



October 14, 2016

Senator Orrin Hatch
Chairperson Congressional
Task Force on Economic Growth in Puerto Rico
U.S. Congress Washington, DC

Dear Chairman Hatch & Task Force Members:

Please find attached our views and solution to Puerto Rico stagnant economy. Our proposition is to transform the island into the economic hub of the region. I invite you to take the time to read it in detail. It is design not to impact the U.S. treasury and make any substantial change in the island political status. It is titled; "Puerto Rico, what next a Ghetto or a Global Metropolis?"

During the discussion of the Free Trade Area of the Americas (FTAA) our organization was actively involve in establishing the city of San Juan as the Secretariat of the FTAA. From that work is where the idea herein presented was seeded. A couple of weeks ago we presented a speech on the work and it was well received by an audience of sophisticated investors and commercial men.

If you find that such plan is a viable alternative to move our economy from its stagnation do not hesitate to contact us.

Regards,

Jose Gonzalez Freyre

Jose Gonzalez Freyre
President

I won't spend much time in what we all know or should know.

Puerto Rico is suffering its worst financial and social crisis in its modern history. It is experiencing its largest population loss ever. The loss of local capital is more severe than that caused by the exchange of the "Puerto Rico provincial peso" for the U.S. dollar shortly after the American Invasion of 1898. At that time, Congress imposed onto the inhabitants of Puerto Rico their first federal "Junta de control fiscal". This Junta ordered the inhabitants to exchange their provincial pesos for dollars at a junta devalue rate of 60%. Curiously, the debt wasn't devalue to the exchange rate. The result was a massive transfer of wealth from the Colonial farmers to four newly formed American Sugar Corporations created by Wall Street investment funds. The first Governor of that "junta de control fiscal" was Charles Herbert Allen. Who after spending P.R.'s budget in building a railway system for the Sugar companies headed to Wall Street to work for the Morton Trust Company, and founded the Sugar Syndicate known as the American Sugar Refining Co. They rule the land for the next 50 years.

The three and a half million American Citizens residing in Puerto Rico should not be held responsible for The United States Congress negligence and complicity in allowing its Territory to misrepresent itself to the world while incurring over 100 billion dollars of indebtedness. The United States Supreme Court in its most recent decision made quite clear that this enchanted island is Congress private farm and its residents are mere caretakers. It is now quite clear that Public Law 600 was just a mere sham concocted by Congress and the State Department to quiet Harvard educated Pedro Albizu Campos nationalistic outcry for Puerto Rico's independence. Congress in collusion with local politicians were so successful in selling their sham that still today some of the judges in the Supreme Court have dissenting opinions as to Congress true intentions for the territory.

It was the Cold War Red Scare of Senator Joseph McCarthy, and J.B. Hoover combined with the outcry of nationalistic orator Albizu Campos that brought economic change and development to Puerto Rico. In July 1950, during the global and national political turmoil of the Post War era, President Truman signed Public Law 600. The local reaction was such that for the next 100 days martial law had to be declared in Puerto Rico. During this period, US Air force P-47 Thunderbolts attack airplanes bombed and machine-gunned the towns and the American

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Citizens that resided in the towns of Jayuya and Utuado. In another event, four member of the Nationalistic party were killed in a Caravan by police in Peñuela, and shortly thereafter President Truman was one room and one body away from being assassinated by an allege Albizu Campos follower. The Secret Service agent standing guard took a bullet intended for the president. Albizu Campos while not connected to the assassination attempt suffered a similar fate as Julius Rosenberg and his wife Ethel Rosenberg. Indeed, those were turbulent times in America and in the world. The Soviet Union had successfully tested its first atom bomb; Communist Mao Zedong had taken over China, the Korean War had commenced and an assassination attempt had cost the life of the only Secret Service agent that has taken a bullet intended for a President of the United States.

The effects of the Cold War, the Red Scare, the Cuban Revolution and the Cuban Missile Crisis brought prosperity to Puerto Rico. The U.S. Congress designed for Puerto Rico a series of industrialization programs to showcase the social and economic advantages of U.S. Capitalism over Russian style Communism. Puerto Rico was on center stage showcasing the American Dream to the world! The last show was the well know "936" program. Notwithstanding its huge success, the 936 economic development program was cancel by Congress in collusion with local politicians shortly after the collapse of the Soviet Union and the end of the Cold War. Showcasing Americas Capitalism was no longer a Congressional priority, as a result the dismantling of Puerto Rico's economy commenced.

The territory fiscal obligations today surpass the 100 billion mark. This debt was incurred in financing the infrastructure for Congress's Caribbean farm, the upkeep of the farm Caretakers and the upkeep of the American Capitalist Cold War Propaganda in the region.

As one of Congress Caretakers, **I propose a new economic plan. The plan is to transform the whole island of Puerto Rico into a Foreign Trade Zone of the United States under the Foreign-Trade Zones Act of 1934, under a modified Stevens Amendment and under the travel without visa program (section 233 of the INA).** This Zone would permit the free entry of material goods, free immigration and free trade into the territory. Puerto Rico would then be transform into the first truly Global Metropolis.

The rules would be few and simple.

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Children born to US Citizens in this Zone will continue to be born as US Citizens. However, the rights of the United States Constitution would not cover those non US Citizens that visit or reside in the territory.

Residence in Puerto Rico would not count as time spent in the United States nor acquire any rights or entitlements to the fruits of the US Constitution.

The income generated in Puerto Rico would not be covered by the IRS worldwide income rules.

Everyone will have to clear U.S. immigration and customs in Puerto Rico's ports before embarking to the mainland. Homeland Security and the U.S. Department of Commerce would be in charge of overseeing the Foreign Trade Zone.

Visitors to Puerto Rico would not need a U.S. Visa to visit and do business in the territory.

The benefits would be a massive increase in tourism as Visas would no longer be required. The utilization of our infrastructure of our airports and ports as Global transportation hubs for passengers and for cargo would also be massive. Puerto Rico would become the healthcare hub for a region that encompasses more than 40 nations. It would be the Regional Hub provider of services such as Banking, Finance, Insurance, Accounting, Architecture, Engineering and Educational services. Our added value manufacturing center would be reviving along with the revival of our construction Industry.

How do we do this? It's fairly easy. We do it within our present political system.

Congress amends Section 808 of Law 108-176 of December 12, 2003, also known as the Stevens Amendment, to include the Puerto Rico name next to Alaska, under 49 U.S.C. section 41703 (e) and reestablish "transit-without-visa" program on the island.

Congress legislates that US. Laws must specifically mention Puerto Rico Free Trade Zone in order to apply.

Congress legislates that the whole territory will be covered under the Foreign

Trade Zone act of 1934.

This would be an experiment into the future. If it doesn't develop into the promise economic and social welfare, Congress can cancel it.

The United States is all about freedom, let's experiment with a new kind of freedom. Let's free Puerto Rico from its present shackles, let's allow us opportunity to compete in the world marketplace. We are surrounded by 40 nations that we can visit at will but they can't visit us at will. Allow us to compete!

Presently there is only two routes either we transform ourselves to be the first Global Metropolis or we keep the present route that has been leading us to become one huge American Ghetto in the middle of the Caribbean Sea. Is this Congress new role for us? Showcasing the "American Ghetto Way of Life"?

As to the debt. The debt attaches to the farm owner. Caretakers are never liable for farm debts. We all know whose owns this farm. It is the farm owner responsibility to decide if he wants a money losing farm or a productive farm. A productive farm can pay the debts of the farm owner. All it takes is good management and a change in the crop planted. The ball is in Congress court. For over a hundred years we have been following Congress orders. They wanted sugar, we cover the island with sugar cane fields. They wanted us to defend the nation, for a hundred years we have shed our blood in all the American battlefields. Congress wanted suburbia, we planted concrete in top of all the sugar cane fields. Congress wanted highway and cars for the Detroit Automakers, we built roads without walkways and bought cars and more cars. Congress wanted single family homes, we built single family homes. Congress wanted deficit spending, we built up the deficit. Congress wanted a "Showcase of the Americas" we became the "Economic Miracle".

For the past one hundred and eighteen years, Puerto Rico has follow Congress orders to the letter. We have play the game under Congress rules. So what next? **Do we showcase the American Dream as an American Ghetto or as a Global Metropolis?**