Theoretical and Conceptual Lacunae in Sociological Theories of Development: The Puerto Rican Anomaly

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THEORETICAL AND CONCEPTUAL LACUNAE IN SOCIOLOGICAL THEORIES OF DEVELOPMENT: THE PUERTO RICAN ANOMALY

by

Dennis Malaret

A Dissertation
Submitted to the
Faculty of The Graduate College
in partial fulfillment of the
requirements for the
Degree of Doctor of Philosophy
Department of Sociology

Western Michigan University
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Puerto Rico is presently facing serious economic and social problems which are characteristic of a neocolony. Many of these problems are associated with Puerto Rico’s historical path of industrial development adopted in 1940s. This study, therefore, focuses on economic and development policies implemented in Puerto Rico since the early 1900s and the political and economic role the U.S. has played in such policies.

To understand Puerto Rico’s structural problems, a theoretical framework has been developed. This framework combines developmentalist theories such as modernization, dependency, capitalist world economy and indigenous Puerto Rican theorizing. These theories have been critically assessed for their applicability in shedding light on the Puerto Rican paradox. It is expected that this theoretical framework will explain the specific problems related to Puerto Rico’s present situation and the process that led to the creation of its controversial commonwealth status.

This study was based on the content analysis of available literature. These data showed that, structural factors such as monopolistic capitalism, the activities of the transnational corporations and of interest groups, colonialism and neocolonialism
have influenced the ill-conceived economic development model adopted in Puerto Rico. The data also showed that organizational factors such as world capitalist order, the cold-war, the expansionism of U.S. transnational, and U.S. world political economy were decisive in the creation of the current state of Puerto Rico. The theoretical framework outlined in this study can be further refined and expanded utilizing such research methods. A study of modernization, acculturation, and rapid industrialization processes under a colonial form of government could contribute to sociological research in the field of development, and to the processes of dependency, unemployment, migration and the absence of national prerogatives.
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DEDICATION

This Dissertation is Dedicated:

To my mother, Carmen Malaret, who throughout all these years of hard work stayed behind me and gave me the emotional and moral support I needed to continue my academic endeavors.

To Dr. Douglas Davidson and Dr. Subhash Sonnad for always being there to assist me with their strong moral and intellectual support when I needed it most.

To all those close friends who stood by me—fulfilling the role of the family I did not have near to me.
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Finally, I would like to dedicate this Dissertation to my mother back in Puerto Rico, whose existence in this world kept my hopes and strengths alive to make this endeavor possible.

Dennis Malaret
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CHAPTER I

INTRODUCTION

Development Studies: An Overview

Economic development and modernization are often seen as the result of progressive changes a society must make in order to improve the quality of life of its people. It is assumed that in order to effect such changes the creativity and productivity of the people should be encouraged. The assumption is that once economic development and/or modernization is achieved, misery and human suffering will also be greatly reduced. The eradication of impoverished human conditions widely present in poor societies will therefore enable its people to fully achieve their potential. History has shown, however, that modernization and economic development in society have not succeeded in eradicating many social problems. The central assumption of this study is that some of these problems are the result of the unequal distribution of power and economic resources emanating from colonialism and therefore are not that easy to eliminate by adopting the same patterns of modernization and economic development of the most advanced industrialized nations. A number of social problems, ranging from unemployment to various types of crime, could also be attributed to the result of the modernization process itself.

It cannot be denied that modernization has brought about a
number of positive benefits to those societies which have experienced it. Among these positive changes we could mention are the quality of life of the people, partial solutions to difficult social problems, such as starvation, epidemics, education, infant mortality, life expectancy, etc. Technology has also contributed to enhanced human potential by making it possible to undertake difficult tasks that previously were deemed impossible, especially for those with physical impediments. In other words, technology has helped to increase human potentials to their fullest capacity.

Indeed, modernization and economic development have been greatly beneficial to human well-being. However, human suffering and other social problems to a large extent have not been eliminated. For example, within the Puerto Rican context, many current social problems have been attributed to modernization and economic development. A perceived increase in social problems in Puerto Rico has increasingly been the focus of concern for many indigenous analysts.

Modernization and development are often used interchangeably since these two terms are closely related, and under the Rostowian concept, one implies the other. Therefore, for the very same reasons, these two concepts have been controversial as they assume that in order for a society to develop, a significant portion of its population must come to despise their traditional cultural values and internalize new progressive and innovative ones. This assumption could be deemed ethnocentric in nature as it implies that some characteristics of developed societies are ideal and therefore superior.
to those of underdeveloped societies. The refutation of such generalizations has resulted in an enormous pool of literature, mainly written by sociologists, economists, and political scientists, from both the advanced and the developing nations. These scholars either agree or disagree with such assertions. Their divergent sociological foci have also resulted in the birth of various divergent and often conflicting theoretical approaches within the realm of the sociology of development.

The following section of this study presents a critical overview of the historical path to development experienced by Puerto Rico and the role the U.S. played in this process. The statement of the problem includes a brief sketch of the contradictive and often conflictual nature of the process of development experienced in Puerto Rico. This section will be followed by a discussion of the purpose and objectives of this study.

Chapter II includes a review of various theoretical approaches to development relevant to this study. There are three major theoretical approaches which have previously been viewed as relevant to understanding Puerto Rico's past and present path to development. These three theoretical perspectives are: (1) World Systems Theory, (2) Modernization Theory, and (3) The Dependency School. Finally, I will provide a general critical assessment of each theoretical perspective's usefulness in understanding the process of modernization, development, dependency, and underdevelopment as they may apply to Puerto Rico's context.
Chapter III presents a detailed description of the research design and methods employed in guiding this study, including the advantages and disadvantages of conducting a study combining historical analyses and theoretical models. Chapter IV consists of a theoretical synopsis of major theories of development. This chapter will also focus on the strengths and weaknesses of dominant western developmentalist approaches in relation to their usefulness and ability in explaining social and structural manifestations specific to the context of Puerto Rico. Finally, a critical assessment of these three perspectives' utility and contributions to the understanding of Puerto Rico's social, political and economic problems—and their disregard of colonialism in this processes, is presented.

Chapter V consists of an in depth discussion of how the problems of Puerto Rico are perceived by various indigenous viewpoints. Within this section I will first present a synthesis on how the other or indigenous Puerto Rican viewpoints perceive the problem of development and dependency in Puerto Rico. Additionally, this chapter demonstrates how indigenous viewpoints greatly diverge from dominant theoretical perspectives on issues such as development, underdevelopment, dependency, and colonialism. In the case of Puerto Rico, indigenous analysts show a greater awareness of their own values and concerns, a task which is very poorly fulfilled by dominant Eurocentric theories. The author also suggests that western developmentalist theories vary greatly among themselves. This fact is fundamental to understanding a particular problematic in various
dimensions. However, their usefulness and applicability in explaining problems pertinent to a specific social context (i.e., Puerto Rico) is still very questionable.

In the last section of Chapter V, indigenous Puerto Rican viewpoints are discussed and assessed. We shall see the degree to which their viewpoints on the problem of Puerto Rico vary from the Modernization, World Systems and Dependency theories.

Finally, Chapter VI will present the vision, strategies, and prospects for the future development of Puerto Rico. This chapter explores alternatives and choices available to the people of Puerto Rico in order to continue or to redirect their present political and economic relationship with the U.S. Prospects for the future of Puerto Rico as a society are also discussed. Limitations of the study, suggestions, conclusions and recommendations are presented as well.

Statement of the Problem: Puerto Rico's Historical Path of Development

"Of all Spain's colonies in the Western Hemisphere, Puerto Rico alone has never obtained an independent status" (González, 1980, p. 10). First came the Spanish Empire from 1453 to 1898 and next the U.S. from 1898 to the present. After World War II, most Western colonies were emancipated, at least politically, from their colonial metropolitan states. Puerto Rico, however, survived the post WWII colonial era.

In Societal Development, or Development of the World-System?
(1986), Immanuel Wallerstein, using an empirical analysis of the problems surrounding a discussion of "two societies--Germany and Puerto Rico," argued that the "boundaries of these societies" turn out to be redefined constantly, with changing political fortunes, and consequently offer no solid basis for the analysis of social processes (p. 2). According to Wallerstein, there are societies with different states (i.e., Germany), and societies in which there are not states (i.e., Puerto Rico). Ever since the sixteenth century there has been an administrative entity called Puerto Rico. At no point in time has there ever been a sovereign state, a fully recognized member of the community of nations. Wallerstein argues that if "there is not a state, how do we define its society? Where is it located? Who are its members? How did it come into existence?" (Wallerstein, 1986, pp. 6-7). In order to give an answer to this set of questions, Wallerstein uses conclusions drawn from political and intellectual controversies generated in Puerto Rico by Puerto Rican scholars. For example, José Luis González (1980), in his controversial book entitled El País de Los Cuatro Pisos (The country of four floors) argues that, contrary to the assertion that when American colonization began in 1898, Puerto Rico did not have a homogenous national culture. Quite the contrary, it was a people divided. In González's view, that's one of the main reasons why Puerto Rico has never been able to obtain an independent status.

An equal degree of controversy has been generated by the fact that Puerto Rico's economic infrastructure has always been altered
to serve the needs and demands of a colonial authority. As result, within the last half of the 20th century Puerto Rico has experienced profound economic and social changes, including a drastic switch in its economic infrastructure or modes of production. These latest changes as well as previous ones have generated a great deal of controversy. During the late 1940s and early 1950s, Puerto Rico experienced a drastic shift from an agrarian based economy to a more advanced mode of industrial production. This was in large measure imposed and modeled after that of the metropolitan U.S.

It was hoped that increases in productivity would make available all goods and services needed for a comfortable living. The assumption was that this transitional process would result in an improved quality of life enabling people to prosper and live at their best. The rapid industrial development experienced in Puerto Rico, and the economic prosperity that followed after the changes in its modes of production has not reduced much of the previous unemployment and the widespread level of poverty and other social ills present on the island.

This study considers whether such economic growth and industrial productivity translate to the masses. Rather, the advent of the industrial revolution experienced by Puerto Rico and its profound social changes has been associated with an increase in a wide range of social problems and contradictions in the island at all societal levels. In comparing Puerto Rico to similar cases around the world, the evidence has shown that social and economic changes
associated with development and modernization have not succeeded in reducing problems such as high levels of unemployment, underemployment, poverty, and other social problems in most developing countries, as well as countries already economically developed. Data from both the industrialized and developing countries have consistently suggested that the process of development has been largely frustrated by an increase in all forms of social problems. Colonialism can also distort the process of development in a society.

For example, Puerto Rico constitutes a clear illustration of a case in which the decision making process and the implementation of decisions are being directed by the U.S.

Further, the post-World War II industrialization policy, known as Operation Bootstrap, succeeded in large part because it guaranteed that Puerto Rico would be a more profitable site than competing regional manufacturing centers in the United States. Until the mid-1960s, this policy responded well to the needs of U.S. corporations which were labor-intensive and had relatively low capital requirements. However, in the mid-1970s, the traditional structure of production started undergoing profound disruptions. Puerto Rico was no longer competing solely with decaying regions on the mainland, but with other newly industrializing economies. Faced with a crisis in investors confidence due to economic deterioration on the mainland, planning strategies were altered in response to the investment needs of newer industries. As a result, the U.S., aided by Puerto Rico's officials, implemented new policies which enabled
those firms--already established on the island--to utilize the skilled yet cheap labor, and to take advantage of tax credits or exemption policy, including new industrial incentives which were facilitated by a policy known as Section 936 of the Internal Revenue Code. Under previous laws, firms were taxed if they remitted accumulated profits while they continued to conduct business in Puerto Rico.

The impact of this new strategy in granting tax breaks to those firms brought about a dramatic turn in the economic infrastructure of the island. The new multinational firms that migrated in larger numbers to the island, in pursuit of new tax incentives and a freer business climate, were concentrated in the pharmaceutical, electronics, precision instruments sector, and specialized medical equipment industries. These companies were overwhelmingly subsidiaries of multinational corporations. Thus, 936 corporations transformed Puerto Rico not only into a manufacturing sector but into a financial banking site as well. Generous industrial incentives and subsidiaries, including fiscal inducements, tax exemptions, and more importantly low wages, converted Puerto Rico into an incredibly profitable investment site for international conglomerates (Maldonado-Denis, 1980; Heine & García-Passalacqua, 1983; Pantojas-Garcia, 1990; Meléndez & Meléndez, 1993).

The following examples illustrate the record profits attained with the help of Puerto Rico's initiatives became evident in 1989: mainland U.S. firms reported an average of 10.3% in return on in-
vestments whereas the same firms settled in the island reported a
return average of 54.1% from Puerto Rican operations (Kane, 1989).
Looking at the broader picture, in 1988 it was estimated that U.S.
firms in Puerto Rico realized profits of $8.9 billion, or about 19.7%
of their declared global profits, as a result of direct foreign in­
vestment activity (Kane, 1989).

In reality such impressive economic achievements which became
visible in the early 1950s seem not to have benefitted nor served
the needs of the indigenous population of the island. Puerto Rico’s
economic infrastructure has been engineered to serve the need and
demands of an international market without regard for the local pop­
ulation. If such an assertion proves to be correct: Who are those
benefitting the most from such economic growth? Put differently,
which sectors of Puerto Rico and the U.S. populations have benefitt­
ed the most from such economic achievement? The answer to this ques­
tion could be quite simple. Following the Latin American example,
Puerto Rico is not alone. That is, a small but well established
indigenous elite (i.e., families) who tend to engage in a "vicious
cycle of economic concentration and political power centralization,"
is for the most part the sole beneficiary of such economic progress
(Gorostiaga, 1996, p. 3).

Another important set of questions that need be addressed is,
will Puerto Rico ever be able to translate such dramatic economic
growth into policies and programs that will best serve the needs of
the indigenous population? In spite of such growth, why does Puerto
Rico's and Puerto Rican-Americans remain at the bottom of the socio-economic ladder when compared to the other 50 states of the union? What politico-economic impediments or barriers have kept Puerto Rico and Puerto Ricans in such a marginal status compared to the U.S. mainland? To what extent has the direct economic and political control the U.S. exerts over Puerto Rico retarded its further economic growth? And to what extent have such U.S. political and economic influence benefitted Puerto Rico's economic and social growth? To what degree has Puerto Rico's economic dependency on U.S. federal transfers and private investments offset any attempt on the island to promote policy and regulations concerning U.S.'s TNCs in order to protect local interests and to promote socio-economic growth?

An important issue which needs to be addressed is the role transnational corporations have played in the dependency process of the island. How have they inhibited initiatives on the part of the Puerto Rican government? What political and economic arrangements make Puerto Rico seem a classical neocolony? To what extent have these political, economic and ideological arrangements kept Puerto Rico politically and economically isolated from the rest of the world?

Additionally, this study will utilize the dependency approach as an alternative to the theoretical assumptions of modernization theory. Thus, dependency theory along with the critical dialectic of Marx, can better assess and provide a comprehensive explanation of the present social, political, and economic problems Puerto Rico
is facing in its current colonial status. More importantly, there are other indigenous approaches or voices, mainly from the Third World, that have much to tell us but have not yet been acknowledged and are excluded from the dominant developmentalist [sociological] discourse. More specifically, these other voices coming from small [semi] peripheral societies such as Puerto Rico, have been largely ignored by influential theoretical approaches in the core.

Kuhn argues that paradigms develop within a political context. Therefore, those who have more political and economic power are those who are successful in asserting their views about a particular phenomena (in Ritzer, 1988). On somewhat different grounds, this premise is also utilized by critical sociologists. According to the critical perspective, labels of deviance and social problems and the sanctioning policies are often a result of political and economic conflict. Because of their superior economic or social positions, some people/groups/organizations (the Ones) can resist being labeled as deviants and in this case resist becoming the others. Whereas, the others, the ones with less economic power, are defined as deviants (e.g., the wide range of people whose life styles do not fit mainstream societal standards--i.e., homosexuals, radicals, etc.) (Pfohl, 1985). Further, those with more political and economic power are those able to legitimize their convictions and ideological assumptions over those who lack power. This constitutes a condition where the polarization of those elements and/or groups in society who voice resistance will only become more pronounced.
Puerto Rico's Socio-Economic Transformations:
A Critical Assessment

In early May of 1898, the U.S. Navy bombarded San Juan, inflicting some 100 casualties. On July 25, 1898, U.S. troops landed in Guanica, on Puerto Rico's southwest coast. In less than two weeks Spain had surrendered, and Puerto Rico was transferred from an empire that had become a mere shadow of its former self, to the hands of an emergent world power (Heine & Garcia-Passalacqua, 1983).

For the people of Puerto Rico this historical event represented the culmination of long-standing U.S. interests. Moreover, these interests were not limited to securing and broadening the market for U.S. goods; they extended to military and strategic goals. As America's foremost 19th century naval strategist, Captain A.T. Mahan, once wrote, "Puerto Rico would make an excellent floating station for the U.S. Navy; moreover, it could well become to the Panama Canal what Malta was to the Suez Canal: a key base from which to protect access to the waterway in time of war" (in Heine & Garcia-Passalacqua, 1983, p. 100).

The prospects for freedom expected by a large segment of the population soon were banished. The relatively liberal Autonomy Charter granted by Spain to Puerto Rico in 1897, which provided a significant measure of self-government to the island, including the right to enter into commercial treaties with foreign countries, was replaced by more traditional colonial rule which consisted of a military government under the supervision of the U.S. War Department.
This form of military government ruled the island from 1898 to 1900 (Maldonado-Denis, 1972; López, 1980; Dietz, 1987). Attempts to speed the process of Americanization of Puerto Ricans through the school system became evident. English became the language of instruction. Protestant missionaries went to Puerto Rico from all over the U.S. challenging Catholicism.

American businessmen and corporations lobbied for advantages in Washington. The relationship between the United States and its newly acquired overseas possession was discussed with enthusiasm. The island soon saw itself under the tutelage of divergent political and economic groups in both the U.S. and Puerto Rico itself.

Elmer B. Adams, a Yale University professor, assumed an anti-imperialist position. According to Adams, there is certainly no power given by the Constitution of the Federal Government to establish or maintain colonies (Heine & García-Passalacqua, 1983). Another of his colleagues at Yale, William G. Simmer, concluded: "The question of imperialism, then, is the question whether we are going to give the lie to the origin of our own national existence by establishing a colonial system." However, at Harvard University the imperialist, Judge Simeon Baldwin, asked whether "the ignorant and lawless brigands that infest Puerto Rico" deserved to become citizens of a state or "whether Puerto Rico can be held permanently and avowedly as a colonial dependence" (Heine & García-Passalacqua, 1983, p. 111).

The intense debate generated around U.S. hidden but obvious
economic intentions concerning the newly acquired territories, especially Puerto Rico, came to a conspicuous end when Lawrence Lowell proposed, in the Harvard Law Review, a more persuasive distinction between different types of newly acquired territories. According to Lowell, they could be classified as appurtenant to but not part of the United States. They were subsequently described as unincorporated territories, which obviated the need for a firm promise of eventual incorporation into the Union, as had been the case with all previously acquired territories. In 1901 the U.S. Supreme Court adapted Lowell’s definition and Puerto Rico belonged to but was not a part of the United States (Heine & Garcia-Passalacqua, 1983). In other words, Puerto Rico became a possession of the United States, a sort of classical-neocolony. This, of course, contradicted the purported U.S. commitment to respecting self-rule and democratic values of a society contained in its propagandized world self image of freedom and democracy.

The Foraker Act, passed by Congress in 1900, laid the foundations for continued U.S. commercial expansion in Puerto Rico. The peso, the Spanish currency then in use on the island, was replaced by the dollar.

In 1917 the Johns Act was passed. This new Congressional formulation granted all Puerto Ricans U.S. citizenship. However, critics believed that this new congressional maneuver was implemented as an attempt to end the strong sentiments for independence in the island. This new Congressional act also served to alleviate
the uneasiness and suspicions that Puerto Ricans were feeling after seeing that the Philippines Islands had not been given any specific date of independence in their Johns Act. Critics also believe that another reason for the passage of the new Puerto Rican organic act was that in early 1917 U.S. involvement in the World War I appeared eminent. Thus, a loyal Puerto Rico, populated entirely by American citizens, seemed more important than unusual (Clark, 1975).

Free trade was initiated between the United States and Puerto Rico in 1901. Puerto Rico was also included in the American tariff system, giving island products free access to the U.S. market and a seemingly inexhaustible demand for sugar and sugar products. American investors, sensing the potential profits, quickly stepped in, monopolizing Puerto Rico's sugar production almost entirely. Between 1896 and 1940 sugar output grew 17-fold from under 100,000 tons per year in the 1890s to over 1 million tons by the 1940s (Maldonado-Denis, 1972; Meléndez, 1990; Meléndez, 1993). Thus, sugar became the foundation of the island's economic structure. Much of the growth that took place in Puerto Rico during the first three decades of the 20th century reflected the rapid expansion of the sugar industry.

Moreover, sugar cultivation in Puerto Rico brought with it all of the negative effects of absentee land ownership. American corporations controlled Puerto Rico's best land and exercised enormous economic and political control over the island's internal affairs (Clark, 1975; Maldonado-Denis, 1972; Heine, 1983). The first three
decades of American political rule and economic assistance to Puerto Rico were characterized by major social upheavals, with the emergence of a rural proletariat and the beginnings of urbanization. They also represented times of significant economic growth.

In the 1920s, shortly after the Great Depression hit, per capita income dropped to $86 in 1932-33 (Heine & Garcia-Passalacqua, 1983). The economic crises precipitated strikes and social unrest. Support for nationalism gained momentum. In order to more effectively deal with economic hardships and the growing nationalist sentiments on the island, the U.S. government dramatically increased Federal funds for social programs. These served as political neutralizers, and incorporated average people into the political arena.

The combination of the rapid increase in Federally funded social programs and the inclusion of Puerto Rican natives in the political process paved the way for the rise of a new political movement in Puerto Rico known as the birth of populism (Heine & Garcia-Passalacqua, 1983). Luis Muñoz Marín, the leading figure in the gestation and development of this movement, was aware of the revolutionary potential of the emergence of civilians in the political arena. In 1938 he formed The Popular Democratic party (PDP), Puerto Rico's first populist party which in 1944 achieved a massive electoral victory.

As World War II drew to an end, however, the popular independence movement was aborted, although in 1946-52 the cause of internal self-government progressed. In 1947, Congress passed a bill making
the governor's position an elective one, and in 1948 Muñoz Marín became the first elected governor of Puerto Rico. The most important breakthrough came with the approval of the Puerto Rican Constitution, which came into force in 1952, after a constitutional convention, a referendum, modifications and final approval by the U.S. Congress (Clark, 1975; Heine & Garcia-Passalacqua, 1983).

It was in this historical period that the questions concerning the political status of Puerto Rico became less pronounced. There was a call to political unity to fight a common front: to fight the widespread poverty conditions that prevailed on the island. The leadership of this new popular democratic front worked closely with former Roosevelt aide Rexford Tugwell. He was appointed governor of Puerto Rico in 1941 and believed in a strong and dynamic public sector (Wallach, 1989). Tugwell initiated an extensive program of economic, social and governmental reform. A new era of profound social and economic transformations began in Puerto Rico.

Puerto Rico's Early Economic Initiatives: 1900s-1940s

Since the early 1900s, shortly after the United States seized Puerto Rico, the island's leaders (i.e., Gov. Marín, 1948-1968, Gov. Luis A. Ferré, 1969-1972, Gov. Rafael H. Colón, 1973-1976) implemented various development programs in order to improve the prevailing substandard living conditions of its people. Each stage was characterized according to periods of transition. The first stage was initiated in the early 1930s. Puerto Rico became an experimen-
tal laboratory for the United States. With the cooperation of the American government, new strategies were introduced using a variety of social planning and pump-priming policies with public agencies and regulatory devices. This marked the first period of transition known as the predevelopment stage (Raynolds & Gregory, 1965; Lopez & Petras, 1974). At that time, the Puerto Rican infrastructure was totally dependent on agrarian production. Sugar was the dominant source of income, amounting to about one-fifth of the total industrial production of the island (Seda, 1973; Centro de Estudios Puertorriqueños, 1974; DiPaolo, 1976; Carr, 1984; Dietz, 1987; Melendez & Melendez, 1997).

During the mid-1940s Puerto Rico was characterized by the promotion of economic development based on governmental ownership and the promotion of industrial sectors known as PRIDCO. This new policy affected the agriculture-centered economy negatively, which resulted in a period of chronic unemployment and migration to urban areas. This period marked the transition from an agrarian to an industrial economy. Like a number of previous economic programs, this strategy did not work as expected, mainly because of the scarcity of available capital resources on the island. During this period, the scarcity of jobs available on the island became apparent. PRIDCO pressured nominally employed subsistence farmers to relocate to urban areas, later to be officially added to the unemployed reserve army (DiPaolo, 1976). The failure of all these economic initiatives, which characterized the first half of 19th century, lead
to a search for new ways to promote not only government owned enterprises, but private capital investment as well. New tax exemptions were introduced to encourage the establishment of foreign capital investment on the island. This tax exemption for all foreign companies eventually became a law. This third stage of economic development in Puerto Rico, in 1947, became known as "FOMENTO" and today is known as "Operation Bootstrap." FOMENTO established an operational unit fundamentally oriented to attracting foreign capital investment. Compared to other programs implemented earlier in Puerto Rico, the Economic Development Agency (EDA) was the first to bear substantial economic outcomes for Puerto Rico (DiPaolo, 1976).

At a time when most colonial empires had not yet been dismantled, the Commonwealth was widely praised as a forward-looking, innovative solution to the inherent tensions in colonial relationships. Former U.S. Supreme Court Chief Justice Earl Warren referred to it as "perhaps the most notable of American government experiments in our lifetime" (Heine & Garcia-Passalacqua, 1983, p. 122). As Senator Millard Tydings (Congress, May 1943) once put it, the arrangement between the United States and Puerto Rico is one of the most unsatisfactory relationships between two governments that I have ever encountered on the face of the earth" (in Fernandez, 1994, p. 59).

Puerto Rico's Economic Development, 1950s-1990s: Beyond Operation Bootstrap

A more aggressive economic program was initiated in 1947

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through the newly created Economic Development Agency (EDA). This project eventually became well-known as Puerto Rico's Operation Bootstrap. Operation Bootstrap, deemed as the most extensive planning economic efforts ever carried out under the U.S. flag, is held responsible for transforming a "poverty-stricken Caribbean island into a manufacturing center" (Langdon, 1987, p. 18).

As American investors, attracted by cheap labor and Federal tax exemptions, corporations congregated on the island, Puerto Rico underwent rapid economic growth in the 1950s and early 1960s. As a result of it, the island became a showcase of U.S. sponsored economic progress and political development.

This growth of Puerto Rico's manufacturing sector was due, in large part, to the approximately 50 incentive programs for businesses to establish operations on the island. These included the U.S. International Revenue Code Section 936, which exempts companies in Puerto Rico from paying federal taxes and allows repatriation of a certain percentage of profits. The goals of Operation Bootstrap were to induce industry to locate on the island by granting mediating tax concessions, locating them in regions with higher levels of unemployment and thus helping to improve the income of families living mainly in rural areas.

The marketing oriented industrial promotion of FOMENTO marked a rapid decline in agriculture, leading to a massive migration from the interior rural regions to urban cities or to the continental U.S. More specifically, Puerto Rican agriculture was annihilated by in-
Industrialization which in a variety of ways blocked the modernization of agriculture. In 1940, before Operation Bootstrap was launched, agriculture had been responsible for 31.1% of net income and 44.7% of total employment in Puerto Rico. However, by 1960, these shares had declined to 13.3% and 22.8%; and in 1980, to 4.4% and 5.2% respectively. Furthermore, in 1990s Puerto Rico's agriculture accounted for only 3.0% of its GNP (Beckford, 1989; Meléndez, 1990; and Pantojas-García, 1990). The destruction of Puerto Rican agriculture is now virtually complete. The share of manufacturing in net income, on the other hand, increased from 12% in 1940 to 47.1% in 1980. Manufacturing employment, however, has not kept pace and increased from 10.9% to only 19% of total employment in 1980 (Dietz, 1987, Pantojas-Garcia, 1990).

In 1952 there were only 82 industrial plants in Puerto Rico. There are currently over 2,000 plants doing business on the island. Moreover, Puerto Rico's external trade has become the fifth largest in Latin America (Heine & Garcia-Passalacqua, 1983). The per-capita income has grown from US$300 in the late 1940 to over US$6,000 in 1991. Over the same period the island's gross national product (GNP) soared from US$287 million to nearly US$23 billion. Throughout the Sixties and the Seventies, the economy boomed at twice the growth rate of the mainland. As small as Puerto Rico is--with approximately 3.8 million inhabitants on an island 100x35 miles--it is one of the largest per capita consumers of U.S. goods, the largest overall importer in Latin America, and the 4th largest U.S. market in the
world (Dietz, 1978).

What accounts for this dramatic progress? Until 1940 Puerto Rico was a poor colonial backwater, our cherished slum, in the words of various American commentators. Nevertheless, in the early 1940s, Muñoz Marín and the New Deal Governor Tugwell initiated a program of wide-ranging social and economic reforms which laid the foundations for modern Puerto Rico. To make this miracle realizable, the Federal government injected from $59 million to $208 million in the island on social program incentives between 1940 and 1945 (Clark, 1975; Dietz, 1987, Meléndez, 1990) thus augmenting the income of Puerto Ricans. This pattern of injecting several hundreds of millions of dollars into the Puerto Rican economy to keep it afloat today remains unchanged.

Puerto Rico's Present Socio-Economic and Political Perplexities

Despite the high rate of economic growth, the implementation of multiple ideologically ambiguous efforts to restructure and re-orient the Puerto Rican economy, and the presence of thousands of multinational corporations on the island, the indigenous production structure has grown only slightly. Wages, employment, and quality of life on the island remain relatively low compared to the U.S. mainland. More importantly, Puerto Rico is still experiencing a substantial rate of unemployment and most of its residents find themselves below what is considered, by mainland standards, the poverty line.
It is estimated that almost two thirds of the 3.4 million residents of Puerto Rico receive some type of assistance through welfare and other social services. For example more than 50% of the population in Puerto Rico qualifies for food stamps. Seventeen percent of the island’s labor force is officially listed as unemployed, an alarming rate by mainland standards. This nonetheless represents a substantial improvement over recession conditions of seven years ago, when unemployment hit 25% (Langdon, 1987). Furthermore, the unemployment rate is estimated to be as high as 40% in some interior regions of the island. Additionally, heavy dependence on food imports and transfer payment makes the island economically vulnerable. Thus, the island’s problem of structural economic stagnation is best understood as resulting from the political-economic domination of the U.S.’s multinational corporations and the U.S. government.

The Role of U.S. Transnational Corporations in Puerto Rico

Currently, the total unemployment rate in Puerto Rico is not much different from what it was at the beginning of the industrialization period, and the rate of economic development remains (perhaps increasingly) dependent upon foreign investment. The promotion of capital-intensive technology has limited the number of people that can be incorporated into the production process. FOMENTO’s strategy was founded on the assumption that economic growth and industrialization would result in a trickle-down process beneficial to all
groups in society. However, the general validity of this hypothesis, (supply-side economics!) of course, was proven wrong. In the U.S., during the Reagan era, such supply-side economics! have proven to be a failure too.

Thus, industrialization in Puerto Rico has resulted in the growth of a surplus population of unemployed, a situation which favors foreign capital accumulation at the expense of the local population (Myers & Muschkin, 1984). This phenomenon can be attributed to the lack of cooperation between the private foreign sector and the local government. This problem of non-cooperation by multinational corporations is compounded by two additional factors. First, foreign enterprises operate within a highly sophisticated technology and have the capability to create a generous salary for a limited number of (white collar) skilled personnel, but they do not favorably affect a very large segment of the labor force. Secondly, foreign enterprises come to settle in Puerto Rico seeking their own profit and interests, paying little or no attention to the socio-economic needs of the local population. Another important question is: What measures (if any) did the Puerto Rican officials assume in enacting policies and/or regulations to hold the monopolistic capital more responsive to the local needs? Due to its classical-to-neocolonial status, Puerto Rico does not have any regulatory jurisdiction over the way multinational corporations do business in the island. The U.S. Congress and Federal Government control the decision-making processes which directly affect the socioeconomic well-being of the

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people on the island. Furthermore, U.S. firms are located in Puerto Rico to produce for an international market without regard for the needs of the internal economy. Puerto Rico has become a sort of assembly plant, or an enterprise zone for production. The soil, water, and air are polluted by multinational corporations to which U.S. environmental and labor laws frequently do not apply.

The majority of those U.S. transnationals and other smaller firms that have chosen Puerto Rico as one of their sites to do business have not demonstrated much regards with respect to the local economy: their sole interest is to use what is valuable to them or meets their needs. Multinational corporations are there to reap the advantages of Puerto Rico's lucrative tax exemptions for their internal operations, as shown by the fact that more than 1,200 of the 5,000 largest U.S. corporations have established one or more branches in Puerto Rico (Myers & Muschkin, 1984, p. 23).

On the surface, the results of industrialization have been made to seem impressive. Puerto Rico by 1970 became one of the most industrialized areas in the world. These 936 corporations transformed not only Puerto Rico's manufacturing sector, but its financial sector as well. Today, Puerto Rico is also considered the pharmaceutical capital of the world, a phenomenon made possible under the direction of the Economic Development Administration Agency FOMENTO or Operation Bootstrap which promoted, packaged, and sold Puerto Rico as a profit-making island paradise (Dietz, 1987, p. 20). Official sources have recently estimated that the average rate of
profit in manufacturing has been on the order of 35% to 60% a year.

More recently, there has been an absolute decline in Puerto Rico's indigenous ownership despite the fact that the total amount of capital within Puerto Rico has increased. Additionally, the 1980 census registered 62.4% of the Puerto Rican population at below poverty level. In 1988, 43.5% of the population were eligible for the Nutrition Assistance Program, the newest version of the food stamp program. Today, as in the past, Federal government transfers to individuals continue to play a critical role in preventing a further drop in living standards. Of course, the current single-minded 1995 U.S. Congress's emphasis on eradicating social welfare programs of all sorts may be particularly devastating for the people of the island, whose needs are highly particular but who will no doubt fall under the broad-spectrum policies currently under consideration.

Further, in February of 1993, the unemployment rate in the island was estimated at 18.1% (Turner, 1993, p. a-1) a percentage that is extremely high compared to the U.S. mainland but low compared to the rest of Latin America. What needs further explanation is the fact that in the first half of the 19th century's economic initiatives in Puerto Rico resulted in a substantial migration of well-educated professionals as well as displaced blue collar and migrant field workers to the U.S. mainland. These migratory patterns were motivated by a search for better opportunities and/or better paying jobs. Even the relatively lower official unemployment rate of the late 1960s, early 1970s, and in the 1990s may have been the
result of large numbers of Puerto Ricans who migrated legally to the United States as a safety valve, thus reducing the size of the labor force and the number of unemployed in the island.

The Role of the U.S. Military in Puerto Rico

The economic crisis and other political events that took place in the late 1900s in Central America put a halt to what had become in the '70s a steadily declining U.S. interest in the Caribbean Basin region. Various historical events which will be used as illustrations include the U.S. invasion of Grenada and Panama, in October 1983, and January 1990, respectively. These U.S. military maneuvers confirmed Puerto Rico's military significance to the U.S.'s geopolitical interests in this part of the American hemisphere.

U.S. military bases occupy an estimated 25% of Puerto Rico's land, including the island of Vieques, used by the U.S. Air Force, along with other NATO members, as a practice bombing range. In the same fashion, the various naval bases in Puerto Rico played a crucial part in the Grenada operation, provided a stopover for British warships on their way to the Falkland Islands, and more recently in the U.S. invasion of Panama in January 1990. Puerto Rico has became a sort of gigantic aircraft carrier that serves as a staging point from which to monitor and/or maneuver military operations in the region (Kane & Bernard, 1989).

In an ever-changing politico-strategic environment, Puerto
Puerto Rico, and in particular U.S. military bases in the eastern part of the island, assume new importance as a U.S. military bastion. Because of its key location at the very center of the Caribbean archipelago, Puerto Rico has traditionally played a significant role in U.S. military strategy and continues to do so. With the loss of full U.S. control over the Panama Canal, Puerto Rico’s role has become even more critical for U.S. interests in the region.

Thus, Puerto Rico’s political subordination and economic dependency on the U.S. mainland along with its political and diplomatic isolation at the global level, have been maintained by the U.S. military presence on the island. The case of Vieques Island, Puerto Rico’s Gibraltar, is the most prominent. Vieques, a relatively small (51 square miles) island located some seven miles east of Puerto Rico, two-thirds has been taken over by the U.S. Navy since 1941. It is arguable that whatever the political fate of Puerto Rico, Vieques might in fact find itself renegotiated, without our ability to anticipate the outcome of those two thirds of the land that have been developed and occupied by the US military, U.S. mainland wealthy retirees, developers, etc.

Moreover, the U.S. Army, Air Force, and Navy alone control 25% of Puerto Rican soil (Kane & Bernard, 1989) with a total of 11 bases, including Roosevelt Road, the largest U.S. Navy base in the world, in eastern Puerto Rico. Security forces operating on the island include the FBI, the Naval Intelligence Unit, the 302nd Battalion Army Intelligence Unit, the National Security Agency, and the CIA. Given
the military and economic interests of the United States, there is widespread, justified skepticism about U.S. intentions with respect to the future political fate of Puerto Rico.

In summary, the socioeconomic and political spectrum of Puerto Rico reveal the persistence of chronically high poverty rates despite 50 years of relative economic growth. The persistent high rate of unemployment and declining living standards have led to substantial growth in the marginal informal labor market or underground economy. Roughly a third of the commonwealth’s wage-generating employment is comprised of both legal and illegal activities (Landon, 1987). Thus, violent and organized crime, drug smuggling into the U.S. mainland, and many other organized and unorganized criminal activities are increasingly becoming part of the underground economy.

This emerging trend is a reflection of increasingly impoverished masses confronting an economy based on the needs of an international market. It has resulted in the development of two divergent economies. Those with university degrees or managerial skills such as bankers, lawyers, executives, stock brokers, hotel operators, public relations and professional consultants, as well as politicians, are enjoying the benefits of the high-finance strategy. Productive and non-productive wage earners see their standard of living continuing to deteriorate. Puerto Rico’s path to the postindustrial era is only deepening socioeconomic divisions in the island (Heine & Pantojas-García, 1983; Pantojas-García, 1990).

Puerto Rico is not only dependent economically, but also pol-
itically upon its U.S. legislative relationship. Since the United States first seized the island, the relationship between the two geopolitical entities has been one of gross inequality. Although Puerto Rico is nominally self-governing, the power of the United States Congress over Puerto Rico is absolute (Maldonado-Denis, 1980; Fernandez, Kunstler, & Kuby, 1992; Fernandez, 1994; García-Passalacqua, 1983). Furthermore, some 90% of companies operating in Puerto Rico are U.S.-owned and three-fourths of the consumer goods are imported from the mainland. That is, Puerto Rico is totally dependent economically on the U.S. Thus, the current degree of dependency of Puerto Rico on U.S Federal allowances and industrial investments, has been engineered to provide significant benefits to American multinational corporations doing business in Puerto Rico. This makes it very vulnerable to unilateral policy changes.

The problem of Puerto Rico can be best understood by carefully delineating the U.S.-Puerto Rican relations since the former’s arrival on the island. However, the establishment of the Commonwealth in 1952 suggests that the United States has followed a policy-of-no-policy toward the island (Heine & García-Passalacqua, 1983). Most recent, as well as past efforts (i.e., the 1993 Referendum) to upgrade the Commonwealth by expanding its powers and autonomy failed not so much because they conflict with the interests of U.S. Executive agencies, (i.e., Congress and the judiciary) but because all these agencies sought to protect their own turf. As Puerto Rican scholars Heine and García-Passalacqua (1983) concluded, the lowest
common denominator was to do nothing, in order not to disturb the bureaucratic or programmatic or legal prerogatives of the Navy, or the Interior, or the Treasury or Congress. Puerto Rico's economic problems and political perplexities remain unaltered. The U.S. Congress and Federal government as well as the private sector within the mainland still assume a policy-of-no-policy toward Puerto Rico.

The Purpose of the Study

This study seeks to demonstrate that the path towards industrial development and economic growth based on the model proposed by modernization proponents does not necessarily imply the eradication of poverty and other social problems. This study will also demonstrate that a society relinquishing its own forms of traditionalism does not necessarily lead to economic development. A society could retain its traditional ways and culture expressions and yet modernize and become economically prosperous. For instance, societies that have achieved a great degree of modernization, industrial and economic growth such as Japan, and perhaps Korea and other Asian nations, still retain cultural traditions which identify them as a society. On the other hand, societies such as Puerto Rico and to some degree the rest of the Caribbean, and most Central and South American nations have strived to modernize or to adopt the ways of the core countries, but yet their economic growth have been curtailed. Based on all these facts, this study attempts to illuminate various strengths as well as theoretical flaws exhibited by the domi-
nant theories of development when used to attempt to explain the problems of Puerto Rico's historical path to development. This study will assess their differences along with their weaknesses when applied to the controversial nature of Puerto Rico's modernization process and its industrial and economic development. Indigenous Puerto Rican theorizing will be used in this study as an alternative to traditional modernization theory. The strengths and weaknesses of Dependency and World Systems theories in helping to explain important issues such as underdevelopment, colonialism, dependency, underemployment and unemployment, migration, acculturation and so on, pertinent to Puerto Rico's reality, will be assessed. Puerto Rican indigenous viewpoints were used to explore the basis for a better explanation of the various issues mentioned above.

This explanation will enable modernization theorists not to underestimate important cultural and geo-political issues pertaining solely to a given society. More particularly, taken into account such important factors, as of the case of Puerto Rico I am alluding to, developmentalists, will be better able to explain the process of development under a classical-neocolonial form of government. The findings of the study will also be helpful to those theorists in the field of sociology of development to better assess, acknowledge and give credit to the various indigenous theoretical orientations whose views on economic development, dependency, modernization, poverty, migration, and a number of other social maladies associated with the process of modernization, industrial devel-
Development and the process of colonialism are equally important as those coming from the core.

This study also proposes to underscore the significance of detailed comparative research that underlines the dynamics of both colonialism and the process of development. Though social anthropologists have long recognized the importance of comparative studies, insufficient efforts have been made by scholars which have resulted in inadequate understanding of the processes of colonization, alienation, dependency and multiple social problems. In doing comparative studies it is not enough to simply examine the different rates and topology of social problems that come about as a result of colonialism and dependency. It is important also to establish the relevance of those similarities and differences in context of specific social processes, such as the historical development of the political economy which now constitutes the core, the path to development either chosen or imposed upon that society, current economic and political policy, and multiple of other social and economic problems which can be directly related to the process of colonialism.

A study of this nature should also focus on specific social characteristics that make societies alike or different. As previously mentioned, throughout the study specific social characteristics—the physical environment and strategic location—may define both the economic and political potential of a society, and, therefore, may determine the rate and direction of economic development. As the evidence has shown, the most industrialized societies are
inclined to colonize peripheral societies whose strategic value corresponds with the core's geopolitical interests. Various examples of societies that have experienced a dramatic economic growth resulting from direct economic and technological assistance from the core can be found in Israel, Korea, Hong Kong, Turkey, Mexico, and Puerto Rico. However, Puerto Rico, unlike all of the others above mentioned, has experienced the greatest form of economic and technological dependency combined along with an accentuated social and structural acculturation into the mainstream U.S. society. As already stated, this phenomena can be understood in part by looking at the direct political and economic control that the U.S. has historically imposed on practically all educational, social, and political institutions of Puerto Rico. Lastly, a study of this nature will help to disclose not only the multiple theoretical dimensions of Puerto Rican development, but also and more importantly, the indigenous viewpoint whose voice is clear and theoretically accurate.

Postmodernists argue that what is excluded from the dominant discourse within the sociology of development is as significant as what is emphasized. Much modernization theory has previously excluded the viewpoints of all those who are, presumably, being modernized. This study aims to correct that theoretical and historical distortion.
CHAPTER II

REVIEW OF PERTINENT LITERATURE

Introduction

This chapter presents a review of various dominant theoretical approaches deemed important to examine for the purpose of this study. Their relevance, applicability and contributions to our understanding of Puerto Rico's controversial social, political and economic perplexities is essential. Three major theoretical approaches within the realm of sociology of development were chosen for this analysis. These are: (1) Modernization Theories, (2) the Latin America Dependency School, and (3) Wallerstein's World Systems Theory. This study also brings to the sociology of development discourse other voices that come from indigenous Puerto Rican scholars. The inclusion of indigenous Puerto Rican analysts into the developmentalist debate is to assess how and to what degree their views on development, underdevelopment, and dependency vary from dominant developmentalist theories. This study also investigates the impact of colonialism on the process of dependency and under-development as described by indigenous Puerto Rican scholars.

Additionally, a theoretical framework is necessary to fully understand the path to development adopted by Puerto Rico based on its unique historical social, economic, and political context. This study greatly benefitted from the application of these selected
theoretical frameworks. Their similarities illuminate the historical context of Puerto Rico, while their different foci and levels of analysis clarify its socio-economic and cultural complexities. The viability of each theoretical perspective as a tool to better understand the Puerto Rican problematic was also assessed. Each approach is evaluated in terms of its effective applicability to the Puerto Rican context and its explanatory power.

Other approaches to colonialism and dependency such as the indigenous Puerto Rican theorizing and its policy implications at a more micro-level of analysis are incorporated. The theories articulated by Puerto Rican scholars, are used to fill gaps in the major developmental perspectives. The different theoretical levels, much as the tiles of a mosaic, will highlight different dimensions not otherwise effectively addressed or resolved.

Choices regarding theory and method, however, reflect my philosophical position and will be stated clearly through the text. At this point, it is necessary to clearly specify the philosophical and paradigmatic frameworks guiding this research. While any number of theoretical positions could arguably be effectively applied to Puerto Rico, I envision the theoretical frameworks which accommodate sociological, political, and historical realities so as to help explain the changing nature of the world political economy and the changing perception of the process of economic development within the parameters of a capitalist world system. The framework of this research is best described as a conceptual theoretical study of
Puerto Rico’s present social, economic and political quandaries.

By employing this conceptual theoretical framework, this study attempts to assess the differences in various dominant theoretical approaches to development and their applicability and ability to explain the various social and economic perplexities manifested in Puerto Rico today. Indigenous Puerto Rican analysts and views of problems and solutions of this perplexities are assessed and compared to these three dominant theoretical approaches to development. Their strengths and weaknesses in explaining the problem of colonialism, underdevelopment, migration, and dependency in Puerto Rico will be presented in relation to those identified and discussed by indigenous Puerto Rican analysts.

The theoretical framework used in this study incorporates, at a more macro level of analysis, modernization theories, various Latin American theories within the context of the Dependency school and World Systems theory. At a more indigenous level of analysis, the various perspectives on colonialism, as defined by influential Puerto Rican scholars will be delineated. In addition, given the global political economic context, this study embodies a structural analysis of the functioning of imperialism in relation to colonialism as assessed by the critical dialectic of Marx.

Theoretical Analyses: An Overview

There are various major theoretical explanations for the unequal distribution of the world’s wealth, political, economic and
military domination broadly defined to include dependency, underdevelopment, and other transnational inequities. Modernization, Dependency and World Systems Theory not only try to explain the world's persistent level of poverty but also seek to account for the persistent unequal distribution of resources available. These explanations may overlap to some extent in that all three acknowledge enormous inequality on our planet, and they agree that changes are needed to guarantee the survival of humanity, rich and poor alike. Yet, while emphasizing different causes of global poverty, they reach different and controversial conclusions about solving world problems. For the purpose of this study, the analysis of these three approaches is confined to a more general view of global inequality and is more focused on the social, political, and economic implications of colonialism in Puerto Rico in relation to the U.S. Dominant Theories of Development

Modernization Theory

Modernization (Palmer, 1980) is defined as

the process of moving towards idealized sets of relationships or characteristics perceived as modern. Development on the other hand, is a collective term which refers to the process of achieving parity with the worlds most economically developed states in the production of goods and services. (p. 24)

Several Western modernization theorists define modernization theory as a model of economic and social change that explains global inequality in terms of differing levels of technological development among societies (Macionis, 1995). These views of development and
modernization are widely shared by the core and other developing na-
tions (Bendavid & Bendavid, 1974; Chirot, 1977; Gant, 1982; Webster,
1984).

Modernization Theory: Historical Background

Modernization theory has its roots in the work of early social
thinkers such as Emile Durkheim, Auguste Comte, Max Weber and Karl
Marx. These and other classical sociologists were concerned with
the progress which led to the industrial revolution and capital ac-
cumulation. Contemporary modernization theorists became prominent
in the 1950s and 1960s and attempted to draw from the works of Durk-
heim and Weber to explain rapid social development. Modernization
theorists suggest that since the entire world was poor as recently
as several centuries ago, and, because poverty has been the norm
throughout human history, what deserves an explanation is not de-
privation, but affluence (Macionis, 1995). The underlying assump-
tion of the modernization theorist is that affluence came within
reach of a small segment of humanity during the Middle Ages as eco-
nomic activity expanded in Western Europe (Martin & Kandal, 1989).
Its theoretical and ideological foundations are rooted in the eight-
eenth- and nineteenth-century European idea of progress and its
twentieth-century heir, the evolutionary factionalism of Talcott

In *The Division of Labor in Society* (1964), Durkheim proposed
the existence of two types of societies, the traditional, character-
ized by a strong kinship support system and the modern, which facilitates individual expression through a complex division of labor. The traditional society is seen as having less developed social arrangements, held together by mechanical solidarity. This type of society, according to Durkheim, is stable and predictable because formal and informal control mechanisms are stronger. Modern society depends on organic solidarity, encouraging individuality in the form of division of labor to maximize creativity and productivity. Durkheim saw the unsatisfactory nature of traditional societies as facilitating change towards modern types.

Max Weber, in *The Protestant Ethic and the Spirit of Capitalism*, argued that the distinctive care, calculation and hard work of Western business was encouraged by what he referred to as the Protestant work ethic, a value system which came to preeminence in the 16th Century, promoted most forcefully by the doctrines of Calvinism (Macionis, 1995; Andzenge, 1991). According to Max Weber, the religious commitment to hard work and deferred gratification helped to create highly productive and investment-oriented societies, characteristics which are necessary for development. The major contribution of Max Weber in this regard was his pronouncement of the transformative significance of particular values, lifestyles and behaviors in social, economic, and political development for certain societies.

As a theory, modernization evolved following the decline of the old colonial empires. Talcott Parsons and other Western socio-
logists started proposing a developmental process for the Third World, molded after Western democratic and capitalist systems rather than socialist ones (Webster, 1984).

In recent years scholars, especially from more developed and industrialized nations, see modernization theory as best able to explain the lack of development in the Third World (Rostow, 1960, 1978; Ray, 1970; Chilcote, 1982; Webster, 1984). They also see the theory as providing the best hope for the process of development. Some of the major tenets of modernization theory include the lack of development as a precondition to rapid and high levels of industrial development. Lack of development is seen by modernization theorists as the result of socioeconomic conditions that create obstacles to modernization in these societies. As a result of this perception, modernization theorists argue that, "for development to occur, significant numbers of the population must come to despise their current situation and must come to the belief that progress is both desirable and possible" (Ray, 1970, p. 307). This means that, in order for a society to develop, certain cultural characteristics must be changed or be abandoned in favor of modern and progressive ones.

Development, thus, is a process of efficient social adaptations, to periods of strain (Webster, 1984). During these periods, when there is pressure to change traditional behaviors, attitudes give way to new values and behaviors. This process may be difficult for traditional institutions as major traditional characteristics
which act as stabilizing factors are compelled to cede prominence to these new values and behaviors.

Modernization theorists claim that development must proceed in the Third World along similar lines as it has in Western societies (Webster, 1984, p. 55). They see the history of the social, economic and political development of core Western nations as a blueprint of development throughout the world. They contend that Western and American economies will continue to grow and develop so that they enjoy the prosperity of high mass consumption. This process of development can only be achieved, they contend, by encouraging the evolution of features such as urbanization, literacy, mass media, a heightened political awareness (or democracy), capitalism and the replacement of the old irrational tradition by the new rational culture. Proponents of this theory also assume that the "evolution of capitalist development is along the linear path toward modernization associated with the practices of democracy, constitutionalism, electoral and participation" (Chilcote, 1982, pp. 9-10).

Rostow's Stages of Economic Development

W. E. Rostow (1960, 1978), one of the most noted precursors of modernization theory suggested that for development to occur, the culture must experience four major stages of industrial development and economic growth. The first stage is the traditional stage. According to Rostow, a society that has a strong cultural tradition is more likely to resist technological innovation, inhibiting change
and thus lacking in material abundance.

These changes includes alteration in the structure of societies involving a transition from traditional mechanical type societies to modern organic type. This results in new patterns of morality and normative systems which are much less rigid than those of traditional mechanical societies. This means that modern individuals have much more freedom to be creative and to act independently.

The second stage he identified is the take-off stage. Once a society experiences a weakening of tradition, the economy begins to grow. A limited market emerges as people produce goods not only for their own consumption but also to trade for profit. In this stage of development individualism emerges and, with it, the desire for individual achievement. Rostow stresses that economic take-off in poor societies depends on progressive influences—including foreign aid, the availability of advanced technology and investment of capital, and the schooling abroad that only rich nations can provide (Rostow, 1978).

Rostow's third stage is the drive to technological maturity during which a society starts to enjoy a high standard of living and the benefits of industrial technology. In this stage of economic development absolute poverty is greatly reduced, while occupational specialization and individualism are increased. The new society also leads to other structural changes such as urbanization, increased division of labor, industrialization and formalization of education and other institutions (Webster, 1984). Today, Mexico,
Puerto Rico, the Republic of Korea and a few others, are among the nations perceived as arriving at technological maturity (Macionis, 1995).

High mass consumption resulting from an increase in living standards, is the last stage of economic growth and modernization. This rise occurs, Rostow explains, as mass production stimulates mass consumption. Scholars have linked many structural contradictions and the emergence of specific social problems to the process and dynamics of modernization and mass consumption (i.e., Durkheim & Merton's Anomie theory).

Further, to modernization theorists, the lack of commitment to technological innovation and modernization is the result of a cultural environment which emphasizes tradition (i.e., Iran) and not innovation and greater productivity. In other words, from this perspective, the greatest barrier to economic development is traditionalism (Moore, 1972).

Modernization Theory: A Critical Evaluation

The problem with the developmentalist definition is that it assumes a terminal developed stage which has been achieved by some nations but not others who must struggle to achieve parity. Countries which are said to have reached this stage are inappropriately used as the standard with which to evaluate the status of other countries. Since different societies move at different rates and in different directions based on their particular resources and priori-
ties, the notion of universal parity is not appropriate. No two
countries are at the same stage in the process. Scholars who accept
this definition are nonetheless unable to identify the exact bound­
daries which differentiate these countries from each other and from
the rest of the world.

Modernization theory, which explains how industrialization
transforms virtually all levels of social life, has gained influen­
tial supporters among social scientists (Parson, 1966; Moore, 1979,
1979; Bauer, 1981; Berger & Berger, 1986) and has shaped the foreign
policy of the United States and other rich nations for decades. As
previously discussed, high-income countries play a crucial role in
global economic development. For example, assisting in population
control is perceived crucial for combating poverty.5 Secondly, in­
creasing food production by utilizing high-tech farming methods, is
defined as essential to rise agricultural outputs (Moore, 1972,
1979; Bauer, 1981; Rostow, 1962; Macionis, 1995). Third, the intro­
duction of machinery and information technology from rich indus­
trialized nations; and fourth, the investments of capital from core
societies is seen as potentially significant catalysts for launching
poor societies toward the take-off stage of development and thus,
improving their industrial output.

South Korea, Taiwan, and the former British colony of Hong
Kong are good illustrations of poor societies that have received
extensive foreign aid from the core and have made impressive eco­
nomic strides in the 1990s. Although to a lesser extent, Puerto
Rico too, is another example of a society achieving moderate economic growth. However, modernization theorists seem to ignore or give little attention to the role the U.S. and other core nations' geopolitical and military interests in those strategic regions of the world concurrently play with the economic growth and technological advancement of such societies. Nor should we ignore the degree of assistance they receive and continue receiving from core nations. These hidden but obvious political and economic interests of the core may help explain why, according to critics, modernization has not occurred in most of the world's poor societies. In fact, between 1980 and 1990, a number of low and middle income societies saw their living standards fall.

Another flaw of modernization theory concerns its assessment of the role of rich nations. Modernization theorists contend that the presence of high-income countries makes development easier than ever before since these rich nations can offer assistance to poor ones (Parson, 1966; Moore, 1972, 1979; Bauer, 1981; Berger & Berger, 1986). But the Puerto Rican experience suggests that core nations have little interest in giving up their hold on the world's controlling economic interests. As critics of modernization theories see it, this self-interest stands as a barrier to development for most low-income societies.

Finally, modernization theory suggests that the causes of global poverty lie almost entirely with the poor societies themselves. Critics see this analysis as little more than blaming the victim.
The claim is ethnocentric, as it assumes or implies that some characteristics of developed societies are ideal and therefore inherently superior to those of other societies. In fact, advocates of this view of development claim that for a society to develop, significant numbers of its members (its population) "must come to despise their own current cultural state and to believe that progress (in a Western sense) is both possible and desirable" (Ray, 1970, p. 307). They must further believe that the superior state of development is achieved by adapting to specific new cultural values, attitudes and behaviors. Critics of modernization theory have suggested that the primary concepts of traditionalism and modernity are too vague, as all societies contain elements which can be construed as being both. Societies should not be regarded as lacking firm traditional values because they have achieved industrial development and economic growth.

There is sufficient evidence however, that not every developed or developing country (e.g., Japan and South Korea) is going in the same direction or is developing at the expense of its traditions (Archer & Gartner, 1984; Bierne, 1983; Norstrom, 1988). As the history of Puerto Rico's profound cultural, social, political and economic changes has shown, adopting or giving up traditional values for a set of new ones will not guarantee dramatic economic growth. Besides, modernization and economic development may not require despising one's culture nor adopting a new one.

The author of this study has thoroughly analyzed the histori-
cal, theoretical, and methodological weaknesses of modernization theory as an explanation of social change. Concurring with other experts in the field's theoretical assertions (Smith, 1976; Robertson, 1983; Wiarda, 1987) the author of this study agrees that the analysis of global inequality should focus as much attention on the practices and involvement of rich nations in the process of development of poor nations as well as the behavior of poor nations. Finally, when assessing modernization and economic growth, developmentalists should take into consideration the uniqueness of historical processes and their cultural, political as well as economic components pertaining solely to that given society.

Dependency Theory

Dependency theory is a model of economic and social development that explains global inequality in terms of the historical exploitation of peripheral societies by the center or rich societies. The Dependency approach offers an analysis of global inequality drastically different from modernization theory in that it places primary responsibility for global poverty on rich nations (Frank, 1969, 1981; Dos Santos, 1970, 1977; Girvan, 1973; Maldonado-Dení, 1976; Bernstein, 1992; Aseniero, 1985). Dependency theorists hold that high-income countries have systematically impoverished low-income countries, making poor societies dependent on rich ones. This destructive process, which dependency theorists claim still persist today, developed over five centuries ago with the so-called discov-
Dependency School: Historical Background

Late in the fifteenth century, Europeans began to explore then-unknown parts of the globe such as North America to the west, the continent of Africa to the south, and the vast expanse of Asia to the east. Across the United States, 1992 marked the quincentennial of the first voyage of Christopher Columbus, who sailed westward from Spain believing that he could reach the Orient. The unintended outcome of Columbus’s quest—what Europeans termed the discovery of the New World—has long been celebrated as a stunning achievement in a number of core countries. However, in recent decades, historians have questioned and debated this ethnocentric view of history. That is, critics have provided a more complete understanding of this fate­ful collision of two worlds (Sale, 1990; Gray, 1991).

To Dependency theory, what Europeans dubbed the age of explora­tion more accurately amounted to an era of military conquest and exploitation. Colonial efforts by adventurers following Christopher Columbus brought vast wealth to European nations. In the nineteenth century, most of the world was under the control of European govern­ments. Spain and Portugal colonized nearly all of Latin America from the sixteenth century until the mid-nineteenth centuries. The United States, itself originally thirteen small British colonies on the eastern seaboard, pushed across the continent, purchased Alaska, gained control of Haiti, Puerto Rico and part of Cuba as well as
Guam, the Philippines, and the Hawaiian Islands.

On the African continent, Europeans in collaboration with Africans initiated a brutal form of human exploitation—the slave trade, which persisted from about 1500 until 1850. But soon after worldwide suppression of slavery, Europeans rapidly spread their political/military influence across Africa, and colonized these regions and peoples for several centuries until most of Africa achieved independence in the early 1960s.

Although colonialism has largely disappeared, according to dependency theorists, political liberation has not translated into economic autonomy. Poor societies maintain economic relationships with rich nations in ways that reproduce their former colonial conditions with former colonial powers. Neocolonialism is fueled by a capitalist world economy. Thus, it was colonization, they maintain, that initially boosted the fortunes of Europe. Furthermore, this economic windfall came at the expense of Latin American, African and Asian countries that are still reeling from the consequences. Many underdeveloped countries in Africa, Asia and Latin America still remain politically controlled and economically dependent upon the center.

The relative end of direct colonialism and the emergence of the new world order have resulted in various theoretical attempts to explain the political, social and economic processes between and among nations. Dependency theorists assert, however, that many people living in poor countries were actually better off economically
prior to their exposure to the west. Andre Gunder Frank (1976) argues that the development of rich societies resulted from the exploitative colonial ties which were characterized by the subjugation of the colonized nations to laws, economic, social and political systems imposed without regard to their applicability.

Dependency theorists claim that these colonial powers managed to control the raw materials which are abundant in the Third World, as currently they control world markets. Thus, development in the periphery is molded after the industrialized nations out of choice or necessity (Johnson, 1983; Petras, 1982; Weeks, 1982).

Dependency theory originated in the 1960s through the work of a number of academics and development economists who were particularly concerned over the continuing economic failure of Latin American, African and Asian countries (Webster, 1984, p. 84). The Dependency School has gained prominence among academicians from the Third World. Proponents argue that the massive and persistent poverty in the Third World countries is precipitated by their exposure to the economic and political influences of the more advanced countries. They reject both the diffusion thesis of modernization theory, which sees the impact of advanced societies as progressive, and the imperialism thesis of Marxist theorists (Chilcote, 1984; Edelstein, 1982; Henfrey, 1982).

Dependency Theory: Ideological Assumptions

Dependentistas assert that the economic positions of the rich
and poor nations of the world are linked and cannot be understood correctly in isolation from one another. This theoretical analysis of dependency and underdevelopment maintains that poor nations are not simply lagging behind rich ones on a single path of progress. Rather, there are several exogenous components such as the colonial experience and its aftermath that should be taken into serious consideration. They suggest that the increasing prosperity of the most-developed countries came largely at the expense of less-developed societies. Some nations became rich only because other nations became poor. Both are products of the onset of global commerce that began half a millennium ago (Frank, 1977). This assumption is perceived as a symbiotic relationship where the development of rich nations includes and is dependent upon the impoverishment of less developed countries, i.e., the exploitation of their natural resources.

Thus, to dependency theorists, the problem of underdevelopment results from unequal exchanges between developed countries and developing or less developed ones. The latter, most of which originated as colonies of now industrialized countries, found themselves after their colonial experience with values supporting dependency.

Put differently, after gaining some political independence, some of these countries modeled their constitutions and political ideologies on that of their former masters with no regard for their countries' traditions or cultural differences. This phenomenon is also perceptible in attempts by Third World countries' elites to emulate the values and lifestyles, including the economic, political,
and social dimensions of the industrialized nations. Some of these Third World elites go as far as acting as agents of the elite in industrialized nations, perhaps to protect each side's economic and political interests, at the expense of their societies' resources (Chilcote, 1967; Hernandez, 1967; Cardoso & Faletto, 1979; Maldonado-Deni, 1980; Angotti, 1982; Johnson, 1982; Webster, 1984).

Andre Gunder Frank (1977), one of the principal spokespersons for Dependency tradition, understood the persistent poverty of the Third World as a reflection of its dependency. Frank argues that periods of merchant capitalism and colonialism forced a specialization of production on Third World countries that was primarily export-oriented, of limited range and geared to the raw material needs of imperial powers. As I already mentioned, the Third World elites were incorporated into the system and could do little to establish a more diverse, independent form of economic activity. They became the mere intermediaries between the rich purchasers and the poor producers. The lifestyles and wealth of these third-world elites are increasingly tied to and heavily dependent on the activities of the economic elite in the developed countries (Frank, 1977; Angotti, 1982; Chinchilla & Dietz, 1982). The Third World elites enjoy a high standard of living as a result of this relationship, whereas the masses experience social problems ranging from chronic unemployment to starvation.

Hunger activists Frances Moore Lappé and Joseph Collins (1986) claim that the capitalist culture of a society encourages people to
think of absolute poverty as inevitable. We are taught to think that poverty results from natural processes including having too many children and from disasters such as droughts. But dependency theorists challenge this assertion by pointing out that the world produces enough food to feed every man, woman, and child living on the planet. Most of the poorest societies grow enough to feed their people. The problem, therefore, is not production but poverty. A large number of people, in many poor countries, cannot afford to buy available food. For example, India exports beef, wheat, and rice, while millions of its people suffer from malnutrition. Similarly, millions of children go hungry in Africa, a vast continent whose agricultural abundance also makes it a net food exporter (Lappé & Collins, 1986).

Dependentistas dismiss the idea that any program of population control, agricultural and industrial technology, or foreign aid proposed by rich societies is likely to help poor countries. They contend, on the contrary, that rich nations act simply in pursuit of wealth and power. The counter argument is, however, that the pursuit of their wealth also increases wealth in the underdeveloped countries. No one denies that multinationals seek their own profits. Nothing is given as an act of good will, instead, something, probably of greater value, is being subtracted in return. The transfer or selling technology generates wealth, and foreign aid typically goes to the indigenous ruling elites (instead to the poor majority) who will maintain a favorable business climate for the multinational
corporations (Lappé, Collins & Kinley, 1981; Martin, 1989).

According to Lappé and Collins, the contradictions of poverty amid plenty stem from the policy of producing food for exports which in turn generate profits, not for the people. Such contradictions were clearly reproduced in Puerto Rico's early stages of economic development and much of the Caribbean and other Latin American nations. Poor societies often support the practice of growing for export because food profits could help them repay massive foreign debt (Mexico and Chile). The problem is complex, but its core, according to Lappé and Collins, is the global capitalist economic system. Finally, Dependency theory casts the overdevelopment of some core nations as directly tied to the underdevelopment of the rest of it (Macionis, 1995).

Dependency Theory: A Critical Evaluation

The Dependency School should be credited for its attempt to locate what it perceives as the origins of current patterns of relationships among nations and the dynamics of such relationships. One of the major contributions attributed to Dependency theory—in that no society develops (or fails to develop) in isolation—points up how global inequality shapes the destiny of all nations. Citing Puerto Rico and other poor regions of the world in similar situations, dependency theorists would argue that development simply cannot proceed under the constraints presently imposed by the political and economic interests of rich societies such as the U.S. Evidently,
industrialized countries benefit from this dependency. Underdeveloped countries act as dumping grounds for their surplus production and as a source of raw materials for them. When Third World country elites make policies trying to emulate the elite of industrialized countries, the results both for development and for governance tend to be inappropriate for those societies (Angotti, 1982; Henfrey, 1982; Webster, 1984; Weeks, 1982).

Critics of the Dependency approach identify some important weaknesses. Dependency theory contends that the wealth of the most developed nations resulted from stealing resources from poor societies. Some critics argue, however, that farmers, small business owners, and industrialists can and do create new wealth through their inventiveness and drive. They contend that, wealth is not a zero-sum resource by which some gain only at the expense of others; the entire world's wealth expanded five-fold since 1950, largely due to technological advances and other innovations (Macionis, 1995).

Critics also reason that if Dependency theory were correct in condemning rich nations for creating global poverty, then nations with the strongest ties to rich societies would be among the poorest. On the other hand, modernization theorists argue that foreign investment by rich nations fosters economic growth and not economic decline, as dependency theorists assert (Vogel, 1991; Firebaugh, 1992).

Additionally, critics contend that the Dependency approach simplistically points the finger at a single factor--world capital-
...as the sole cause of global inequality (Worsley, 1990) disregarding important internal issues such as culture, tradition, and political processes. Cultural patterns should be considered since some societies embrace change while others strongly resist economic development.

Finally, dependency theorists are criticized for being too simplistic and general. Andre Gunder Frank (1966) was one of the first to address the failure of these theorists to explain how some Third World nations managed to industrialize and develop despite the prevalence of traditionalism and the continued dominance of transnational corporations (Sklair, 1991). Two questions that need to be raised, and I do intentionally leave open are: To what extent the economic and political influence core nations render over the (semi) periphery inhibit or contribute to rapid economic growth of a society? And, to what extent geo-political interests play a decisive role on its future economic outcome?

**World Systems Theory**

In recent years the world systems perspective has become a major theoretical attempt at explaining the nature of economic development and underdevelopment; the nature of international relations; and at classifying the world community. Wallerstein, a U.S. citizen, is the most influential author known among World Systems theorists. Among contributors to this perspective are sociologists, economists and political scientists from both the First as well as in the Third...

As a descriptive model, World Systems Theory attempts to expose the dynamics of development in industrialized countries and that of underdevelopment in least developed ones. This approach also tries to demonstrate the process of development or progression from the underdeveloped (or peripheral) stage through developing (or semi-peripheral) to the developed (or core) stage. The World Systems approach—unlike dependency theories—suggests that peripheral nations need not depend on core nations. As a matter of fact, they may perceive their dependency as independence and consider this relationship as one which benefits them as much as or even more than the core countries (Andzenge, 1991).

World Systems Theory: Historical Background

The origins of World Systems Theory can be traced to the Dependency School. The central assumption of world systems theorists was that Dependency theory was of limited value and scope in studying the development of the societies of the Third World in isolation from that of more advanced industrial societies. From the point of view of dependency theorists, it was necessary to treat the world as one single system. Taking this as the starting point, the problem
was to discover how underdeveloped countries fit into this world system, and how this differed from historical patterns of development (Roxborough, 1979).

According to early dependency writings, if an analysis of the relations between developed and underdeveloped societies was to be carried out--focusing on the processes and dynamics occurring in the developed societies--half of the equation could have produced a theory of imperialism. Thus, if attention was systematically focused on the other half of the equation, the underdeveloped societies, a theory of dependency would result (Roxborough, 1979).

Wallerstein, a sociologist by training, turned his attention to an interpretive historical overview of the origins and evolution of the world capitalist system. Specially influenced by the methodology of French historian Fernand Braudel, Wallerstein established a center for the study of economies, historical systems, and civilizations, including Marxist scholars with international reputations such as Anderson, Amin, & Arrighi. Research working groups actively studied such topics as cyclical rhythms and secular trends of the capitalist world economy, households, labor force formation, and the global labor market (Chilcote, 1984).

Wallerstein drew on the principle of dependency theorizing and was able to develop a systematic theory based on the changing dynamics of the division of labor between core, peripheral and semi-peripheral countries within the orbit of the capitalist world system. Thus, world systems theory analyzes the economic and political
relations between all nations and regions of the world.

World Systems Theory: Ideological Assumptions

The World Systems perspective is a theoretical attempt to explain the phenomenon of development by looking at the abstract nature of societies (Hopkins & Wallerstein, 1982, p. 41). The modern world is seen as comprising a single capitalist world economy (system) which has emerged since the 16th Century and which still exists today. This abstract world is seen as consisting of states which do not have parallel politico-economic histories, but rather as parts of whole interrelated systems. The systems consists of three groups of nations; the core (the developed), the peripheral (the underdeveloped), and the semi-peripheral (those seen experiencing visible signs of development) which interact and benefit from each other, though the core countries have an unfair advantage over the peripheral. More specifically, the development in the peripheral countries is controlled by those at the core. Social, economic, and political problems in the peripheral nations are seen as a result of the influence core countries have over the former.

World Systems Theory argues that much of capitalistic exploitation occurs between highly developed core nations and the underdeveloped regions of the periphery. The greatest margin of profits first came from employing slaves, sharecroppers, and subsistence peasants who work part-time on plantations and in factories rather than from proletarians in the richer capitalist countries, whose
high standard of living is due to the wealth extracted from the periphery (Martin & Kandal, 1989). Core societies include rich and powerful societies relatively independent of external controls. Peripheral societies include the relatively poor and underdeveloped societies manipulated and controlled by the core powers. Semi-peripheral societies are situated at the midpoint between core and peripheral societies which are trying with modest success to diversify and develop their economies (Wallerstein, 1974; Chirot, 1977; Frank, 1984; Chilcote, 1984).

Wallerstein’s work on modern world systems mainly focuses on capitalist agriculture and the origins of the European economy in the 16th century and then turns to mercantilism and the consolidation of Europe in the 17th and early 18th centuries.

Essential to this development were an expansion of the geographical frontiers of Europe, the control over different products from different regions, and the formation of strong state apparatuses (Wallerstein, 1975, 1980).

According to Hopkins and Wallerstein (1982, p. 106), there are five areas in which growth shows itself. The five areas are (1) mechanization, (2) contractualization (free social and economic association through which people or parties make contracts protecting their interests guiding their relationships), (3) commodification (transfer of land and labor into commodities), (4) interdependence (division of labor and interdependence of productive forces) and (5) polarization (increasing awareness of unevenness of development in
different zones of the world). In their view, the whole world community is structured as an interrelated system of units at different stages of development or change in these five areas. Therefore, the ability of core nations to manipulate peripheral nations results in their ability to control the process of development of those nations in these five areas.

By taking those five developmental areas under scrutiny, one will be left with the presumption that the periphery can only develop in the direction of greater progress under conditions favorable to the core nations. Since this inequality only benefits the core nations, they only pay lip service to the desire for development in peripheral countries. The offer of economic aid often includes loans under conditions likely to undermine the conditions necessary for repayment such as devaluation of currencies, saturation of the markets of peripheral nations with goods made in core countries, guaranteeing outflow of capital and infiltration of political institutions causing instability and often expensive investments in military activities. The peripheral countries are kept in a situation of permanent export dependency, the debt trap and the corruption of and exploitation by our multinationals (Veltmeyer, 1983).

Advocates argue that true development in the peripheral nations can only be achieved by liberating their economic, social and political institutions. True political and economic autonomy is seen as their only hope. This can only be achieved by renegotiating the relationships between rich and poor including the assertion of
control over the poor societies' resources (Wallerstein, 1974).

Clearly, World Systems theorists see some social problems in peripheral countries as the product of the dynamics of the relationship with core nations. They also see some problems as resulting from practical difficulties in coping with social, economic and political realities in their own societies which are also caused or influenced by the core nations.

World Systems Theory: Critical Assessment

One of the most important contributions of Wallerstein's World Systems Theory is that it offers a critique of modernization and development theories. In contrast to those who view underdevelopment as due to the lack of exposure to capitalism and technology (i.e., Modernization theory), World Systems theorists acknowledge that poor countries are poor because their economies are controlled and exploited by the core nations. The need to control the highly exploited workers in peripheral countries can in turn result in military dictatorships. However, the core nations have at least to some degree liberal democratic institutions responsive to the demands of their own citizens. The debate among world systems theorists is centered around whether, through the experiences of social revolutions, some peripheral nations can escape domination and exploitation by the powerful core nations (Ritzer, 1988).

A world systems approach to the process of development in the periphery has been valuable for understanding the means by which the
capitalist world system developed during the sixteenth century, as well as how it operates today in terms of creating a worldwide division of labor (McNall, 1979). Wallerstein's Marxist-oriented approach stresses the important functions served by the superstructure in capitalist societies in the regulation and management of Third World indigenous populations.

Nevertheless, World System theory has not been immune to critics. One of the major critiques of Wallerstein's World Systems Theory is that it relates capitalism to a network of exchange relations on a world scale in which surplus tends to be transferred from periphery to core (Brewer, 1980). With Gunder Frank, Wallerstein emphasized the world as a whole rather than its particular parts and internal structure. Both felt that the local or national organization of production was secondary to that on the international level. Both Wallerstein and Frank argued that development and underdevelopment were opposite sides of the same phenomenon, each being the result of the other. Although Brewer (1980) felt that both Wallerstein and Frank had contributed significantly to development theory by insisting on analyzing underdevelopment in terms of a world systems, he found fault with their work, stating, there is little connection between their grandiose general statements and their discussion of particular historical cases. What is lacking is real theory, Brewer noted, "I have suggested that theories based on the Marxist analysis of relations of production could fill this gap" (Brewer, 1980, p. 88).
Critics have also objected to Wallerstein's assumption that capitalism is a system in which production is for exchange, dependent on the market rather than on the way commodities are produced (Worsley, 1980). Further, Worsley argued that the model of world capitalism is over-deterministic, that it emphasizes how ruling classes manipulate the system, while paying scant attention to the resistance to their domination (Worsley, 1980).

Other critics argue that Wallerstein's theory of world systems tends to be geopolitical in nature and orientation. World systems theorists are criticized for their exclusive focus on the negative effects of the transnational corporations. They are always and only engaged in condemning their actions. Furthermore, world systems theorists tend to rely on empirical data to defend their positions without recognizing the limitations and biases contained in such data.

More specifically, generalizations drawn from empirical data collected in different societies with totally different social, political and economic realities including culture i.e., beliefs, customs and traditions, etc., may automatically insert a number of biases in the researcher's conclusions. World Systems theory has also been criticized for reductionism and ignoring the role of the state and associated political forces in forming and even leading social revolutions (Skocpol, 1979; Ritzer, 1988).

Wallerstein's explanation of world capitalist development has been criticized because it focused solely on economic expansion of
commodity markets in Europe, rather than economic expansion by con­quest--as it was the case in Latin America, Africa and parts of Asia. Additionally, what got lost in his Eurocentric focus of self-con­tained world empire is the relationship between the economic dynam­ics of colonial empires (e.g., British, Dutch, Portugal, Spain), that dominated the globe until recently and the relationship between U.S. and its colony, Puerto Rico.

Finally, another significant criticism of world systems ap­proach is that it fails to recognize the significance of internal dynamics or indigenous forces in the peripheral nations and fails to explain the causes of social, economic, and political problems in the core nations, as well.
CHAPTER III

RESEARCH DESIGN

Introduction

This study attempts to assess the extent to which the traditional field of sociology of development can adequately explain the distinctive nature of Puerto Rico's current political and economic situation. To make this task feasible, a critical assessment of Puerto Rico-U.S. political and economic relationships, including the path of economic development adopted in Puerto Rico, and the present perplexities and manifestations that resulted from this relationship will be examined.

This chapter is divided in three sections. The first section will be devoted to a description of the nature of the study including its focus of concerns and level of analyses, research procedures, theories involved and underlying assumptions. This section will also discuss the importance of utilizing historical and theoretical research methods when conducting research. The second part will discuss the research techniques utilized in this study. Additionally, a delineation of data collection and analysis, instrumentation, unit of analysis, assumptions and research questions are also presented. Finally, the third part of the chapter will convey important points pertaining to the usefulness, advantages and limitations of the research approach used in this research with regard

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to Puerto Rico's status.

The Study

This study consists of an in-depth examination of available historical and current qualitative data in the field of the sociology of development. The aim of this study is to assess the theoretical and conceptual lacunae in sociological theories of development as applied to the context of Puerto Rico. The central focus of concern of this study is the historical and current economic transformations and contradictions manifested under the present political status of Puerto Rico on both the national as well as the global level. Therefore, this study will be labelled as a qualitative theoretical study. Quantitative data on the economic conditions of Puerto Rico is given throughout the text. The unit of analysis of this theoretical study is Puerto Rico's historical path to development and its present political and economic contradictions.

The study will incorporate various Puerto Rican indigenous perspectives on development and colonialism into the traditional dominant discourse of the sociology of development. The extent to which existing dominant theoretical approaches within the realm of sociology of development possess the conceptual tools to adequately analyze the case of Puerto Rico is also assessed. The strengths and weaknesses of three major theoretical approaches: modernization, dependency and world systems theory will also be assessed. The author strongly feels that due to the uniqueness in the politico-eco-
nomic relationship between Puerto Rico and the U.S., traditional Eurocentric approaches which attempt to explain the process of development and under-development from an Eurocentric point of view, do not adequately explain Puerto Rico's situation. This is because traditional Eurocentric theories of development and under-development lack ample understanding of the uniqueness in which each society's political and economic development evolved.

This study used both the Dependency School and World Systems theory of development as an alternative to modernization theory. However, the inclusion of indigenous scholars theoretical approaches to development and their understanding of the relationships between colonialism and the process of dependency and underdevelopment will be added to the theoretical synthesis of previous postulates. As already discussed in Chapter II, World Systems Theory as developed by Wallerstein, was an attempt to synthesize the modernization and dependency theoretical approaches. However, the synthesis suggested in this study is different in that it focuses specifically on Puerto Rico and its political and economic arrangement with the U.S.

The central goal of this study is, thus, to incorporate into the dominant developmentalist theoretical discourse traditionally excluded indigenous Puerto Rican scholars whose views on economic development, dependency and colonialism may greatly vary from the dominant one. The researcher's supposition is that today Puerto Rico find itself in a unique position in the global economy in terms of its geopolitical standing with both core and peripheral socie-
ties. Therefore, it is anticipated that indigenous Puerto Rican scholars can better understand and assess problems pertinent to their own political and economic status. Their analyses may also have an international significance with respect to theories of development.

Historical and Comparative Methods

The study of the relations between the economic and non-economic aspects of social life was central to the interests of most sociologists in the nineteenth and early twentieth centuries (i.e., Marx, Weber, Spencer). The intellectual dominance of functionalism and cultural sociology in the mid twentieth century led to a declining interest in economic activities, which continued until the 1970s when sociologists rediscovered in Weber and Marx the central place of the economy in the understanding of society (Abercrombie, et al., 1988, p. 82).

It was not until recently, that sociologists revisited the importance of incorporating an historical assessment on their analyses or unit of study (Schur, 1979; Thomas, 1982; Sckocpol, 1984; Singleton, Staits & Staits, 1968). The inclusion of historical events by sociologists should be perceived as a return to the methods of the classical theorists over the last 25 years. It is clear that there is a resurgence in the use of historical analysis in this type of research approach. However, these social scientists do not give much credence to the importance of the descriptive and revelatory
nature of a theoretical analysis utilizing historical data.

This study will be consistent with the return to the use of historical and comparative methods. The researcher's choices regarding methods were informed by the argument that methods should not be an end in themselves but rather should be used for the sole purpose of addressing questions by theories (McCrea & Markle, 1984). Historical studies have a number of unique or special characteristics as suggested by Skocpol (1984). First, historical research must ask questions about social structures or processes understood to be concretely situated in time and space. Second, they address processes over time, and take temporal sequence seriously in accounting for outcomes. Third, they attend to the interplay of meaningful actions and structural contexts, in order to make sense of the unfolding of unintended as well as intended outcomes in individual lives and social transformations. Finally, historical sociological studies highlight the particular and varying features of specific kinds of social structures and patterns of change.

Therefore, this study can be described as an historical study because it attempts to make sense of the fundamental changes and contrasts caused by the imposition of an advanced form of capitalism on a society whose economic and political infrastructure was not yet fully crystallized. Therefore, this study is concerned with socio-cultural processes, historical events, structural determinants and meaningful actions relevant to understanding Puerto Rico's contradictory developmental processes. These historical and current dev-
elopments are crucial in order to shed light and answer questions pertinent to Puerto Rico's present political and economic perplexities which obstruct and contradict its process of development as delineated by developmentalist approaches.

Indeed, a study that attempts to address all of these issues must not only be historical, but must also be comparative both across time and between cultures. Comparisons are used for the specific purpose of highlighting features of a particular study. This study, will highlight Puerto Rico's historical economic and geopolitical path to development within the framework of the U.S.-Puerto Rico relationship, since 1900.

The interpretive study of Puerto Rico's history will enable the researcher to account for, and describe the particular social phenomena to be explained. It will also allow for a careful and detailed analysis of the construction of such phenomenon in this case from the point of view of the sociology of development.

The strength in incorporating broadly conceived interpretive historical analyses reveals possibilities for understanding how past patterns and alternative trajectories might be relevant, or irrelevant to current social manifestations. Thus, interpretive historical sociology can speak meaningfully to real-life concerns, and provide comparable vision and an understanding of social structures and transformations from the vantage point of the knowledge-constituting subject in the context of specific times and places (Skocpol, 1984).

Sociologist Schur (1979) argued that "sociologists must place
instances and categories of condition-defining in an historical context" (p. 420). For Schur, socio-historical research and interpretations must go hand-in-hand. A researcher can proceed by analyzing the broad historical developments and overall functions of a particular condition for the society or for subgroups. One can also examine the sequence of more specific events and the efforts by various individuals or groups in influencing the events that immediately surround a particular change in a putative condition. To understand the concrete socio-historical developments at any given time, one must "reflect the broader forces; yet, it is also true that the broader history is made up of many such more specific events" (Schur, 1979, p. 421). The first two chapters of this study reflect Schur's arguments. This study has examined both the broad historical developments i.e., colonialism, dependency and modernization processes and the specific events surrounding Puerto Rico's current political and economic perplexities.

To analyze the broad historical developments of conditions surrounding concepts such as the right to sovereignty and the right to development, Wallerstein's historical methods have proven useful (1974, 1979). His approach can be described as historical, interpretive, and structural. Wallerstein's approach implies that any analysis of dependency and colonialism must be aimed at an understanding, so that we can arrive at "a comprehensible picture of what has existed over time and space," where "truth becomes an interpretation, meaningful for our times, of the social world as it was, as
it is, as it will be" (Wallerstein, 1979, p. xii).

This view of interpretive historical sociology has a number of methodological implications. For Wallerstein (1979, p. 7), interpretive historical methods are aimed at "explaining the structure and functioning of capitalism as a world system," viewing sovereign states as but "one kind of organizational structure among others within this single social system." He added that

in trying to interpret the real world, which is perhaps the only thing we can do, we must apply to it successive abstractions, each capturing a part of the global reality. . . . Until by adding abstraction to abstraction, we have arrived at a comprehensible picture of what has existed over time and space. (p. xii)

To address specific events that influence change in a particular putative condition, qualitative research proceeds by conducting a rigorous and systematic description of how individuals and groups or organizations create and exchange meanings. To achieve this, one must examine how persons "acquire and employ shared knowledge through which, and upon which, social interaction is conducted and social institutions function, and through which most of us experience our everyday situations" (Thomas, 1982, p. 297).

At this point, it becomes important to make a distinction in the usage of the word history since the term has different meanings. According to Shafer (1974) the term history refers to actual events or happenings of the past, ranging from the recent past to the remote past; a record or account of what has or might have happened; and a discipline or field of study (Singleton, et al., 1968). To Singleton, the latest type of historical analysis constitutes a set
of methods that historians apply when they gather and evaluate evidence in order to describe specific moments of the past. This form of analysis, as they perceive it, stresses the accuracy and completeness of the description of unique, complex events. Outside of the discipline of history, however, historical analysis moves beyond description to the use of historical events and evidence represented by actual events or happenings of the past and a record or account of what has happened, to develop a generalized understanding of the social world (Singleton, et al., 1968). This type of methodological approach they prefer to call by the generic term of analytical history instead of historical sociology.

Still another strategy is to search for general causal explanations of well-defined historical outcomes or patterns (Skocpol, 1984). In this case, the researcher does not focus on a particular historical event, but rather on two or more similar events or causes, which are then compared systematically to identify causal regularities (Singleton, et al., 1968).

Finally, historical analysts may also treat history itself as an independent variable in their analysis. That is, they may examine sequences of past events as a way of understanding the present. Used in this way, history represents the temporal dimension of social life rather than a particular outcome to be explained or a manifestation of large-scale social change.

Historical analyses thus consists of reconstructions of past events, which emphasize the accurate description of what happened;
applications of a general theory to a particular historical case(s), which focus on how the theory applies; tests of explanations of historical events, which examine why a specific past event occurred; the development of causal explanations of historical patterns, which also analyze not only the why but also seeks a more general understanding of social phenomena; and the use of history to understand the present, or explain how and why particular phenomena came to be. Each of these genres of historical research represents a slightly different level of abstraction and analysis (Singleton, et al., 1968).

Research Technique

No specific theoretical model or research design was directly emulated in formulating this research. The approach followed in the formulation of this study borrowed from various social scientists' principles and conceptualizations on what a theoretical study should include. Therefore, the researcher's main concern was to acknowledge and combine other social scientists' postulates and suppositions with his own judgment and research criteria as the best approach in directing the study.

For the purpose of this study four procedural components of a research design were deemed important. These include: First, the gathering of relevant information on the history of Puerto Rico as well as information gleaned from current events which has already been presented in Chapter I. Secondly, a series of questions and
propositions which address important problems and issues, both the­
oretical and practical.

There are three major set of important questions guiding this
study. The first sets are: What does the commonwealth term exactly
means? Who first proposed it? What were the politico-economic im-
lications behind the creation of this structure? What were the
vested interests or the actors who first promoted it? What interest
groups and organizations pushed it? Who opposed it? What was the
role of the U.S in the global economy and in Puerto Rico? What was
the role of Puerto Rico in relation to the American Hemisphere, spe-
cifically in relation to Latin America?

A second set of important questions are: At both the metropol-
itian as well as the local level, what resources did these competing
group interests mobilize to legitimize Puerto Rico’s current formula?
What strategies and tactics did interest groups, organizations, for-
eign firms, stakeholders, etc., use to promote and implement Puerto
Rico’s current status and its paradoxical path to development? What
role did the U.S. military play in regards to the solidification of
Puerto Rico’s current political status? To what extent do U.S. Gov-
ernment transfers and social programs exacerbate economic dependence
on the part of the national and civil levels? How do different
groups within Puerto Rico and the metropolitan U.S. see the need of
redefining Puerto Rico’s economic and political relationship with
the U.S.? What were the past and current views of Puerto Rican
scholars who have examined these issues? And finally, what are the
anticipated projections for Puerto Rico's future political and economic relationship with the U.S.?

In regard to the applicability of major theoretical approaches to Puerto Rico's context, this study also examines a third important set of questions: To what extent do traditional dominant theoretical perspectives such as modernization, dependency and world systems theory adequately explain Puerto Rico's current social, economic, and political incongruities? What are their strengths? What are their conceptual and ideological flaws? Finally, in what ways do indigenous Puerto Rican's views differ from that of the traditional western view of economic development and underdevelopment? These are important questions deemed fundamental for this study.

Thus, the application of particular theories to specific points in time is also important. A critical assessment of the theory's strengths and weaknesses for this particular theoretical study was also provided. Each of the theoretical perspectives examined was to a greater or lesser degree useful in explaining some aspects of the phenomena under investigation. Special consideration will be given to indigenous Puerto Rican theoretical perspectives on fundamental areas left unattended or unexplained by traditional dominant perspectives within the realm of sociology of development.

These major theoretical approaches examined in Chapter II clearly illustrated the problematique guiding this study. Finally, when linking the data to the general propositions, the investigator used his own criteria for interpreting the findings and answering
the questions formulated.

The unit of analysis of this study is the paradoxical nature that characterizes the U.S.-Puerto Rico political and economic arrangement. Since the turn of the century, Puerto Rico has gone through profound political and economic changes which today are seen as highly contradictory. The problems that Puerto Rico is facing today can be related to, and better understood by exploring, various factors such as the annexation of Puerto Rico into the U.S. political and economic structure; the imposition of monopolistic multinational capital over an under-developed infrastructure which relied mainly on labor intensive modes of production; the alteration of its superstructure; and later the universalized dependency that resulted from the antecedents as well as from its lack of national prerogatives. Whether an independent republic or a state within the U.S. federation, the literature written from indigenous viewpoints suggests the need for an immediate change in the present status of Puerto Rico.

Therefore, an in depth examination of the following important points of concern becomes imperative: (a) the complex processes that led to the development of Puerto Rico’s current status; (b) the claims made by indigenous scholars whose concerns were with Puerto Rico’s right to self-rule and independent path to economic development; (c) the actors who pushed or resisted the right to sovereignty; (d) the actors who resisted or promoted Puerto Rico’s present political-economic status; (e) the organizational setting(s) within
which resources were mobilized; and (f) the broad structures of a capitalist-world economy.

Data Collection

This theoretical study is based on the collection and treatment of historical and current secondary data. This research also relied on the historical interpretive approach using qualitative data. Therefore, this theoretical study has in fact made use of the qualitative methods approach.

The secondary data utilized are based on content analysis of existing literature pertinent to the subject. Exclusive use of primary data is neither possible nor desirable. As Skocpol (1984) once suggested,

> no individual can master the world from primary sources. Nor can anyone even hope to read all the works based on primary sources. Total reliance on secondary resources can also be problematic. To gain enough expertise on any topic through secondary sources would take scores of a lifetime. (pp. 286-287)

As previously stated (Chapter I), this study also uses relevant historical qualitative data related to the topic such as texts, documents, periodicals, etc. It is assumed that the analysis of relevant historical material will serve as guide and therefore enhance this analysis of Puerto Rico's present political and economic perplexities.

Historical materials, according to Cicourel (1964) refer to "materials produced in the past and which are in many ways unique records and expressions of behaviors that the sociologist seeks to
reconstruct and/or analyze by means of some set of interpretative categories" (p. 142). Other important documents written from an indigenous Puerto Rican perspective are compiled and analyzed, not to recount Puerto Rico's history to the reader, but to interpret it in light of an indigenous theoretical synthesis. Denzin (1970) argued that to weave these documents into a meaningful set of explanations is an historical act itself.

Data Analysis

As noted earlier, the research strategy employed in this study is a qualitative theoretical analysis of secondary data. Qualitative research often uses secondary data derived from field research. It involves making sense of the data through the construction of classifications of behaviors and phenomena. However, there are inherent problems and complications with the qualitative methods that involves variables and correlation between variables. Unlike quantitative methods, qualitative design does not spell out the direct and concrete relationship between variables or even the extent of the effect of one variable on the other. Rather, qualitative approaches provide us with a description or a glimpse of reality from which we can use to draw conclusions and possible relationships of cause and effect.

This study, however, utilizes and analyzes data represented in the existing literature, both historical and contemporary, pertinent to Puerto Rico's status. A theoretical analysis of Puerto Rico's
historical and current socio-economic perplexities has been attempt­
ed by incorporating both of these desirable features in the research
process. More specifically, contemporary events within its real-
life environment as well as the dynamics of the historical period
and events were also taken under consideration (or were given cre­
dence) to understand the various contradictive social processes
transpiring in Puerto Rico. In doing so, the researcher recon­
structed and presented an accurate description of past events that
took place in Puerto Rico, beginning in the 1900s. This study also
focused on the application of general theories to a particular his­
torical case and examined why a particular past event occurred.
Finally, the use of history helps to understand the present and to
explain how and why Puerto Rico’s present dilemma came about. Num­
erous studies have been conducted on the Puerto Rican context. These
studies focus of on a wide range of social problems and issues de­
dpending on the researchers interests and ideological orientations.

A thorough examination of the related literature has revealed
that many of the studies dealing with the problems facing Puerto
Rico today allude to a wide range of social and economic issues the
author strongly believes are related to U.S. colonialism. The great
majority of studies done on this subject look at the direct politi­
cal, economic and social organizational control the U.S. exerts over
Puerto Rico. In their view, this phenomenon has generated a wide
range of colonialism-related problems such as high underemployment
and unemployment levels; migration to the mainland not only by the

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jobless but also by skilled workers and professionals; acculturation
to the U.S. institutional systems; to a lesser extent, assimilation
to the U.S. way of life, amalgamation and alienation; a wide range
of chronic social problems such as divorce, alcohol, tobacco and
other drugs abuse (ATOD), drug trafficking, organizational corrup-
tion, organized crime, rampant levels of violent crime; high levels
of consumerism and therefore high rates of personal debts, chronic
dependency on U.S. federal grants and goods, etc. This wide array of
social, political, and economic problems have been documented and
redocumented in the work of prominent Puerto Rican theorists (e.g.,
Maldonado-Denis, 1976, 1977; Johnson, 1980; Zavala & Rodríguez, 1980;
Terniel, 1982; Falk, 1986; Crúz, 1987; Cabán, 1987; Fitzpatrick,
1987; de Monti, 1989; Picó, 1990; Fernández, 1992; Alvarez-Curbelo,
1993; Meléndez & Meléndez, 1993; Fernández, 1994; Díaz-Quíñonez,
1994). Therefore a viable approach for explaining this wide array
of chronic social problems which afflict Puerto Rico requires an
examination of its colonial relationship with the U.S.

In one way or another, these studies link some of these var-
iables to the lack of national prerogatives to enact policies and
regulations that will best serve the Puerto Rican people at both the
local and international level. The lack of national common goals
and sense of unity that persist in Puerto Rico is perceived as the
result of direct political and economic control by the U.S. over
Puerto Rico. This form of colonialism has in fact been perpetuated
by individual and group interests from both the U.S. and Puerto Rico.
resulting in a policy of no policy posture; one that could be held responsible for generating multiple social and institutional maladies on all societal levels.

Although a number of comparative and historical studies have been conducted on Puerto Rico focusing on issues such as those mentioned above, this study is distinctive in that it incorporates traditionally dominant developmentalist approaches such as world systems and dependency theory in trying to define and locate the problems of the island. Therefore, the author strongly feels it is fundamental to study the case of Puerto Rico utilizing various theoretical standpoints which could help illuminate our understanding of its present situation. Second, this study compares and contrasts Puerto Rican and non-Puerto Rican analysts on important issues such as economic development, underdevelopment, colonialism and dependency to determine the extent of which there are similarities. The study also aimed to determine the extent to which indigenous perspectives are able to describe problems and other dynamics often ignored by traditional perspectives in greater detail. Thus, the strength of this study is its flexibility in incorporating more than one theoretical orientation (a synopsis) and level of analysis in the discourse.

The advantages of utilizing a comparative theoretical analysis to analyze Puerto Rico's socio-economic history complemented the objectives of this study because; first, this study attempted to understand the historical development of the present Puerto Rican pol-
itical and economic arrangement with the U.S. and to examine the role that key elements (i.e., government, interest groups and organizations, etc.) played in transforming Puerto Rico into its current status. Secondly, the aim of the study was to discern how the various theoretical approaches within the field of the sociology of development used in this study--taking into consideration their strengths and weaknesses--were useful in analyzing and understanding present social and economic dynamics which transcend the political arena. Finally, a theoretical synthesis and a critical assessment of Puerto Rico's past initiatives, present social, political, and economic dynamics and prospects for the future is elucidated.
CHAPTER IV

A THEORETICAL SYNOPSIS OF THEORIES OF DEVELOPMENT:
WITH REFERENCE TO PUERTO RICO

Introduction

This chapter is divided in three sections. The first section will include the strengths and weaknesses of dominant western developmentalist approaches in relation to their usefulness and their ability to explain social and structural manifestations specific to the context of Puerto Rico. The ways in which the various non-indigenous theoretical explanations have contributed to the understanding of contemporary Puerto Rico's quandary will be elucidated in section two.

Western developmentalist approaches may prove useful in explaining some dimensions of the phenomena under investigation. However, these approaches lack fundamental grounds in their global and generalized mode of theorizing to be applied to each specific country. Consequently, there remain fundamental idiosyncracies being ignored and therefore left unexplained by traditional western theorizing. Finally, those limitations or flaws identified on developmentalist approaches will further be delineated in the last section of this chapter.
Classical Modernization Theory: Theoretical Implications

As noted in preceding chapters, modernization theory has its origin in the period after the Second World War. Modernization emerged as an alternative theory which attempted to rationalize and, thus, justify the process of development in the periphery. Therefore, modernization theory saw the process of development as the acquisition by the underdeveloped countries of the traits and characteristics of the developed countries (Preston & Smith, 1988). There was one crucial difference from the perspectives of the 19th century founders. This time it was not the origins and consequences of the western industrialization that were considered problematic, but rather, it was underindustrialization and the lack of progress in the Third World (Evans & Stephens, 1988).

The basic building blocks of the modernization perspective are dichotomous tradition-modernity ideal types of social organization and value systems, distinctions borrowed from 19th century sociology. Since societies are understood to move from tradition to modernity, the ideal type dichotomy constitutes the polar ends of an evolutionary continuum, though at some point incremental changes give way to qualitative leaps into modernity. In the light of such assumptions, most Asian, African and Latin American societies are perceived to be below the threshold of modernity, with a preponderance of traditional features (Smelser, 1988).

Thus, the characteristics of the traditional society are viewed as underdevelopment and being further used in contrast with those
of modern societies. Tradition, is perceived as a force of inertia which is applied to many of the organizational aspects of premodern life. The decline of such obstacles was seen as enabling the development of the more specific organizational aspects of the emerging new institutional structure--the autonomous civil society and the industrial--capitalistic social order (Eisenstadt, 1973).

Modernization Theory: A Critical Assessment

It was Rostow (1960), the most controversial of the modernization theorists, who developed a schema of historical development which constituted an alternative model to the Marxist schema of historical development (Rostow, 1960). In this schema, Rostow defined five stages of economic development that all societies must experience in their process of economic growth.

Throughout history, Rostow's developmental schema has proven to be misleading. On one hand, Rostow's model of historical development is unilinear and assume the progressive growth of all societies. This means that for the modernization proponents, all societies will experience Rostow's five stages of economic growth disregarding the reality of their political, economic and social condition. More specifically, Rostow's proposed stages of economic development follow one after the other without contemplating downturns in the process of economic growth.

More controversial, though, has been Rostow's unilinear economic determinism that implies economic growth always goes up until
it reaches the last stage of mass-consumption or capitalism. Economic growth will be fed by its self-generating internal processes until it provides for well-being for all society. This process of growth can be accelerated by the economic and technological assistance provided by rich societies to poor ones. However, in general, the primary source of change was a consequence of innovation. And this type of innovation implied the rejection of procedures related to traditional institutions, together with the adoption of new ideas, techniques, values, and modes of organization which could greatly facilitate the process of economic progress (Kay, 1989).

Global historical development, for the most part in Asian countries, has demonstrated that neither economic, technological assistance, nor the change from traditionalism to a more liberal form of society will guarantee economic prosperity. This premature presupposition does not take under consideration important endogenous as well as exogenous elements of each society, which indeed play a very important role in their process of development. The deep and persistent economic, social and political crisis in most third world countries provides a very clear demonstration of the fact that capitalist development, that is, greater integration into the world-market, allows neither autonomous, self-reliant development nor any gradual surmounting of underdevelopment (Addo, 1985).

A convincing illustration is found in the case of Puerto Rico, in which profound structural and cultural transformations have been experienced since the early 1900s, at both the local and the nation-
al level. Puerto Rico's degree of acculturation to U.S. customs and beliefs, including its annexation to the U.S. economic and political system, coincided with Rostow's conception of the sacrifices a society should undertake in order for its economy to transform.

Further, contemporary development literature has placed Puerto Rico in the last Rostowian stages of economic growth, leaning toward industrial maturity (Macionis, 1995). It implies that by adopting, or more accurately in this instance, by accepting the Western economic developmental innovations, Puerto Rico managed to overcome traditionalism and so on, to find itself in the process of economic take off, as delineated by Rostow himself. However, such economic development in Puerto Rico needs to be carefully examined. In spite of all these structural transformations, at all societal levels, such rapid economic growth has not crystallized in Puerto Rico, as modernization theorists would have predicted it. Whereas, other societies such as Singapore, Japan, etc., have experienced a dramatic industrial and economic development in ways different from that suggested by Western developmentalists and yet, traditionalism as Rostow described, remained very much unchanged.

Some of the modernization theorists assumptions deserve credit in that the U.S. annexation of Puerto Rico into its economic and political system has brought about some economic prosperity, specially when compared with the rest of Caribbean and Latin America. But one can also be contend that the economic development of Puerto Rico has been retarded, not only by endogenous factors but also by
external dynamics beyond the national level.

Therefore, it is assumed that modernization theory is not and has never been a viable theoretical alternative on which a researcher can rely to explain the process of development of most [semi]- peripheral societies. The modernization model lacks the comprehensive and realistic conceptual and ideological tools to explain the process of development in contexts such as that of Puerto Rico. The question left to modernization theorists to answer is: what are the endogenous as well as the exogenous factors impeding Puerto Rico's full economic growth in spite of the huge infusion of U.S. capital and technology, its degree of acculturation to the U.S. customs and traditions, and its drastic structural transformation evidenced at all social levels--as Rostow assumed? Or alternatively, should we borrow the ethnocentric modernization view of traditional society as being run by traditional minded leaders (influenced by magic and religion) who tend to focus inward and are not prepared to adopt or accept change?

Finally, modernization theorists, unlike the dependency and the indigenous Puerto Rican approaches, tend to ignore the role that the center plays in the promotion or inhibition of the development process of a society. A society's past experience with colonialism, imperialism and more recently the new form of modern colonialism (neocolonialism) should not be disregarded.
Dependency School: Theoretical Implications

Much of the discussion of the question of underdevelopment has been developed by Latin American scholars referring to a process not strictly related to underdevelopment but to the process of depend­ency. The so-called dependency theorists include allegedly Marxist and neo-Marxist economists and sociologist9, among them Sunkel, 1970, 1973; Furtado, 1970; Chirot, 1977; Dos Santos, 1977; Cardoso, 1977b; Palma, 1978; Chilcote, 1982; Booth, 1985.

The work of various neo-Marxist writers, most notably Baran (1957), Sweezy (1942) and Frank (1981),10 has undoubtedly been very influential on the dependency theoretical orientation. Dependency theorists borrowed from certain neo-Marxist conceptions of the relationship between development and underdevelopment, in particular the conception of the interdependence of the capitalist world economy, and the proposition that development and underdevelopment are partial, interdependent aspects of one global system (Hindess, 1977).

Dependentistas dismissed the notions of modernization theory that a lack of development could be attributed to a deficiency in appropriate modernizing values and that exposure to advanced industrial countries could only be of positive benefit to the Third World. Instead, dependency theorists argued that the massive and persistent levels of poverty in Third World countries, especially those of Latin America, were caused by exposure to the economic and political influences of the advanced countries. Dependentistas strongly felt that the growth of the advanced industrial centers in the world today
meant the simultaneous underdevelopment of those countries whose economic surplus the West exploited (Webster, 1984).

In response to the ethnocentric economic determinism of modernization theory, the dependentistas constructed a theoretical paradigm in which the effects of the international political economy took center stage. Struggles among local classes and interest groups were seen as shaped and conditioned by peripheral societies' relations with the core or the more industrialized societies. Therefore, foreign actors were perceived as inextricably involved in class struggles and alliances within the countries on the periphery (Evans & Stephen, 1988).

The dependency metatheory consists of three major theoretical traditions that tend to describe the dynamics associated with dependency and development, dependency-underdevelopment dynamics, and dependency reversal dynamics (Sklair, 1991).

The first theoretical tradition focuses on the status of underdevelopment in third world nations which is caused by the complete dependency on first world nations. The dependency theorists argue that the global capitalist system, largely but not exclusively through transnational corporations, caused the underdeveloped status of the third world nations. The transnational corporations of the first world nations dominated the global capitalist systems and these corporations tend to block and even stop any genuine effort of development in the third world nations.

The strongest statement of the dependency position is found in
the work of Andre Gunder Frank (1969), which argues for the development of underdevelopment. Increased external linkage actually produces retrogression on the periphery. Frank's work, in combination with the earlier work of Paul Baran, had a profound effect on the field by introducing Marxist themes into the debate on development while at the same time focusing on the dynamics of change in the periphery. They also provided a clear-cut substantive antithesis to prevailing modernization views (Evans & Stephens, 1988). Thus, ties with developed countries were seen as the problem and not the solution.

The underdevelopment approach, concentrates on the impoverishment of subordinate social classes through the extraction of their surplus or surplus value. There is fundamental disagreement over whether the social relations of production in the Third World will lead to its industrialization. But there is considerable agreement that poverty has to be explained as a product of economic and social structures and not cultural values. On this line of thought, Webster (1984) asserts that cultural values and attitudes may not have priority in shaping the pattern of social change. We should not, however, discard the possibility that they may have some sort of influence (Webster, 1984).

Cardoso (1977) rejects the notion of "development of underdevelopment, as it implies that Third World countries are either stagnating or that their development is distorted, making capitalist development unviable" (pp. 54-55). Cardoso acknowledges that
capitalist development in Third World countries is highly uneven, unequal, and full of contradictions, but this does not signify that capitalism does not lead to development or that it is unviable.

This theoretical tradition is helpful in explaining an economic dimension between Puerto Rico and the role U.S. transnational corporations play on the island. Critics strongly feel and have documented that, because of the colonial nature of Puerto Rico and its degree of economic dependency on the U.S., any attempt or initiative by the Puerto Rican government to stimulate local industries or to establish economic trades with other neighboring Caribbean and Latin American countries has been blocked by U.S. government and enterprises. Under the Commonwealth formula, created in 1953, Puerto Rico is explicitly denied the right of establishing treaties or trade partnerships with any other nation without the approval of the metropolitan state. Therefore, those who oppose such U.S. economic dominance over Puerto Rico and elsewhere feel that the ideological domination and hegemony of the TNCs is to be blamed for the underdeveloped status of the third world nations.

The second theoretical tradition which focuses on the dynamics of dependency-development also rejects the hypotheses of modernization theory. The dependency-development theorists embrace the idea that capitalist development in the third world, particularly the newly industrialized nations, is a reality that also has to be explained. These newly industrialized countries of the third world illustrate that is possible that a society can develop within a
dependent trade relationship in spite of workers exploitation, overcrowding of urban centers, high unemployment rates, etc. In their view, these economic dynamics and manifestations can also be found in core countries as well.

This second tradition set by Gunder Frank (1966), can also help to explain Puerto Rico’s historical process of development. Puerto Rico’s industrial and economic development seem to be based on a dependency relationship with the metropolitan U.S.—a relationship that has produced a kind of semiperipheral ranking. For example, there have been tremendous improvements in the quality of life of the general population, literacy rate, infant mortality, life span of the general population, the control of diseases, among others.

The third theoretical tradition, the dependency reversal, in dependency metatheory departs radically from the previous traditions. The dependency reversal focuses on a process which is a unique characteristic of some, but not all, third world nations while the other traditions tend to focus on the positive and negative aspects of the dependency-development dynamics. Dependency reversal theorists believe that capitalist industrialization can succeed in the third world. They see the lack of development in third world as due to obstacles both internal and externally impeding capitalist industrialization. In their view exposure to TNCs is the only reliable vehicle for development (Sklair, 1991).

As already discussed throughout the text, Puerto Rico’s eco-
nomie model currently finds itself with serious problems and con-
trdictions. On one hand, it was evident that Puerto Rico made some
economic gains early in 1960s and 1970s compared with where it was
in the first half of the 19th century. On the other hand, approxi-
mately two thirds of its inhabitants still rely of some form of
governmental assistance and half of the population totally relies on
food stamps and the welfare provided by the U.S. Federal government.
The unemployment rate continues to be above depression levels and
the immigration rate to the U.S. mainland remains by the thousands a
year. Puerto Rico’s development experience did little more than
concentrate U.S. capital on the island, cause severe social disloca-
tions in society, and increase its economic dependence on the U.S.
(Lewis, 1975).

The facts selected and interpreted about Puerto Rico’s dilemma
are clearly evident, and lead us to conclude that the economic gains
experienced in the first half of the 19th century did not translate
in an improvement in the quality of life for most of the inhabi-
tants. Therefore, if the majority of people of Puerto Rico are not
directly benefitting from the rapid industrial development and eco-
nomic transformations experienced in the island in the last half of
the century, who are the true beneficiaries? As Evans and Stephens
put it, the principal obstacle to change at the local level was not
irrational attachments to traditional values, it was the very ra-
tional attempts of local elites and their foreign allies to defend
their own power and privilege (Evans & Stephens, 1988).
Dependency School: A Critical Assessment

The dependency theorists are criticized for being too simplistic and general. Characterizations and summaries of the dependency approach have been oversimplified because they identified the theoretical position of the dependency school as one dimensional analysis, i.e., by stressing one distinctive factor while neglecting others.

More specifically, dependentistas have been criticized for their failure to discuss how and why some third world nations have managed to industrialize and develop despite the fact that transnational corporations continued to exist and dominate (Sklair, 1991; Dobozi, 1984). Dependency followed by underdevelopment was thus seen as resulting from the linkage of the periphery with the center. Therefore, dependentistas inaccurately thought it was necessary for a country to disassociate itself from the world market and strive for self-reliance. As soon as the external obstacles had been removed, developing a more autonomous and endogenous process was taken for granted. In this interplay, dependentistas also failed to explain which are more important, external or internal factors, thus solely focusing on the externalist.

Additionally, the dependency approach clearly assumes that development equals industrialization, as does modernization theory. It makes no attempts to address the issue of alternatives that are based on self-reliant, ecologically desirable, small-scale production where great degree of (individual) human development can be
achievable i.e., North Korea, Cuba, etc. In light of its emphasis on external factors or the impact of the world economy, the dependency school appears almost as an antithesis when compared to the "endogenism of the modernization paradigm" (Johnson, 1982, pp. 112-113). However, when its concern is the context of development, there seems to be little or no difference with the modernization paradigm. Therefore, sociologist Cardoso (1976), believes that the dependency school should be seen as a new point of departure to the traditionally dominant modernization paradigm rather than a new theory.

The dependency school always contained different lines of thought, while at the same time expressing a number of common ideas with both the underdevelopment approach and the modernization paradigm. Therefore, at this point the saliency of the concept of paradigm to social science held by Kuhn (1962), becomes meaningful. The Kuhnian notions of normal science, crisis, and scientific revolution, should undoubtedly be of relevance in this context. According to Kuhn, every paradigm is subjected to intense analysis, questioned, attacked, and ultimately, replaced.

Many of the strengths and weaknesses of dependency analysis arise from its self-proclaimed position as a new paradigm. The dependency school, however, did not succeed given the fact that the interdisciplinary, historical, total, and multiple character of dependency analysis made the creation of such a paradigm an almost impossible task; one riddled with several contradictions (Kay,
Among other important criticisms made of the dependency approach we can find: (a) theoretical repetition and stagnation, which is reflected on the resemblance and lack of innovation among its followers' mode of theorizing; (b) the existence of problems which the theory cannot solve, for example, internal class conflict and group dynamics; and (c) an evident lack of practical impact or applicability on the periphery (Leys, 1977). For instance, the dependency theory helps shed some light on how Puerto Rico's dependency process came about and further solidified. However, dependistas do not make any distinction between a society which remains under a colonial rule and the one who doesn't, nor it offers any practical solution on how to reduce the problem of dependency under a society that largely remains controlled by its colonial power--the U.S.

Among other specific objections of the dependency school include its obscurity in its definition of development. In their theorizing, it is not clear whether it is the underdeveloped countries (the state apparatus) or the masses (those working for the multinationals located in those countries) that suffer from exploitation. In such views, concepts like center and periphery have been used simply as polemical inversions to attack conventional development theory. Their effort to distinguish dependent from non-dependent countries is seen as problematic (Lall, 1975).

In the present world system, all countries, even those that
are not conceived as underdeveloped do import technology (i.e., U.S.), are dependent on exports, have a tendency to emulate consumption patterns from other core countries (i.e., Puerto Rico), contain marginalized groups and regions within their own territory, etc. Thus, their attempts to differentiate dependency from non-dependency among Third World countries remains obscure as long as countries are the units of comparison (Dobozi, 1984; Hoogvelt, 1982; Staniland, 1985). It would not be surprising if some of the differences found among Third World countries can be greater than those existing between some developed and developing countries.

Furthermore, important issues such as social classes, the state, politics, ideology get little or no attention in their analyses. Critics also point out, that with the exception of a few (e.g., Baran, 1957; Frank, 1977), there is very little class analysis in most of the dependency writings. Critics see internal forces such as class struggle as an important element that can contribute to defining the dependence relationship. Thus, by underestimating the internal causes of underdevelopment, dependency analysts do not give sufficient attention to the class contradictions and obstacles that tend to hinder the development process in a country.

Although indigenous analysts appear to be heavily influenced by the dependency school, this position advocated by a few academics never gained momentum among the general public in Puerto Rico because the widespread phobia that a total or even a moderated economic breakup with the U.S. would not alleviate or much less eradi-
cate the island's complex economic and social problems. Similar to the dependency approach, indigenous Puerto Rican analysts opposing the existing political and economic relationship between Puerto Rico and the U.S. (e.g., Maldonado-Deni, 1976, 1980; Gonzalez, 1980; Muñoz, 1981; Bonilla, & Campos, 1981; Pantojas-Garcia, 1990; Muñiz, 1991; Melendez & Melendez, 1993; Fernandez, 1994), have failed to propose an adequate theory of development. Similarly, both dependentistas (e.g., Frank, 1967; Cardoso, 1969, 1972; Chirot, 1977; Palma, 1978; Paz, 1981; Addo, 1985; Berger, 1986) and indigenous Puerto Rican analysts (e.g., Falcon, 1970; Maldonado-Deni, 1976; Zavala & Rodriguez, 1980; Ruiz, 1981; Rua, 1980; Fernandez, 1994) can be equally criticized for their failure to propose specific economic policies which would reduce the ties of dependency. So much stress is put on the external obstacles to development that the problem of how to initiate a development process, once these obstacles were removed, was neglected.

Further, history has shown that while some countries in pursuit of self-reliant policies have failed, other countries followed the opposite path of further integration into the world economy and achieved unprecedented high rates of growth (Key, 1989). Their success in achieving economic independence represents a major methodological flaw in the dependency school (Ferrer, 1979b), as well as for indigenous Puerto Rican analysts.

Finally, the principal weakness of the dependency school was its overemphasized external factors, being an antithesis to the en-
dogenist bias in the modernization paradigm, as well as the classical Marxist approach. The responses to the decline of the dependency school have ranged from the call for indigenization in 1970s, and later, the call for more global approaches; to incorporating the complex relationship between both central and peripheral development (Hettne, 1991).

World Systems Theory: Theoretical Implications

While Cardozo and Faletto’s model was primarily concerned with internal dynamics of the periphery, other work in the dependency tradition was much more concerned with tracing the connections between the evolution of core countries and developmental sequences on the periphery. The most influential is the work of Wallerstein. He provides a vision in which the logic of capital accumulation dictates not just relations among classes but also those among states and geographically defined zones of production. The position of individual states and societies within the world systems may shift, but the structure of the system as a whole defines the pattern of development both globally and within individual societies (Evans & Stephen, 1988).

World systems theory is a parallel approach to the dependency framework, but distanced theoretically and empirically from it by conceptual innovations and differences of interpretations (Sklair, 1991). Wallerstein’s work combined a theoretical structure that grew out of studies of the Third World with a heavily Eurocentric
substantive content. His particular vision of the dependency argument required that he ground his arguments in an analysis of early modern European history. In doing so, he introduced an entire tradition of historical literature, European in origins as well as content, into the middle of American sociological discourse. Historical research that might have seemed marginal to sociological studies of development was given a new legitimacy by the prominence of Wallerstein’s portrayal of the 16th century (Evans & Stephens, 1988).

Wallerstein turned his attention to an interpretative historical overview of the origins and evolution of the world capitalist system. As already suggested, Wallerstein drew on the principles of dependency theory and was able to develop a systematic theory based on the changing dynamics of the division of labor between the core, the periphery and the semi-periphery countries within the orbit of the capitalist world systems. World systems theory analyzes the economic and political relations between all nations and regions of the world. Wallerstein (1974a, 1974b, 1979) defined the term world system as a unit with a single division of labor and multiple cultural systems.

Wallerstein’s World Systems Theory argued that much capitalist exploitation occurs between highly developed core nations and the underdeveloped regions of the periphery. The greatest margin of profits came from employing slaves, sharecroppers, and subsistence peasants who work long hours on plantations and in factories rather than from proletarians in the richer capitalist countries. Thus,
the high standard of living enjoyed by proletarians in the core states is mainly due to the wealth extracted from exploitation in the periphery (Martin & Kandal, 1989).

**World Systems Theory: A Critical Assessment**

Among one of the most important contributions made by Waller-Wallerstein's world systems theory is that it offers a critique of modernization and development theories. In contrast to those who view underdevelopment as a lack of exposure to capitalism and technology, world systems theorists argued that poor countries are poor because their economies are controlled and exploited by the core nations. Military dictatorships in the periphery were seen as resulting from the need to control the highly exploited workers by their own elite class and the assistance of the core state.

This postulate of Wallerstein has generated a great deal of debate. Among one of the major critics of Wallerstein's world systems theory is the sociologist Brewer (1980). Brewer compared the position of Wallerstein with that of Frank (dependency school) and found that both related capitalism to a network of exchange relations on a world scale in which surplus tends to be transferred from periphery to core. Both emphasized the world economy as a whole rather than its particular parts and internal structure. Both felt that the organization of production on the local or national level was secondary to that on the international level (Brewer, 1980).

Finally, both the globalist dogma in dependency and world-
systems theory have been equally criticized by sociologists Petras and Brill (1984) for underestimating some of the internal dynamics that accrue in the periphery. In Petras and Brill's (1984) view, a subordinate actor is never absolutely controlled, there is always a potential for resistance within the relation. The globalist perspective paints a picture of domination based on a 'passive receptacle' notion of the Third World in which the internal class forces are non-actors, or even blank surfaces ready to be shaped and exploited by the Core. (p. 405).

World Systems Theory has been heavily attacked for giving little or not attention the class struggle within core nations and for distorting the history of capitalism (e.g., genocide and oppression) and the role it has played in the process of economic as well as political development (Brenner, 1977; Corbridge, 1986). Thus, a very important argument left unattended by world systems theory is centered around the question whether it is realistic for a peripheral nation to escape domination and exploitation from core nations through rebellion or social revolution (Ritzer, 1988).

Other critics argue that Wallerstein's theory of world systems tends to be geopolitical in nature and orientation. World systems theorists are criticized for their focus on the negative effects of the TNCs to the point that they are always and only engaged in condemning the actions of the TNCs. Furthermore, world systems theorists tend to rely on empirical data to defend their positions without recognizing the limitations and biases contained in data subtracted from different countries with quite different social and economic realities.

Additionally, Wallerstein's explanation of world capitalist
development focused solely on the economic expansion of commodity markets in Europe, rather than economic expansion by conquest. What got lost in his Eurocentric focus on self-contained world empires is the relationship between the economic dynamics of a set of colonial empires (e.g., British, Dutch, Spanish), that dominated the globe until recently.

The author of this study, in accord with Addo (1985), maintains that all the dominant theories of development, to some extent including the indigenous Puerto Rican theorizing, contain some Eurocentric elements in their tendency to observe world systems dynamics from an European standpoint. Their tendency is to view the world-system from a standpoint which is consistent with the European historical reality not the periphery. The colonial process to which Puerto Rico is subjected, is quite different from that illustrated by world systems theory. Puerto Rico's current form of advanced capitalism development has been prematurely forced upon by the U.S. bypassing any early stages of its own economic development. Thus, any desire to further economic development will not be so much subjected to the dynamics of a global market but rather to that of the U.S. needs and demands.

Further, the process of development, underdevelopment and dependency in Latin America, including Puerto Rico, has been dissimilar. Definitions of development are therefore presented in a European perspective which suggest that the evolution of European history and culture are models for development which the rest of the
world is expected to imitate.

As Addo (1985) puts it,

this appropriation of the concept 'development' serves the Western aim of establishing, in perpetuity, the West's dominance in the world. Third World countries are therefore placed in an absurd position: by opening up themselves to some of the changes that these models require of them, they contribute to the perpetuation of the structure of domination in the world-system. (p. 18)

The Western aim is thus, to change the societies of the periphery in accord with the dominant conceptions of development. Their activities merely contribute to perpetuating the given state of the world-system and with it the status of the world-system's peripheries (Addo, 1985).

Critics feel that the world systems paradigm is reaching an end. In their view, similarly to the dependency approach, the world systems paradigm is having increasing difficulty in dealing with the development, at least industrialization, of non-hegemonic countries (Sklair, 1991). Thus, due to its inability to describe or situate those newly industrialized countries (NICs), the concept of semi-periphery, was created. Thereafter, this idea has been adopted by many scholars (i.e., Mouzelis, 1986) as a useful tool in analyzing the NICs and, especially those countries that are on brink of becoming part of the First World, like Ireland, Portugal, Singapore, Honk Kong, etc.

Further, critics have argued that the creation of the concept of semi-periphery was an ad hoc invention to deal with those cases that do not quite fit into the core-periphery framework. As Sklair
(1991) noted, "this criticism is strengthened to some extent by the observations that much creative work in this genre in recent years has been precisely in the elaboration of dependent development in the countries of the semi-periphery" (p. 203). Perhaps, a future study on Puerto Rico's quandary could be best understood within a dependent development framework of analysis.

Theories of Development: A Synthesis of Its Applicability to Puerto Rico

Although the major theoretical perspectives help to explain and to understand some of Puerto Rico's perplexities, they do not propose concrete solutions to the problem of Puerto Rico. The classical modernization theory cannot accurately be applied to the colonial situation of Puerto Rico. I disagree with the premises on which modernization theory is based because it neglects the political and ideological dynamics underlying the Westernized development process. However, it should not be forgotten that some of the stipulations suggested by the western classical modernization model have succeeded in Puerto Rican society.

The concept of development entails an abstract level of social, industrial, economic and cultural transformation. Modernization theory, in particular, is concerned with economic growth, industrialization, urbanization, social change, institutional change, social differentiation, liberation from dependency, enactment of values, economic transformation, elimination of poverty, and societal evolution.
The U.S. has succeeded in transforming Puerto Rico's institutions in most if not all of the above dimensions, at least for the affluent sector of the population. In reality such transformations have benefitted only a small sector of the population. This affluent sector of the population in Puerto Rican society, in collaboration with the metropolitan state, has helped to maintain a dominant developmentalist Eurocentric ideology and to perpetuate the unequal, discriminatory and highly contradictive political and economic arrangements that persist in Puerto Rico today. With the exception of a few, this better off sector of the island constitute the main supporters for greater cultural and economic integration with the U.S. and of the statehood movement. They also constitute the main benefactors of such institutional contradictions in Puerto Rico. In light of the former, modernization theory completely neglects the political and ideological dynamics of the development process.

Moreover, Puerto Rico still remains a colony economically and politically dependent on the U.S. A colony in which the larger segment of the population finds itself left out of the supposed industrial/economic showcase popularized in the media. Economic and political self-reliance as well as the elimination of poverty in Puerto Rico, including the wide array of social problems that result from it, are far from been realized under the present colonial arrangements. Puerto Rico is still not a self-governing territory. It is largely ruled by the metropolitan U.S. In this sense modernization theory does not apply to the present Puerto Rican reality. Once
again, the case of Puerto Rico has clearly demonstrated that changing the economic, political, social and cultural values of a people does not automatically lead to industrial development or economic progress. It may have been the ideal type of economic and political arrangement for some, perhaps those whose role is to serve and therefore to benefit from the U.S. domination over Puerto Rico.

Wallerstein's world systems theory, appears to be more helpful in explaining the Puerto Rican phenomena. Concurring with the present socio-economic reality of Puerto Rico, Wallerstein once asserted that much of the capitalist exploitation occurs between highly developed core nations and the underdeveloped regions of the periphery. In terms of the utility of this approach to the Puerto Rican experience, it is apparent that the MNCs and perhaps a small local corporate sector, are the sole beneficiaries of the extant development model. Efforts from within to hold those U.S. enterprises more accountable to the needs of the local population have been futile. Indeed, the over-represented conglomeration of U.S.'s MNCs positioned on the island have enormous political and economic influence in both Puerto Rico as well as on the U.S. mainland. These TNCs often use their political and economic influence to manipulate, coerce, lobby, intimidate, when attempts are made to regulate or challenge their way of doing business on the island.

As world system theory asserts, the greatest margin of profits come from the vast economic exploitation of the colony by its masters (the colonial power), by employing subsistence peasants who work
part-time on plantations and (in the case of Puerto Rico) in low 
wage factories—rather than proletarians in the richer capitalist 
countries, whose high standard of living is due to the exploitation 
and extraction of wealth from the periphery. This is a premise that 
is still applicable to Puerto Rico and much of the American hemi-
sphere. Refuting the developmentalist views in that underdevelopment 
is due to the lack of exposure to capitalism and technology, the au-
thor believes that poor countries are poor partly because of either 
too much exposure or because their economies are controlled and ex-
ploited by the core nations.

I empathize with Wallerstein's picture of global reality. His 
description, however, of world dynamics appears to be oversimplified 
and economically reductionistic. That is, Wallerstein did not pre-
sent in his methodology and theoretical orientation an adequate ap-
proach to the analysis, understanding and solutions to the problems 
of global development. Furthermore, despite the historical impor-
tance of colonial conquest in creating a global system, colonization 
has not been a central concern in world-systems theory. Therefore, 
one of the most salient theoretical flaws of world systems theory in 
its application to the Puerto Rican context is that Puerto Rico 
still remains largely a colony of the U.S. This means that cer-
tain aspects of world systems theory have no applicability to this 
uncommon new form of post-modern colonialism that exists in Puerto 
Rico.

Not surprisingly, it appears that Puerto Rican scholars have
been greatly influenced by the dependency-underdevelopment tradition in that their theorizing coincide in principle with various of the dependency school postulates. However, their views are not quite the same since the indigenous analyses of the process of colonialism and dependency reflect a much different context that is unique to Puerto Rico.

The most influential scholars in Latin America are clustered in the dependency approach, not because they deny some of the theoretical and conceptual validity of other theories, but mainly for obvious reasons: First, they are Latin Americans and similarly to most African nations, the whole of Latin America has in one way or another experienced the extreme cases of colonialism by former colonial powers; Second, the dependency school was primarily born in Latin America as a theoretical alternative or as an antithesis to modernization theory; and Third, but not least important, contemporary Latin America countries share a common front and/or find themselves submerged under a series of political and economic problems which range from territorial disputes, internal class and ethnic conflicts to a rampant unemployment, poverty and illiteracy rate, to name a few.

In spite of the methodological, theoretical and conceptual flaws identified within the dependency model, this theoretical tradition has demonstrated its usefulness in partially explaining some of the problems and contradictions that arise from the political economy that exist between Puerto Rico and the U.S.
In conclusion, it is worth mentioning that both Wallerstein's world systems theory as well as the dependency-underdevelopment approaches—in their application to the case of Puerto Rico—help shed some light on the process of dependency and underdevelopment and its relationship to colonialism. However, with respect to concrete solutions to the problems of dependency and colonization of Puerto Rico, world systems theory and the dependency-underdevelopment model lack explicit explanations and practical answers to the challenges Puerto Rico is facing today. Their focus is limited to the grim reality of underdevelopment and to some extent exploitation within the orbit of the world system. These drawbacks are due in part to the nature of Puerto Rico's ambivalent political status in relation to that of the U.S.—one characterized by its ambivalent character which is not fully understood nor recognized by the global village. Today, as well as in the future, the U.S. will exert a tremendous political and economic influence around the globe, a fact that will perhaps inhibit other nations to closely examine and/or address the issues that afflict contemporary Puerto Rico.
CHAPTER V

INDIGENOUS PUERTO RICAN THEORIZING

Introduction

A careful examination of a selected sample of the literature written by indigenous Puerto Rican analysts within the context of Puerto Rico's problems points toward one direction—the analysis of colonialism. That is, indigenous analysts agree that much of the social and economic maladies Puerto Rico is experiencing today is directly related to the political economy that exists between the U.S. and its colony. More specifically, the vast majority of contemporary works written by indigenous Puerto Rican analysts aim to explain Puerto Rico's structural problems by analyzing its present form of government and the direct control the U.S. exerts over Puerto Rico.

It is argued that a colonial form of government is more prone to engender a wide range of structural problems and contradictions than sovereign societies. For example, among the problems identified by indigenous analysts are the following areas: high underemployment and unemployment rates; migration to the mainland not only by the jobless but also by skilled workers and professionals; forced acculturation of Puerto Rican society to U.S. institutional systems; rapid assimilation of Puerto Rican natives to the U.S. way of life and traditions; amalgamation, and social and individual alienation; a
wide array of chronic social problems already mentioned in Chapter II. It is not coincidental that the vast majority of these problems confronting Puerto Rico today, have also been identified, analyzed and discussed by scholars from former European colonies, for example, Frantz Fannon (1963), in The Wretched of the Earth.

This chapter is divided in two sections. The first section will discuss the theoretical and conceptual advantages of indigenous Puerto Rican viewpoints, including possible limitations, in their explanations of problems pertinent to Puerto Rico. This discussion aims to delineate how different indigenous analysts perceive and specifically explain the problems of Puerto Rico. It is argued that indigenous viewpoints are capable of explaining in more detail the problem of Puerto Rico than traditional Western theoretical approaches. In order for a sociologists to fully understand and explain a problem associated with a particular society, one should be fully aware of the dynamics manifest at both the macro and micro level. Further, traditional western developmentalist approaches have proved to be useful in understanding the dilemma of Puerto Rico at the global or the general level (in spite of its limitations already identified in Chapter II & IV), but may not be useful at the local level. Additionally, the ways in which the indigenous theorists have contributed to the understanding of contemporary Puerto Rico’s quandary will be elucidated in this section of the chapter.

Finally, section two will be devoted to an in depth discussion of how the problems of Puerto Rico are perceived by various indig-
igenous viewpoints. This section will discuss the ways in which indigenous analyst perceive the problem of political subordination, underdevelopment and economic dependency of Puerto Rico. The discussion of indigenization has expanded from the dependency debate in Latin America to cover broader issues pertinent to Puerto Rico's neo-colonial reality.

The author of this research believes that when it pertains to a specific country, the indigenous viewpoints have objective grounds and powerful motivations to raise issues that others are less well situated to perceive. Therefore, it is anticipated that only indigenous Puerto Rican analysts can fully understand and better explain problems pertinent to their own political, social, cultural and economic context, which may transcend the national level, than their mainland counterparts. An assessment of the usefulness of indigenous Puerto Rican theoretical perspectives abilities to explain important issues other than economic dependency, underdevelopment, colonialism, etc., in Puerto Rico becomes important.

The Other

Post-modernists today speak of the concept of the Other or any groups that have been excluded from the dominant sociological discourse. The notion of the Other was first addressed by Simone de Beauvoir (1949[1953]) in her classic work The Second Sex; a book that later became known as one of the classics in the field of women's studies. Beauvoir used this term to explain the relationship
and dynamics that exist between men and women. In her view, women are defined and differentiated with reference to men and not with reference to other women; "she is the incidental, the inessential as opposed to the essential. He is the Subject, he is the Absolute--she is the Other" (Lemert, 1993 p. 368).

There are other cases in which a certain category or group has been able to dominate another completely. Very often this privilege depends upon inequality of numbers or resources--the majority imposes its rule upon the minority or persecutes it. In de Beauvoir words (Lemert, 1993),

... it is that no group ever sets itself up as the One without at once setting up the Other over against itself. In small-town eyes all persons not belonging to the village are 'strangers' and suspects; to the native of a country all who inhabit other countries are 'foreigners'; Jews are "different" for the anti-Semite, Negroes are inferior for American racists, aborigines are 'natives' for colonists, proletarians are the 'lower class' for the privileged. . . . (p. 368)

Beauvoir further concludes that

no subject will readily volunteer to become the object, the inessential; it is not the Other who, in defining himself as the Other, establishes the One. The Other is posed as such by the One in defining himself as the One. But if the Other is not to regain the status of being the One, he must be submissive enough to accept this alien point of view. (pp. 368-369)

Lemert (1993) believes things would become more clear if we find in consciousness itself a fundamental hostility toward every other consciousness; the subject can be posed only in being opposed--he sets himself up as the essential, as opposed to the other, the inessential, the object (p. 368).

Although the attempt of this study to include the notion of
the Other in the traditional sociology of development discourse coincides in some respects with various of the ideological principles of de Beauvoir, Lemert, and others, this study limited its usage solely to the debate between western dominant theoretical approaches and indigenous Puerto Rican viewpoints in its relation to Puerto Rico's contemporary problems.

The major debate on the issue of cultural imperialism and the need for intellectual self-reliance in the Third World took place in the 1970s.

The process of indigenization which emanated from it, in development theory as well as in the social sciences as a whole, is fundamentally a movement of liberation from the colonial tradition and the imperialist world systems, which in fact is reflected in the international pattern of communication (Hettne, 1991).

The aim of the indigenization movement is therefore, to attempt to incorporate traditionally excluded indigenous viewpoints on issues of economic development, underdevelopment, dependency and colonialism in the dominant theoretical discourse of economic development. Thus, the researcher's position serves as a bridge allowing often ignored and omitted Puerto Rican voices into the sociology of development discourse. Therefore, it is anticipated that only indigenous Puerto Rican analysts can fully understand and possibly explain problems pertinent to their own political, social, cultural and economic context, which may transcend the national level, than their mainland counterparts.
Following the same line of reasoning, this study argues that traditional modernization and dependency theorists have excluded peripheral viewpoints from their dominant sociological discourse. As Susantha Goonatilake (1976), once stated "development thinking within the social sciences is largely a product of the West. It is as such an outsider's view of our development, specially by outsiders from countries who colonized us" (p. 333). Therefore, another important objective of this study is to bring other voices, of whom we can anticipate have divergent viewpoints, into the development and dependency discourse.

Additionally, it is argued that traditional dominant western viewpoints do not possess the conceptual tools and understanding needed to explain unique phenomena of a given society, i.e., Puerto Rico. Therefore, the inclusion of the other, will prove to be useful and critical to the subject under study. These divergent viewpoints have been in existence long before the U.S. seizure of Puerto Rico but have been excluded from the dominant sociological discourse. The exclusion of indigenous critical viewpoints is a result of either their being perceived as a threat to the existing status quo in Puerto Rico or due to the lack of monetary resources to collect more comprehensive data and to conduct more comprehensive studies than existing ones, including their translation from Spanish to the English language. The powerful presence of westernized cultural and sociological thought in our school and university curriculums, including almost all our textbooks required by mainstream educational
institutions, should not be overlooked in this interplay between dominant and subaltern viewpoints. In fact, those who oppose the existing status quo and challenge it through intellectual means are not only perceived as traitors and subversives by both the U.S. and Puerto Rico's professional elites, but often are also subject to exclusion and marginalization from the dominant intellectual discourse.

Indigenous Viewpoints and the Problem of Puerto Rico

Numerous researchers within the field of social sciences such as sociologists, political scientists, psychologists, anthropologists, historians, etc., have been actively involved in trying to explain Puerto Rico's numerous structural problems and contradictions. In their work, they point out that Puerto Rico embodies some of the gravest contradictions in the present economic and political order, both on an international scale and within the United States (Maldonado-Denis, 1976, 1977; Johnson, 1980; Zavala & Rodríguez, 1980; Sánchez, 1987; Falk, 1986; Hernández Cráz, 1987; Fitzpatrick, 1987; Pico, 1990; Fernández, et al., 1992; Alvarez-Curbelo, 1993; Meléndez & Meléndez, 1993; Fernández, 1994; Díaz-Quíñonez, 1994).

The perspective required to understand Puerto Rico's wide array of chronic social problems appears to rely on assessing its colonial relationship with the U.S. The task of these scholars is, therefore, to produce a broadly gauged, thorough-going, objective description of Puerto Rico's place in today's world. Some central
themes in this inquiry include the changing nature of colonial relations with the advance of capital on a world scale; the shifting currents of capital movement, labor power, and other commodities within and across national boundaries; the interplay of language and culture as filtered through class relations in the process of acculturation and resistance to assimilation (Boselga, 1974; García-Martínez, 1976; Rohrlich, 1979; Bonilla & Campos, 1982; Falk, 1986; Sánchez & Stevens-Arroyo, 1987; Rodríguez, 1990; Walsh, 1991). Nevertheless, Puerto Rico's almost century-old relationship with the U.S. also involves other important issues, including culture, national identity, migration, way of life, marginalization, and isolation from Latin America and the Caribbean (Senior & Watkings, 1968; Maldonado-Denis, 1972, 1980; Alatas, 1972; Falcón, 1976; Heine & García-Passalacqua, 1983; Jennings, 1983; Sánchez & Stevens-Arroyo, 1987; Fitzpatrick, 1987; Baerga & Thompson, 1990; Meléndez & Meléndez, 1993; Díaz-Quinonez, 1994).

According to Johnson (1980), the political status of Puerto Rico remains the most important unsettled issue for Puerto Ricans. Johnson argues that status determines the kind of relationship the island can have with other countries of the world. "The status issue divides the people of the island like no other issue" (p. 160). Therefore, the researcher's focus of concern and theoretical approach chosen to direct his/her study depends on their own political and ideological orientation which is influenced by their notion of Puerto Rico's reality. Yet, regardless of what the researcher's
political orientation may be, "everyone shares the common insight that Puerto Rico is still a non-self-governing territory" (p. 160). This is a fact, regardless of the various federal grants granted to our government to assist multiple social programs, the relatively high per capita income compared to the rest of Latin American nations, food stamps and U.S. citizenship. According to Pantojas-García (1990), contrary to the rest of Latin America, Puerto Rico never became independent from Spain. In 1898, as a result of the Spanish-American War, it became a colony of the United States. This historical event should be taken as the starting point in understanding various inconsistencies in the analysis of the relationship between the state and the ideology of development in Puerto Rico. In doing so, the researcher should keep in mind that Puerto Rico's history did not start with the U.S. invasion of the island in 1898 as the dominant westernized ideology asserts. Puerto Rico's structural problems date back to the early years after the European encounter with the Americas. However, critical analysts of the U.S.-Puerto Rico present institutional arrangements believe that the mightiest form of intellectual, cultural, political, and economic imperialism has taken form in modern Puerto Rico.

Following this line of thought, indigenous voices arguing insistingly that the persistence of colonialism in Puerto Rico implies a restricted state autonomy, since the metropolis (referring to the U.S.) maintains direct control of the colonial state. The colonial state is a highly centralized apparatus that tends to as-
sume many functions normally associated with the domain of the civil society. It tends to regulate most of the social activity in the colony in its attempt to legitimize the dominance of the absent class and to neutralize the potential forces of opposition within the colony (Alavi, 1972; Maldonado-Denis, 1972; Owen & Sutcliffe, 1972; McCall, 1973; Zavala & Rodríguez, 1980; Meléndez, 1990; Fernández, et al., 1992; Meléndez & Meléndez, 1993; Fernández, 1994).

A lack of national prerogatives to enact policies and the implementation of programs comprehensive enough that could best serve the needs of a local population is also seen as resulting from the political and economic control the U.S. exerts over Puerto Rico. Consequently, the few Puerto Rican official's interested in enacting policies and regulations appropriate to the needs of the local population find themselves without much decision making control to do so. It is especially true if their attempts are aimed at developing and enacting concrete measures to help redefine Puerto Rico's political fate and its path to economic development. Consequently, the great proportion of Puerto Rican officials have responded by disengaging themselves from adopting concrete and, most of all, aggressive political and economic initiatives, thus, collaborating in maintaining the current status quo of Puerto Rico. This lack of responsible initiatives on the part of Puerto Rican officials has been defined as a policy-of-no-policy (Clark, 1975; Zavala & Rodríguez, 1980; Fernández, 1994). Thus, this policy-of-no-policy posture has in fact been perpetuated by individual stakeholders and other
group interests in both the U.S. and Puerto Rico.

Notably, Puerto Rican indigenous scholars often use the terms imperialism and colonialism interchangeably, for good reason in their analyses. That is because colonialism—the settlement of foreign territories, the separation of foreign and indigenous peoples by legal means, and the growth of racism—can also be considered a special or direct form of imperialism. Colonization is perceived as a direct and formal political acquisition of states or territories in the periphery. Therefore, imperialism is viewed as the imposition of the power of the metropolitan state over its territories i.e., Puerto Rico. This form of political and economic imposition by the imperialist state is normally forced upon the other by military means, in order to exploit subjugated populations and extract economic and political advantages (Maldonado-Denis, 1980; Meléndez & Meléndez, 1993; Fernández, 1994).

Additionally, Puerto Rico is also perceived as a neocolonial society. Neocolonialism is a relatively new form of colonialism or form of socioeconomic domination outside of that which relies on direct political control (García-Passalacqua, 1983). Puerto Rico's deep economic dependency upon the U.S. and its political dislocation are therefore viewed by indigenous theorists as neocolonialist despite relative political independence granted to Puerto Rico by the U.S. to regulate its internal matters. The island remains economically dependent upon and politically subordinated to the U.S. (Maldonado-Denis, 1972, 1980; Heine & García-Passalacqua, 1985; Bos-
Once those internal dynamics and problems pertinent to the Puerto Rican reality were widely understood, indigenous scholars turned their focus of analyses to history and investigated important world capitalist developments and geopolitical events that took place in the first half of the 20th century. Their early analyses focused on the material conditions of world capitalist development in order to explain coincidental political and dramatic economic restructurizations that were evident in the U.S.'s colony at the time.

In their view, after WWII, most colonies throughout the world had almost disappeared and a new form of imperial systems of influence emerged: the multinational corporation. As multinational corporations continue expanding so does their economic grip on the raw materials and labor of the non-Western world. This is a phenomenon that has been widely discussed by dependency and world systems theorists.

The increasing presence of U.S. multinational corporations and an increasing accumulation of foreign capital on the island may define or characterize Puerto Rico's position at the global level as both classical-colonial as well as neocolonial. Classical, because, capital accumulation was the primary source of expansion of the capitalist world-economy, which by means of imperial conquest introduced capitalism to the world outside of Europe. European imperialistic states expanded into external areas of the world in order to open commodity and investment markets, control labor, monopolize
resources and trade, and to protect those investments from compet­
ing core states. Thus, a classical colonial description fits Puerto
Rican society when analyzing the U.S.-P.R. relationship (Bonillas &
Campos, 1982; Falk, 1986).

Puerto Rico also fit the neocolonial description because the
Commonwealth is a status or relationship where the colony has gained
relative political independence and statehood. A large part, how­
ever, of its productive capacity, resources, economic infrastructure,
and financial institutions are still largely owned by foreign cor­
porations (Maldonado-Denis, 1980; Heine & García-Passalacqua, 1983;
Meléndez & Meléndez, 1993; Fernández, 1994).

According to these indigenous voices, further changes that
took place in the structure and function of the colonial state of
Puerto Rico between 1930 and 1950, late 1970s and more recently in
1990s are understood in terms of the need to establish imperialist
capitalism both on the island and the world. Currently, the wide
range of political and economic functions that exist in Puerto Rico
seem more neocolonial than classical colonial. The latest is per­
ceived by indigenous Puerto Rican theorists as a function of the
need for the construction of imperialist capitalism in the post-mod­
ern era. In order for the U.S. imperial power to lay the founda­
tions for a new colonial model, it was necessary to legitimate the
colonial relationship—by the creation of a free-but-associated
commonwealth status—and to expand the structure and functions of
the colonial state and ideologies involved in all levels of society
These functions met the needs for the reproduction of imperialist capitalism in the postwar era. In order to lay the foundations for a new economic order, it became necessary to relegate the colonial relation by creating a form of commonwealth in the island and to expand the structure and functions of the colonial state (the U.S.) into all economic and ideological levels of its colony. Further development strategies within the colonial context of Puerto Rico were engineered to accelerate and/or to maximize particular modes of accumulation of imperialist capitalism that assume the subordination of wage labor to capital as well as the political subordination of the colony (Pantojas-García, 1990).

Currently, Puerto Rico's political status is defined by Public Law 600 (PL 600) and the Puerto Rico Federal Relations Act it created. Public Law 600 went into effect in 1952, and authorized the government in Puerto Rico to draft a constitution and to establish a republican form of government. Unlike most independent nations, Puerto Rico's Constitution was modeled after the U.S. Constitution and approved by negotiation with the U.S. government (Nievez-Falcon, 1976; Pantojas-García, 1990; Rodriguez, 1990; Quiñonez, 1994).

Puerto Rican exemptions from federal taxation (later defined as Section 936), a common monetary system to facilitate economic transactions, inclusion in the U.S. Customs area, provision for the collection and return of excise taxes, access to U.S. financial markets, special treatment under federal tax laws, insular maritime
legislation, partial exemption from the Fair Labor Standards Act, prohibitions against commercial treaties with foreign nationals, direct federal transfers to individuals and the public bureaucracy, and application of Taft-Hartley legislation were also in practice before the 1952 establishment of Commonwealth status (Meléndez & Meléndez, 1993).

Indigenous theorists went further in stating that the U.S. colonial policy toward Puerto Rico has historically been derived from two considerations: first, utilizing Puerto Rico's strategic location in a region of critical geopolitical significance, and securing a favorable investment climate for U.S. corporations. Since then, Puerto Rico has been an extremely profitable base of operations for U.S. businesses. In this type of relationship, three specific periods of change have been particularly important in the island's economic growth, all characterized by export-oriented industries producing for the U.S. market. First, the sugar-based economy under the control of absentee corporations. Second, U.S. owned labor-intensive manufacturing products. And third, and most recently, large-scale capital-intensive pharmaceutical and electronics firms and sophisticated financial and communications services under the control of global enterprises (Maldonado-Denis, 1977, 1980; Dietz, 1987; Meléndez & Meléndez, 1993).

Puerto Rico's fast economic transformation is thus seen as the result of complex and ever changing economic activities on the part of U.S. multinational corporations on the island. The U.S. has suc-
ceeded in establishing a political and economic environment in Puer-
to Rico that accelerated the island's integration into the U.S. eco-
nomy as a low-wage manufacturing center. More recently, Puerto Rico
has become one of the most profitable assembly, packaging, and test-
ing platforms in the world for multinational firms and has evolved
into an important offshore banking site as well (Meléndez & Meléndez,
1993; Kane & Bernard, 1989). However, growth has not diminish-
ed the deplorable social and economic conditions that plague the
indigenous population of Puerto Rico.

The combination of these elements suggest that Puerto Rico
should not only be regarded as a classical colony or a neocolony,
but also as a modern [post]colonial society. In making such an
assertion it is implied that Puerto Rico has survived the postwar
decolonization movement—in which the colonial state has become the
center for the focus of both the metropolis/colony contradictions
and that internal to the colony, the labor/capital contradiction.
This type of political and economic arrangement does not necessarily
suggest that the colonial state is simply an instrument of repres-
sion for the indigenous population nor the absentee class. The col-
onial state (whose primary interest is to maintain the existing pol-
itical and economic order) principally articulates the interests of
the absentee ruling class, although not exclusively (Pantojas-Garc-

More importantly, however, is the grim fact that from the
1930s, through the 1990s, the political state of Puerto Rico had not
changed much from where it had been in the early 1900s. That is, the important functions of government and state apparatus were controlled by the U.S. Although at the present days it has slightly changed, colonial officials responsible for modifying and/or implementing policies which directly affect Puerto Rico still are as isolated as ever from the Puerto Rican people, political movements, and culture. This clearly illustrates the degree of isolation of the colonial governors and other officials from local political control and the continued position of Puerto Rico as an unincorporated possession of the U.S. Likewise, the U.S. domination over the Puerto Rican economy has not changed within this period any more than its political climate (Maldonado-Denis, 1972; Garcia-Passalacqua, 1974; Pantojas-García, 1990).

Furthermore, the Great Depression of the 1930s prompted the expansion of the colonial state in Puerto Rico to consolidate its control over the colony. The metropolitan state (the U.S.) helped the colonial government to facilitate a state-based strategy for industrial development which, as seen by indigenous analyses, constituted a new initiative in the U.S. for restructuring its colonial domination over Puerto Rico.

The U.S. early development initiatives over Puerto Rican soil signify that the process of industrialization in the island, which was prematurely imposed, varied greatly from that of most Latin American societies. More specifically, in Latin America the main push for industrialization came from the local bourgeoisie (Dietz, 1987;
Pantojas-García, 1993), whereas, in Puerto Rico the process of industrialization came through a massive infusion of U.S. monopolistic capital which coincided with a massive emigration of the island surplus population to the U.S. (Rua, 1980). In the advent of the great depression of 1930s, therefore, Puerto Rico became increasingly dependent upon the metropolis, whereas, Latin American societies supported an expansion of local industrial production (Pantojas-García, 1990). This, unlike the case in Puerto Rico, strengthened the political position of their local bourgeoisie giving them a greater degree of autonomy and less economic dependency on core nations.

The implications of obvious disagreements over political and economic issues in Puerto Rico are theoretically significant. As stated in Chapter I, Puerto Rico has become one of the most profitable assembly, packaging, and testing platforms in the world for multinational firms and has evolved into an important offshore banking site as well. Yet, such high-end economic growth has not mitigated the deplorable social and economic conditions that plague Puerto Ricans. Many significant structural changes in Puerto Rico’s economy which started to be apparent in the mid-1960s, have brought with them numerous negative factors. The transformation of the industrial base toward enhanced capital intense production and expanded use of technology in Puerto Rico did not require a large, capable labor force. Workers increasingly saw themselves displaced from their formal labor market jobs resulting in a persisting high poverty rate in the island. Currently, about two-thirds of the popula-
tion remains under the poverty level, which makes them eligible for any type of federal assistance available.

Puerto Rico's per capita income is still less than one-third that of the United States ($5,157 in 1988, $6,000 in 1990), or about 47% of the per capita income of Mississippi, the poorest state in the U.S. Unemployment is unofficially estimated at 25% of the labor force in the 1980s and 15% in the 1990s. The labor participation rate is extremely low and still consists of only about 41% of the island employees (Santiago & Thorbecke, 1988; Pantojas-García, 1990; Melández & Melández, 1993). It is true that Puerto Rico has made measurable economic gains over the last four decades. Such economic changes and advancements in its infrastructure have not yet been able to fully benefit the majority of the inhabitants of the island. Yet with all these economic contradictions, the colonial power still has managed to develop fiscal tools to promote accumulation from the colony. Puerto Rico's economic model does not represent the people of the island, much less serve their needs. It has been engineered to meet the demands of a highly competitive and demanding international market (Melández & Melández, 1993).

In actuality, Puerto Rico is acutely dependent upon the federal government for economic subsistence and the operations of the colonial government. In 1988 federal transfers to Puerto Rico reached almost $6 billion, which accounted for 21% of the island's personal income and 31% of the Commonwealth government's annual receipts (Cook, 1992). Today, illiteracy still afflicts 11% of the
population in contrast to less than 3% in the United States (Meléndez & Meléndez, 1993), a factor which restricts their ability to fully participate in a more sophisticated and evolving economy.

Contradictions such as those elucidated throughout this text have increasingly become the subject of inquiry and the starting point of investigation for sizable numbers of indigenous analysts. These indigenous social scientists agree that in order to understand the wide array of problems confronting Puerto Rico we should first be acquainted with the distinctive political and economic relationships that exist between the U.S. and Puerto Rico. This unique form of government that exist in Puerto Rico in relation to the U.S. alone, makes it a very difficult case to be studied by relying on dominant Eurocentric theories of development.

Furthermore, those who call for social change believe that the government has been unable to effectively deal with these problems because Puerto Rico's economy is still facing structural limitations and remains extremely dependent on U.S. programs and policies. In their view, Puerto Rico lacks many of the policy instruments needed to regulate its own internal affairs which could be beneficial for its indigenous population, including its ability to regulate the operations of multinational corporations on the island. Thus, the wide array of political and economic establishments that constitute the very fabric of the state in Puerto Rico should be interpreted as neocolonial (Pantojas-García, 1990; Meléndez & Meléndez, 1993). The Puerto Rican economy has been annexed to that of the U.S. mainland.
and along with it came its internationalization. Therefore, any attempt to enact socially responsible policies that will benefit the inhabitants of the island in the long run, is obstructed by fears that it could jeopardize the current investment climate for U.S. transnationals.

According to Pantojas-García (1990), and Melendez and Melendez (1995), the present U.S.-Puerto Rico relationship is based on calculations of power and wealth. We have seen patterns of U.S.-Puerto Rican relations set up in a way where the post-colonial power (U.S.) is fully exploiting Puerto Rican material and human resources. From an indigenous standpoint, this form of neocolonialism is exploitative and oppressive in nature. Further, neocolonialist policies have to transform the political, social and economic structure of Puerto Rico to best serve the needs of the core state. The United States disregards the needs of a far more destitute population in Puerto Rico.

Surprisingly, these tenuous economic and political features of the island’s current relationship vis-a-vis the United States have been skillfully exploited by two quite opposing orientations--the pro-statehood and pro-independence activists. In actuality, Puerto Rico’s colonial status is in a state of crisis and interestingly, all political and ideological fronts acknowledge the need for change. Those indigenous scholars who advocate for the creation of an independent state, at least ideologically, see the process of development and underdevelopment in Puerto Rico as consequences of politi-
cal and economic inequalities between Puerto Rico and the U.S. Their work appears to be heavily influenced by the Marxist dialectic of economic development. In their view, developed countries have achieved their position at the expense of the less developed countries which remain poor as a result of exploitation by the rich and developed nations. The process of development is therefore seen as the result of the dynamics of imperialism. This former assertion also seems influenced by the general postulates of the Latin America Dependency School. Indigenous theorists also seem to believe that the creation of the Commonwealth of Puerto Rico in 1952 can best be understood in the context of domestic and international political-economic developments. In the immediate post war era, dominant political forces in the colony, intent on preserving their hegemony, sought an alliance with U.S. capital and metropolitan state interests. The creation of the commonwealth gave Puerto Rico some autonomy within the internal policy decision making process. However, the present local as well as international political subordination and total economic dependency of Puerto Rico to the U.S. could be adequately understood within a classical and/or neocolonialist framework (Johnson, 1980).

A widely used framework of such studies also involves the systematic analysis of intergroup relations, and especially dominant-minority form, characteristic of the United States--Puerto Rico political and economic relationships. This latest framework of study also seems heavily influenced by the Marxist dialectic of intergroup
dichotomies. The analyses of dominant-minority relations is a theme of contemporary sociology that can be applied to colonialism and migration—the two types of situations in which the groups meet (Zabala & Rodriguez, 1980; Hernández-Crúz, 1987). Colonialism is seen as an invasion that allows the incoming group to impose its values on the colonized. Migration, on the other hand, generally places the incoming group into a disadvantageous situation regarding the host society's values and resources.

Of these two types of situations the first, colonialism, has been absent in the analyses of most traditional mainland scholars (Harvey, 1950; Demas, 1965; Curtis, 1966; Clark, 1975; Rodriguez, 1975; Ruíz, 1981; Jennings, 1983; Carr, 1984; Mann, 1985; Santiago, 1987; Cook & Fitzpatrick, 1988; Cook, 1992). Instead, the Malthusian perspective and the assimilation process dominated the analysis of the Puerto Rican experience. Furthermore, disregarding the impact of colonialism, mainland scholars assume that Puerto Ricans are in the United States because they do not fit on the Island. In such views, migration is seen as economically necessary. Migration from Puerto Rico to the U.S. mainland provides a continuous supply of cheap labor to mainland low-paying jobs in factories and other businesses while helping alleviate the problems of over-population, unemployment, poverty, and a wide range of other types of societal problems in the island. Thus, Puerto Rican migration to the United States is being perceived as beneficial to both countries and to the migrants themselves (Chenault, 1938; Senior, 1947; Harvey, 1950;

Social scientists who follow this line of reasoning believe that the main cause of Puerto Rican migration is the disparity between population growth and development in the emigrants' country. However, in their analyses, the conditions of underdevelopment are not tied to a particular mode of production which may create and expand the gap between population growth and employment opportunities found in the work of prominent indigenous scholars such as Maldonado-Denis, 1977; Centro de Estudios Puertorriqueños, 1979; Ruiz, 1980; Melendez & Melendez, 1988; Fernandez, 1994.

Further, most of these authors who tend to focus on such disparities between population growth and development, believe the economic growth of a country is equated to per-capita income, and migration is significant because its has the effect of reducing unemployment figures. Thus, the causes of emigration are seen in terms of push and pull factors affecting the motivations of migrants. In this view, the Puerto Ricans are seen as newcomers in the process of incorporation of minorities into the United States' society, properly motivated toward assimilation (Chenault, 1938; Senior, 1947; Glazer & Moynihan, 1963; Fitzpatrick, 1971).

Such views entirely disregard indigenous scholars perceptions and their significance of the meaning for their migration. Thus,
dominant social science research written mainly by non-Puerto Ricans and Puerto Ricans living in the U.S. mainland, in this instance on Puerto Rico, tend to reproduce the western values and consequently, that of the Western model of development. A case in point is the typical mainland sociological assessment of the Puerto Rican family from an ethnocentric point of view. Not surprisingly, the intimate relationships within the kinship system of the extended family is assessed as pathological. This type of analysis is inclined to suggest that these values interfere with the decision-making process and with the mobility of the nuclear unit in an impersonal industrial society (Hernández-Cráz, 1987). This dominant Rostowian interpretation of the impediments of development in Puerto Rico has also induced a number of indigenous researchers to study Puerto Rico's present problems and contradictions from a rather inside out perspective. This type of ethnocentric way of looking at the Puerto Rican problems can be found in the work of the various indigenous and non-indigenous writers identified earlier.

Today, closer consideration is being conferred on distinctive indigenous viewpoints within the realm of the sociology of development. More recently, distinctive or alternative indigenous perspectives have acquired more credibility among Puerto Rican scholars. In recent decades, alternative indigenous theorizing have been the new trend as a result of the awareness of scholars and students of the 1960s. Advocates of this movement argue that existing developmentalist analogies widely used to study the process of moderniza-
tion and development in most Western societies—well-defined by its ethnocentric point of view—undoubtedly do not apply to most semi-peripheral societies (Hernández-Cráz, 1987), and much less to the case of Puerto Rico.

Further, Puerto Rican scholars influenced by this current of indigenous sociological thought turned to material conditions—with special reference to the Marxian dialectic—for an explanation of unemployment, migration and other social and economic problems facing Puerto Rico. They focused on the prevailing mode of production, economic underdevelopment, and colonialism. They also linked Puerto Rican migration to the United States with unemployment and over-population on the Island, reassessed return migration as a circulatory movement of workers, searching for employment with companies searching for profits (Maldonado-Denis, 1976; Rivera-Quintero, 1976; Dietz, 1978; Hernández-Cráz, 1987; Sánchez & Stevens-Arroyo, 1987).

Currently, the studies under this perspective rely on different interpretations in the analysis of Puerto Rican migration or circulation of workers departing from a Marxist perspective (Maldonado-Denis, 1980; Centro de Estudios Puertorriqueños, 1980). A major concern of this second group is the role assumed by Puerto Rican migration due to depressing wage levels and an increasing industrial reserve army in both Puerto Rico as well as in the U.S. mainland (Hernández, 1967; Centro de estudios Puerto Riqueños, 1974; Vásquez, 1974; López & Patras, 1974; Maldonado-Denis, 1976; Rodríguez, 1975; Falcón, 1976; History Task Force, Centro, 1979; Hernán-
dez-Cruz, 1987).

In carefully assessing the work and philosophical thoughts of the indigenous scholars cited above, a major finding has been that their writing tends to complement or augment each other's work. In most instances their work tends to suggest that existing overpopulation is not to be found in biological proclivities, but in the prevailing capitalist mode of production. Population, they suggest, has a Marxist meaning: the social classes contained in a specific mode of production and the interrelationships among them (Hernandez, 1967; VaSquez-Calzada, 1974; Centro de Estudios Puertorriqueños, 1979; Maldonado-Denis, 1980; Hernández-Cruz, 1987). Whether by colonialism or by migration, the capitalist mode of production creates its own relative surplus population or the army of unemployed, independently of the actual rate of population increase (Sánchez & Stevens-Arroyo, 1987).

Overpopulation occurs when capital accumulation, variable capital, and demand for work do not keep pace with the increase in the working population. This creates the material conditions for the exodus of the working classes, who emigrate with the expectation of achieving employment not found at home. In this respect, Marx and Engels (1987) observed, in a series of articles about the Irish question:

... with modern compulsory emigration the case stands quite opposite. Here it is not the want of productive power which creates a surplus population; it is the increase of productive power which demands a diminution of population, and drives away the surplus by famine and emigration. It is not the population that presses on productive power, it is productive power that
presses on population. (p. 57)

Therefore, the economic structures of colonialism are the historical causes of emigration that results from chronic unemployment and underemployment. Foremost, they emphasize, that any sociological analysis of Puerto Rican migration should located it within the framework of its colonial relationships with the U.S. Underdevelopment and overpopulation ought to be seen as the products of the historical, economic, social, and political relations with the dominant power, be it Spain or the United States (Sánchez & Stevens-Arroyo, 1987).

Ultimately, unlike those perspectives written by non-Puerto Ricans and/or mainland Puerto Ricans whose works tend to assume an outsider-insider perspective and whose work tend to be ethnocentric in nature by putting the blame on the victim, the indigenous Puerto Rican intellectual's concern in this period in history is that of unmasking colonialism in all its facets and revealing its true light. In their conclusions it is not uncommon to find them openly inferring that Puerto Rico is an economic and political system based on relationships of economic exploitation, political control of the weakest by the strongest, including its imposition of cultural assimilation from the colony to the metropolis. Puerto Rico is an example of imperialism in its most classical manifestation. At best, the only way out is seen by some as that of struggle--the rest will be nothing but mystification, fetishism, evasion, and treason to the intelligence of Puerto Ricans (Zavala & Rodriguez, 1980).
An important criticism made to indigenous Puerto Rican scholars lay on the degree of isolation in their struggle for freedom and justice. More specifically, Puerto Rican radicals and intellectuals, whose ultimate goals have been the political and economic emancipation of Puerto Rico from the metropolitan U.S., have for the most part (with few exceptions) carried out their struggle independently from the neighboring Caribbean nations, Latin America, and the Continent of Africa.

Therefore, more recent indigenous voices believe that the Puerto Rican intellectuals must assume an international posture and link hands with their counterparts in other countries exploited by the great colonial powers since they have also suffered and still are suffering from the imperialist practices that afflict contemporary Puerto Rico. Additionally, indigenous intellectuals must strive to achieve intellectual freedom and strive not to perpetuate U.S. intellectual imperialism by accepting the thesis that their basic identification must remain within industrially advanced countries. As Zavala and Rodriguez (1989) once put it, Puerto Rico's loyalties should be with the Afro-Asian and Latin American countries which have suffered and are suffering from colonialism: countries similarly oppressed by Western economic and military imperialism.

Finally, indigenous Puerto Rican theorists also acknowledge the fact that, if Puerto Rico is to become a politically and economically sovereign country, taking into account its inexperience for
it has always been a colony, the job to be done is truly formidable. It also implies that in order to acquire such political and economic independence, it requires no less than confronting a whole U.S. economic, military, and political system: one which has vast interests over the island and which has vast resources and power to propagandize and persuade the general public. As Marcuse (1964) once put it, this one-dimensional and alienating society offers the intellectual no other road than subversion through thought (Zavala & Rodriguez, 1980). And that, as he once implied, should be the intellectual mission of indigenous Puerto Rican scholars today and well into the future.
CHAPTER VI

VISION, ANALYSIS AND STRATEGIES:
PROSPECTS FOR THE FUTURE

Introduction

The study attempted to accomplish various objectives. First, this approach reviewed the history of Puerto Rico from a critical perspective. The writer strongly believes that in order to comprehend the nature of Puerto Rico's present social, political and economic perplexities the reader first needed to become acquainted with its unique historical process of development. Secondly, another purpose of the study was to examine the process and impact that modernization and industrialization have had on the daily life of Puerto Ricans. Third, the study also examined the process of colonialism and the impact of political and economic subordination on the development process in Puerto Rico. Fourth, the study critically examined the major theories of development to ascertain their usefulness and ability to explain profound social, political and economic transformations that have and are still taking place in Puerto Rico. Indigenous Puerto Rican viewpoints were included to assess how their perspectives on the problems of Puerto Rico diverge from those expounded by dominant development theorists.

Finally, within the context established by indigenous Puerto Rican theorizing, this study attempted to assess the strengths and
limitations of the major developmentalist theories' propositions in
general as well as specifically on the problems of Puerto Rico.
Strengths and weaknesses of indigenous Puerto Rican viewpoints were
presented as well.

Limitations and conclusions regarding the present Puerto Rican
political economy as well as of this study are presented in this
chapter. Prospects for the future and alternatives open to the Pu­
erto Rican society based on the facts discerned from the theories
covered in the study will be presented.

Toward Puerto Rico's Future:
Suggested Recommendations

Puerto Rico's historical path to development has been through
the implementation of rapid industrialization programs that have
been ill-designed. In actuality Fomento's policies (Operation Boot­
strap and The Section 936) have depended upon special concessions
from Washington, including tax exemptions, increased federal fund­
ing, and so on. Through the years, the Federal budget shrinks along
with Puerto Rican's quality of life. Most importantly in this mat­
ter is the uncertainty of whether these Federal grants and incen­
tives will be assured to Puerto Rico in the future. Whether the
current Puerto Rican economy would be able to stand on its own if
Federal funds are withdrawn is questionable. This is an important
factor for explaining why a large proportion of the people on the
island are reluctant to support any attempt to redirect Puerto Ri­
co's economic and political fate.
At this point, it is obvious that there is a need to change the present state of Puerto Rico's relationship with the U.S. In other words, there is a need to transform the bases of the development model reflected in the colonial relationship between Puerto Rico and U.S. I will, therefore, suggest various measures that can be taken to modify or redirect the development strategy of Puerto Rico.

As illustrated throughout the study, a fundamental change that needs to take place in Puerto Rico is a commitment to establish clearly defined goals based on a vision of what Puerto Rico should be in the future. Once those objectives for self-growth are clearly defined, planning based on meeting specific ends rather than projecting the present into the future, as is done now, will be permitted (Dietz, 1987).

High unemployment rates in Puerto Rico have been attributed to factors such as the decline of agriculture, overpopulation, the inability of Puerto Rico's industrialization model to generate enough jobs, or to an over supply of workers exceeding the demands and conditions of the job market. In essence, the factors accounting for the existing high unemployment rate on the island are a matter for serious consideration. For instance, agriculture was the leading employer as recently as 1960, when it provided 23% of the island's jobs. According to some Puerto Rican sources, the big push toward industrialization led to the decline of agriculture as a source of employment. Today agriculture accounts for only 3% of the island's
The need to reverse the island's declining agriculture and channeling more resources and efforts into this area will prove to be fundamental to generating new jobs, if it decides to become labor intensive. Both, Puerto Rican officials as well as the U.S. government should strive to assure the provision of technical assistance when needed and be able to offer other types of incentives to stimulate farming whether large production or subsistence family run farms. This approach, would in fact become a major source of employment and income on the island.

It will also help the island to regain some independence in terms of basic products consumed on the island which are coming from abroad. Of course in order to start moving in that direction, the local entrepreneurs and farmers need assurances and protection by the government from unfair foreign competition (Dietz, 1987). One important implication resulting from this type of recommendation is that once those willing to start their own enterprises feel they are part of the democratic process where they live, they will start to feel responsible for participating in the development of their society. The advantages for this is that it would reverse what is occurring in Puerto Rico presently.

The expansion and control of local ownership is an important component of alternative economic development strategies for economic renewal. Portions of the millions of dollars spent on attract-
ing and facilitating the relocation process of foreign companies could be used to stimulate such local ownership. Or alternatively, a yearly low interest loan program could certainly help stimulate ownership among native administrators and other locals. Tax exemptions should be granted not only to foreign companies that come to conduct business in Puerto Rico, but also to locally owned enterprises. Tax exemptions should be more selectively applied and be restricted to only those industries providing local employment. This means that lower exemptions should be given to capital-intensive firms providing little employment and with the fewest linkages with the rest of the economy (Dietz, 1982). Those firms should be required to meet a reasonable schedule for developing linkages with the local economy to maintain their tax exempt status.

Family planning efforts constitute another important point that needs to be reconsidered. Puerto Rico’s birth rate has been drastically reduced over the years. However, it still remains high compared to the U.S. mainland. Puerto Rico is one of the most over-populated areas on earth, ranking just after various Asian nations.

Therefore, the implementation of a comprehensive and a long-term action plan to ensure a decline in population growth, is desirable. Such a plan should also consider enacting a plan to further control Puerto Rico’s lack of jurisdiction over migration policies. Ideally speaking, with an expected economic dynamism which indigenous private investment programs are expected to generate, the employment problems of Puerto Rico can be greatly alleviated. This
will help local officials to redirect Puerto Rico's current development process toward one that is more integrated with the Puerto Rican culture, resources, needs and the desires of its residents. Of course it should not be underestimated that within this framework a relative reduction in population growth overshadowed by an unexpected increase in the return migration rate (e.g., U.S. Puerto Rican residents) as it has happened in the past, will constitute a serious setback to the possibility of economic and social advancements.

According to Santiago (1987), the persistent high unemployment rate in Puerto Rico indicates that it is the pattern of exports which has resulted in relatively low labor absorption rather than the employment generating capacity of individual industries. In Santiago's view, these industries are simply producing efficiently without the need to rely on a labor intensive market. Therefore, efforts should be made to attract U.S. based firms of the kind that rely on more labor-intensive exports than those which are currently settled in Puerto Rico. However, in order to do so, Santiago suggests, it would be necessary to alter the types of firms attracted to the island rather than to force present firms to hire more labor (Santiago, 1987).

In the long run, the first priority should be, to stimulate the capacity for economic growth on the island based on autonomous potential (less dependency on the exterior) capable of generating an indigenous economic growth capacity. To make this task feasible, it
is necessary to have a well designed and comprehensive planning process of national development. Such a national development planning process should be developed by the majority of social scientists and technicians indigenous to Puerto Rico who should exercise control over the goals, objectives, instruments and the course of development to be taken.

These policies are not intended to promote economic and political isolation of Puerto Rico from the U.S. What seems the most viable goal at this point in time is to promote in Puerto Rico an indigenous growth capacity with less reliance on external dependency. Education is an important element in this process. There is a need to integrate the planning and formation of human capital systematically with national economic development. Therefore, it is important to promote and develop indigenous entrepreneurs' talents, and the self-confidence in their own human potential. Again, education is a fundamental factor that can be utilized to promote cultural and social identity among Puerto Ricans and will help them to prepare for the rapid political, economic and technological advances that are taking place around the globe. Therefore, by educating the general public regarding their potential and capabilities throughout the various formal and informal educational institutions, these ends could be made attainable. Should the Puerto Rican people become conscious or reoriented towards those ends, they must not cope with and be willing to tolerate the same mistakes of the past and this time there would no be room for excuses.
Conclusion

In this last section, I comment on the limitations of the study and then discuss its contributions and implications. I begin with the former. Limitations and contributions of this study are numerous depending on the critic's methodological and ideological orientations.

Some of the major limitations of the study are the difficulty in establishing the exact meaning of concepts used, the application of given theoretical perspectives to a selected social context; and to some extent, the methods employed for the study. The use of development theories in more than one social context have been extremely useful in the understanding of certain dynamics such as the nature of development and colonialism, underdevelopment and colonialism, acculturation and colonialism and dependency and colonialism.

The concept of modernization or development in this study has been defined as the extent to which a society is able to meet the needs of the people. The concept of dependency has been correctly employed to denote the inability of an economy to stand on its own and the extent to which the basic elements needed in a society to assure its survival also relies on external sources.

These definitions assume that the reader has a fair understanding of each of those concepts. It also assumes that one knows what the needs of the people are, that the people themselves know and that the social, economic, and political activities in the society are directed towards the fulfillment of these needs.
However, it is doubtful if the former statement is ever the case. Social and human progress does not necessarily mean that in order to live comfortably a society should follow the same pattern of economic and social growth experienced by more advanced capitalist societies. In fact, lessons learned from the Puerto Rican experience constitute a clear illustration of this type of oversimplification. On the contrary, other societies have pursued a development process which does not emphasize rapid industrialization growth nor increased surplus productivity, but have focused mainly on meeting the basic needs of their population through more centralized planning with an internal focus.

It is apparent that the correlations between modernization, rapid industrialization, and urbanization are not consistent with a high standard of living as the case of Puerto Rico indicates. As previously noted, this requires a continuous search for alternative models and approaches to development based on greater self reliance. The significance of specific social dynamics in societies as proposed by dependency theorists, modernization theorists, world systems theorists and indigenous Puerto Rican analysts cannot be overstated nor underestimated. These theories have been shown to possess valuable insights into the process of development, but they also face major limitations in their ability to focus on social and cultural patterns of behavior in important processes that need to be underscored. The emphasis on the sovereignty of nation states and the recognition of individual, national, ethnic, regional and other
structural differences suggest that more attention should be placed on their differences and the impact of those differences rather than on their similarities (Andzenge, 1991).

A genuine understanding is possible only when varied theoretical explanations of these phenomena (development) are integrated to construct a more comprehensive understanding of their uniqueness and differing historical reality. Indeed, this study attempted such an integration. This constitutes a major contribution of the study.

Consistent with Rua’s statement, "this study has demonstrated that Puerto Rico in the nineties is a society showing all the indices and contradictions of a bourgeois neocolonial formation of great development" (Rua, 1980, p. 329). However, Puerto Rico could also be seen as a post-modern-neocolony meaning that almost all possible advanced forms of monopolist expansion and domination have been manifested on the island. For example, digital technology, petrochemical complexes, expansion of insurance corporations, massive penetration of publicity and propaganda enterprises and of automated complexes on all levels, a very sophisticated banking and financing center, educational institutions, and a military bastion used by U.S. and European nations for maneuvering and other coordinating activities are some of the indicators of a post-modern-neocolony.

Puerto Ricans, like other peoples of the Caribbean and Latin America, must live with the fact of a colonial history. The problems confronting Puerto Rico may not be strictly related to its
present colonial reality since each of its independent neighbors is also dealing with the problems of population growth, agricultural stagnation, inadequate or ill conceived industrialization programs, a wide range of social maladies, dependency upon U.S. goods and technology and a high rate of migration to the urban centers or to the U.S. Thus, it is questionable whether those Caribbean neighbors are experiencing these problems identified above at the same magnitude and extent as Puerto Rico. Further, whether becoming the 51st state or an independent Puerto Rico would resolve these problems is something difficult to determine. It is difficult to predict whether Puerto Rico, under its present colonial model, will ever achieve the same level of economic development as the other fifty states of the union. Nor it is known whether an independent Puerto Rico will follow a path similar to Haiti or Dominican Republic.

The question whether Puerto Rico’s economic growth and political and economic independence from the metropolitan U.S. could actually be completed is beyond the scope of this study. However, in their quest for accurate predictions, both policy makers as well as researchers, should take into careful consideration Puerto Rico’s present degree of cross-class acculturation, institutional, and economic integration with the metropolitan U.S.

It is critical that any attempts at renegotiating Puerto Rico’s political and economic relationship with the U.S. must be conducted within the framework of its people’s aspirations, their needs, their language, their cultural expressions, and more impor-
tantly their long history of economic and political subordination by colonial powers--Spain and the U.S.

A case in point, some argue, is that, perhaps by Puerto Rico becoming a formal state of the U.S., its inhabitants would, at least, have the opportunity to move from second class citizens to first class and from a colony to a state. Under the current status that Puerto Rico finds itself, any state of the Union enjoys more freedom of choice and negotiations than the island does. And as far as the argument goes, once an established state of the union, Puerto Rico would have the autonomy and freedom to enact policies and regulations that will benefit them as citizens and as a part of the union.

However, both independence and statehood seem to be only a dream. The former advocates come from a small but well off sector of the Puerto Rican population trying to protect their economic interests on the island. And the later coming from a relatively larger well off elite of Puerto Ricans, enjoys far more support than the former in both Puerto Rico and the U.S. As far as politics go, either orientation, statehood or independence, claims it will perhaps prove only to be a fatal dream. This is a fact that we must live with and one that deserves careful consideration. The political and economic fate of the people of Puerto Rico resides in the choices they make. And for the time being, independence is not and has never been the main choice of the larger dispossessed sector of the population of Puerto Rico.
ENDNOTES

1 Under Foraker Act, the president of the United States appointed the Governor of Puerto Rico and eleven-man Executive Council. The Act specified that five members of the council be Puerto Ricans (Clark, 1975).

2 This was another Jones Act—that of 1916 implemented in Puerto Rico—which granted more self-government (and the promise of future independence) to the Philippine Islands.

3 FOMENTO is the Spanish name for Economic Development Administration Agency (EDA) or Operation Bootstrap. The centerpiece of this strategy was the offer of a free manufacturing and distribution zone similar to enterprise areas in today's urban ghettos and barrios. In this case, full tax exemption from Federal, state and local government was granted to those who invested in manufacturing facilities in Puerto Rico.

4 The timing of this industrial initiative was the most appropriate. There was a large number of U.S. companies in search of secure outlets for their bountiful wartime earnings. Given the lack of indigenous capital and technology, the PDP's managers and technocrats decided to push to the hilt Puerto Rico's main "comparative advantage:" its status as a U.S. territory. Investors were thus offered what seemed to be an unbeatable idea: low wage laborers, tax-free profits under the U.S. flag, and unrestricted access to the U.S. market (Heine & Garcia-Passalacqua, 1984, p. 35).
By exporting birth control technology and by promoting its use, the assumption of highly industrialized societies is that this will enable women to have more time available to work outside the home and to spend less time on child rearing, hence birth rates should decline as they have in industrialized societies.

Wallerstein examined the breakup of feudalism, the rise of the centralized state bureaucracies, and the social organization of agriculture. He argued that the crisis of feudalism was represented by a conjuncture of secular trends, an immediate cyclical crisis, and climatological decline, the consequence of which was the formation of the capitalist world economy as a new form of surplus appropriation.

According to Wallerstein, as of 1450, the stage was set in Europe, but not elsewhere, for the creation of a capitalist world-economy. This system was based on two key institutions, a worldwide division of labor and bureaucratic state machineries in certain areas. He argued that after 1600, although the boundaries of the world-economy remained largely the same, there were differences regarding the allocation of resources, economic roles, and wealth and poverty and location of wage employment and industrial enterprise (Wallerstein, 1980).

For a more complete description of Rostow's five stages of economic growth scheme, please refer to Modernization Theory in Chapter 2, pp. 46-47 or refer to Rostow, (1960). The stages of economic growth: A noncommunist manifesto. Cambridge University
Marx had developed a dialectical materialist theory of society in which society progressed from lower to higher stages due to changes in its material and technological base. Marxian theory implied that change is natural, directed, imminent, continuous, and derived from uniform causes. The major aim of Marx's method was to explain the many historical connections between the economy and all other facets of society.

In Marx's view, history was made as a result of practical human activity, especially as a result of the need to exercise technical cognitive control over a viable natural environment. Marxian historical materialism focused on an epistemology that explains social change and human consciousness in terms of the underlying changes in the mode of production. Marxian thought rejected methodological individualism which is a mode of inquiry that tries to explain social life by concentrating on the experiences and activities of individuals (Zeitlin, 1994).

Andre Gunder Frank, in his book entitled Capitalism and Underdevelopment in Latin America, (1967), helped set the foundation for the dependency approach. Frank rejected the main postulate of modernization theories which tend to blame the underdeveloped status of third world nations on their inability to advance through the normal capitalist stages. He based his theory on Marxist principles such as dependency, exploitation and domination (Collins, 1988).

Multinational corporations have been defined as the ability
of one or more enterprise or organizations to grow and expand its operations beyond its national boundaries, resulting in an increased concentration of capital and consolidation of its dominance in production at a world scale (Maldonado-Denis, 1972; Dietz, 1982; Boswel, 1989).

Malthus' theory rests upon the supposition that man's capacity to increase his means of subsistence was much less than his capacity to multiply. He asserted that man could increase his subsistence only in arithmetical progression, while his numbers tended to increase in geometrical progression. The history of mankind demonstrated, Malthus said, that population always tended toward the limit set by subsistence and was contained within that limit by the operation of positive and preventive checks. The checks--want, famine, pestilence, and premature mortality--were all resolvable into terms of misery and vice. Emigration was also viewed by him as a temporary palliative to population pressure. See, Thomas Robert Malthus, An Essay on the Principle of Population. (London, 1803).
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