# PUERTO RICO

## System of Government

Puerto Rico's relationship with the United States has no direct parallel in the American system. It is neither a "State" nor a "Territory" but in fact enjoys a unique status created by the 81st Congress of the USA in 1950 as a "Commonwealth" or "Estado Libre Associado". Under the terms of political and economic union between them, Puerto Rico benefits from all the advantages of participating in a custom unions with the United States while avoiding the burden of paying U.S. Federal taxes.

Puerto Ricans are citizens of the USA, and have all rights, privileges and obligations of any other citizen, with the exception that islanders may not vote in United States presidential elections. The "Commonwealth" constitution, adopted by the people and ratified by the United States Congress in 1952, provides for a republican form of government with executive, judicial and legislative branches. It provides for the exercise of government through a Governor, elected by direct referendum to the people, based on universal adult suffrage, for a four year term. He has all other priviliges of a congressman except the right to vote.

The current governor, Sr. Carlos Romero Barcelo of the pro-statehood party (New Progressive Party) was re-elected in the November 1980 election. He defeated Hernandez Colon, of the pro-commonwealth party (Popular Democratic Party), governor from 1972 to 1976.

## Economic Overview

The Puerto Rican economy is guided in many instances by the decisions of U.S. mainland firms. The close trade ties with the United States, particularly on the export side (89% in 1979), tend to make the island's economy subject to United States production and demand shifts.

Under operation Bootstrap, the Puerto Rican economy displayed strong economic growth in the 1950's and 1960's with an average annual GDP growth of 7 percent. However, the growth rate slowed considerably between 1973 and 1977 to an average of 1.7 percent annually resulting from the oil crisis and the ensuing U.S. recession. Growth rates for 1978 and 1979 recovered to 5.5 and 5.0 percent respectively. GNP per capita reached over U.S. $3,000 in 1980.

However, the 1979/80 oil price increases and the recession in the U.S. are leading Puerto Rico's economy towards a period of negative growth. Moreover, population growth has outstripped employment, creating structural unemployment of over 20 percent at the end of 1981.