that any dispute initiated in Puerto Rico could be cleared up by the Supreme Court of the U. S. if necessary.

4. The U. S. capital is well aware and absolutely confident in the overruling power that their government has always had with respect to ultimate decisions in Puerto Rican affairs.¹

Apart from such economic and political considerations, Puerto Rico's demographic solution to the population problem has no transfer value for other underdeveloped countries where explosive population growth is the real obstacle to economic progress. Other overpopulated and underdeveloped areas in the world cannot take advantage of a common citizenship with more prosperous areas to benefit from mass emigration. India, for example, to match Puerto Rico's migratory experience, would have to be sending somewhere more than 6 million people each year.

Puerto Rico's developmental experience, however, may have some points of interest to other underdeveloped countries. One of these transferable values is that an able and honest government administration is necessary in order to bring about significant socio-economic progress. This, and considerable improvements in public education (not necessarily formal education) are the main prerequisites for any significant progress. Capital, which is also badly needed in all underdeveloped countries is only secondary to a good public administration and education.

Puerto Rico's experience can tell other areas where explosive population growth is a hindrance to economic development that the "economic" solution to the

1. A recent example of the American overruling power over P. R.'s decisions has been the threat, by Congressman Adam C. Powell and others, to cut down Federal help to P. Rico's schools as a result of controversy about the teaching in English (not of English) in Puerto Rico's private schools.

population resources problem alone is not enough and that industrialization is not the miracle pill for all the maladies of underdevelopment that many an over optimistic economist has thought it to be. That only by simultaneously striving for economic improvements and reductions in the birth rate can an underdeveloped country successfully move fast into the future with all the assurance of having accomplished a more or less permanent achievement.