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An analysis of the role of public relations  
in the development of the industrial  
promotion program sponsored by the  
Commonwealth of Puerto Rico

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BOSTON UNIVERSITY

School of Public Relations and Communications

Thesis

AN ANALYSIS OF THE ROLE OF PUBLIC RELATIONS IN THE DEVELOP-  
MENT OF THE INDUSTRIAL PROMOTION PROGRAM SPONSORED BY  
THE COMMONWEALTH OF PUERTO RICO

By

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## CHAPTER I

### INTRODUCTION

The struggle for subsistence of a small country that is overpopulated is a socio-economic problem which concerns not only the inhabitants of such a country, but other peoples of other countries as well.

Puerto Rico is a living example of this problem. An agricultural country, 100 miles long by 35 wide (half of which is not tillable), certainly does not have much to contribute for supporting 2,300,000 people.

#### Statement of the Problem

In the early 1940's the governmental administration realized that the economic situation of the island had reached its critical point. To avoid catastrophe, a drastic and quick measure was required. After a rapid but intensive study of the situation, a new course of action was decided upon; to industrialize the island as soon as possible; change the agricultural economy to an industrial one; create a market for labor, so that people would have the opportunity to make their own living.

### Creation of Program

The first direct step taken by the government towards the development of the Industrial Promotion Program was the establishment of five industries on an experimental basis. These were the Puerto Rico Clay Company, the Puerto Rico Glass Company, the Puerto Rico Cement Company, the Ponce Cement Company, and the Puerto Rico Paper and Bag Company. These industries were administered by government personnel. On an overall basis, the government made a profit on them. Taken separately though, four of them were operating at a loss, while the fifth one made enough of a profit to offset the loss of the others.

The government decided to turn these factories over to a private firm. As soon as these industries were owned and managed by private capital, all of them began to operate at a profit.

Government officials realized that a vast experience in business is necessary for the proper administration of newly established industries. It was at this point that they turned to the idea of making it attractive for outside capital to come to the island. They also became aware of the fact that in order to interest mainland industrialists to expand their businesses in Puerto Rico, they had to make the island known to the continental public.

The Industrial Promotion Program began in 1942, but it was not until 1945 that it picked up pace when the government created the Economic Development Administration (EDA), official governmental agency in charge of implementing the Promotion Program.

The EDA, Hamilton Wright Organization (in New York City and its subsidiary in Puerto Rico), and other agencies hired by the government are responsible for the great progress made by Puerto Rico towards economic freedom.

#### Purpose and Objectives

The purpose of this study is to analyze the methods and techniques through which the Public Relations Office of the EDA accomplishes its purpose. The results and the methods may be contrasted to see how they measure up to each other.

The findings will be useful in ascertaining to what extent the use of public relations techniques have contributed and are still contributing to the success of the Program. If there are weak points in the public relations approach of the government, it will be a real challenge to know how to strengthen them.

#### Sources of Data and Method of Procedure

The necessary information for this study has been obtained from the Economic Development Administration, Hamilton Wright Organization, agency in charge of institutional advertising and the promotion of tourism for



Puerto Rico, and new industries established in Puerto Rico.

The bulk of printed material for this study was supplied by the EDA extension office in New York City. Interviews with officials of this agency were carried out for the purpose of conducting the analysis through proper channels and obtaining guidance for the development of same.

A questionnaire was mailed to the industrial management of new factories in Puerto Rico in order to get a picture as to how they were affected by the public relations approach of the Puerto Rican government.

## CHAPTER II

### DEVELOPMENT OF THE INDUSTRIAL PROMOTION PROGRAM

#### New Dimension Economy

President Truman, in his famous Point IV statement made during his inaugural speech in January 20, 1949 stated: "We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas."<sup>1</sup> He further stated: "Our aim should be to help the free peoples of the world, through their own efforts, to produce..."<sup>2</sup>

As part of the United States, Puerto Rico is ineligible to benefit from this program. Nevertheless, Puerto Rico has begun to produce through its own efforts with the help of continental investors. Yet, it participates in the program by showing peoples of other countries how a small underdeveloped country is raising its economic level by its own efforts.

As stated by Stuart Chase, "The economy of Puerto Rico is a new dimension economy, using all available functions - business, government, labor, non-profit

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<sup>1</sup>Earl Parker Hanson, Transformation: The Story of Modern Puerto Rico (Simon and Schuster, N. Y. 1955), p. 11. Italics added.

<sup>2</sup>Stuart Chase, Operation Bootstrap in Puerto Rico, National Planning Association (Planning Pamphlet No. 75, September, 1951) p. 51.

organizations - to further the welfare of the whole community."<sup>3</sup>

Representatives and technicians from the United States, Latin America, Europe, Africa and Asia have visited the island during the last six years to observe and study this "new dimension" whereby Puerto Rico's economy is being improved.

Chase also quotes Lincoln as saying: "The legitimate object of government is to do for a community of people whatever they need to have done, but cannot do for themselves."<sup>4</sup> This is what the Puerto Rican government has been doing during the past fifteen years through Operation Bootstrap, the popular name given to the Industrial Promotion Program.

#### Puerto Rico Industrial Development Company

The magnitude of this governmental enterprise called for a study of the socio-economic conditions of Puerto Rico at that time, in order to determine what had to be done before launching the program. Eight major steps were taken, though not necessarily in the following order. (The ninth one was undertaken at a later date.)<sup>5</sup>

1. A survey of birth rates, death rates, population pressures, agricultural yields, food supply, natural resources, to determine what changes are necessary.

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<sup>3</sup>Ibid., p. 45.

<sup>5</sup>Ibid., pp. 55-57.

<sup>4</sup>Ibid.

2. A careful selection of industries which are best suited to region, because of natural resources, potential crops, labor supply, climate, transportation routes, consumer needs, and so on.
3. An inventory of potential managerial talent, and the means to train and improve it.
4. The construction of basic utilities which factories will require, including electric power, docks, airports, railways, highways, waterways, water supply, sewage disposal systems, communication facilities. This is primarily a government operation.
5. Provision of public health services to control epidemics, as well as such local diseases as malaria, hookworm, pellagra, and the like. Again a government operation, aided by private medical research.
6. Adequate housing and schools for workers near the proposed industrial sites.
7. Creation of a government development agency. This is essential even though private enterprise is expected to do most of the work. The agency is needed to interest private enterprise and private capital, and to construct certain basic plants - if private capital is not immediately interested - such as cement, clay, building materials.

Also "core industries" must be established, such as machine tool shops, to aid in processing manufactured goods. Also the developmental agency should seek to encourage local capital to come into the new projects factories, mines refineries, hotels, or whatever.

8. A promotion plan to aid and encourage new industries, and provide necessary services as listed earlier.
9. A competent statistical agency to keep a running inventory of the program. Among its functions will be to analyze failures as well as successes; to keep the planning fluid, based on changing facts; to warn the outside world of dangers to be avoided; and leads to be followed.

In this chapter, we are concerned with step No. seven.

The first organization created by the government to implement the Industrial Promotion Program was a corporation called the Puerto Rico Industrial Development Company, PRIDCO, in 1942. Its purpose was "to promote manufacturing on the island, and conduct research into natural resources, into marketing methods and export possibilities. It was empowered to issue bonds, make loans to private business, and if need be, operate its own industries."<sup>6</sup>

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<sup>6</sup>Ibid., p. 21.

Note that from the beginning cooperation between private enterprise and government was present which still characterizes the program today.

It was through PRIDCO that the government acquired and built five plants in an attempt to initiate the industrial program and open the way for private investors to follow the government action. As stated previously, these factories were soon sold to private firms, which were in a better position to operate them properly.

In 1945 PRIDCO changed its policy and decided to build plants and lease or sell them to firms interested in opening a business in Puerto Rico. Thus the government met private business halfway, enticing industry to invest in Puerto Rico without invading its realm and becoming a competitor. The Caribe Hilton Hotel in San Juan and the Textron plant in Ponce were the first businesses that took advantage of this new policy.

Other policies pursued by PRIDCO which are a reality today are:<sup>7</sup>

1. Tax exemption for all new enterprises until 1960 - scaling down toward the end. (Industries starting operations in 1950 had ten years of tax exemption; those starting after 1950 were tax exempted for the remaining years until 1960.)<sup>£</sup> Puerto

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<sup>7</sup>Ibid., pp. 22-23

<sup>£</sup> Parenthetical material added.

Ricans pay a local income tax on corporations and as individuals. Tax-exempt enterprises do not pay this (corporation tax), and are also free of local property taxes. No U. S. federal income tax is collected in Puerto Rico.

2. Technical research and assistance provided without cost by "Fomento" (short term in Spanish for Economic Development Administration), which offers to recruit the necessary workers and give them a series of modern scientific tests - IQ, aptitude, physical condition, and so on.
3. The retaining by Fomento of a competent publicity agency to let U. S. businessmen and bankers hear about Puerto Rico.
4. A special campaign to improve the quality and publicize the virtues of Puerto Rican rum.
5. A special program to encourage tourists... Hotels are being built or enlarged, beach resorts and deep sea sport fishing developed, roads improved, mountains resorts opened, casinos encouraged.
6. The establishing of offices in the States for negotiations with business prospects, many of which have sent officials down to Puerto Rico to look over the situation on the spot.

#### Economic Development Administration

The Economic Development Administration, EDA, is the backbone of Operation Bootstrap. In July of 1950, PRIDCO became an agency within the context of the EDA together

with the Government Development Bank.

The latter was created by the government in 1942, "...a supplement to the lending facilities of existing banks, and as an extra stimulus to industrialization. Loans by this bank to industrialists are usually for longer term capital outlays than those of other institutions. These loans are secured by mortgages on industrial buildings and chattel mortgages on machinery and equipment. Requirements for approval are similar to those required by mainland banks, and interest rates are also comparable to those of the mainland."<sup>8</sup>

The EDA has a three-fold purpose of "advertising and promotion on the continent, in part to attract new industries, in part to sell Puerto Rican rum,... in part to attract tourists."<sup>9</sup>

This organization operates through several divisions among which are the Industrial Promotion Division, the Advertising Division, Tourism, Economic Research and the Public Relations Office. All these divisions labor together for the accomplishment of the following goals:

1. To contact and follow up industrial prospects in order to interest them in expanding their

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<sup>8</sup>Economic Development Administration, Commonwealth of Puerto Rico, Facts for Businessmen, March, 1954, (Aldus Printers, N. Y.) p. 25.

<sup>9</sup>Hanson, op. cit., p. 279.



businesses in Puerto Rico.

2. To create a market for Puerto Rican rum and to publicize the beauty and advantages of the island as a "tourist paradise".
3. To investigate and indicate specific advantages of location in Puerto Rico for specific firms and products.
4. To inform specific groups and the general public about Operation Bootstrap.

In order to facilitate the establishment of a business in Puerto Rico, the EDA provides these services:<sup>10</sup>

1. Round up, screen, test, and train your prospective workers.
2. Plan your transportation problems - ocean, highway, and air.
3. Arrange to connect you with all public utilities - power, water, telephone, etc.
4. Help with housing, schools, hospitals for your workers; also for any managers and technicians brought down from the mainland.
5. Relieve you of all taxes until 1960.
6. Furnish economic research for your production and marketing problems, also chemical research if you need it.

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<sup>10</sup>Chase, Op. cit., p. 42.

7. And perhaps most important of all: assume that you are a friend, rather than a suspicious character with profiteering designs on the people.

Other services provided are site selection, construction of a building to order, and technical assistance by highly competent management consultants.

### Industrial Progress Today

The industrial progress achieved by Puerto Rico in the last fifteen years is mainly attributed to the following factors:<sup>11</sup>

1. An honest and competent bureaucracy.
2. An unlimited tariff-free market in the U. S. mainland--to which not even Canada, Cuba, and Mexico have access.
3. A hard currency--the U. S. dollar.
4. No hostile neighbors to arm against.

An honest and competent bureaucracy might seem a hypothetical statement. Nevertheless, the success of the program would not have been possible if the five government branches mostly concerned with it had not worked in unison since the beginning of same.

These five branches and their functions are:<sup>12</sup>

1. Political<sup>&</sup> - The Governor supplies ideas and inspiration, and helps to keep the occupational groups--

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<sup>11</sup> Ibid., pp. 52-53.

<sup>12</sup> Ibid., pp. 34-35.

<sup>&</sup> Also, the Executive Branch.

farmers, workers, businessmen—in line behind the program. This is an indispensable function, for the ablest group of technicians would fail in this situation without an astute political hand to lead them.

2. Planning Board - Dr. Pico and his staff perform another essential function. They figure out the major variables as the economy swings from agriculture to industry, and try to guard against duplication, waste, and blind-alley developments. They visualize the total situation, and establish priorities in new investment and construction. ...Nothing substantial can be built, either by private capital or by Fomento, without a license from the Board.

3. Fomento - Under Moscoso this is the powerhouse, the line organization which takes ideas from the Governor, the Planning Board, its own staff, or wherever else ideas can be found, and translates them into cement, steel, machinery, and skilled working force.

4. The Agriculture Department - This agency, ... is responsible for the improvement of land use and crop yields, and for the rural reforms and resettlement villages described earlier. Agriculture is still a most important economic activity, and must be closely geared to the industrial program, in respect to both labor supply and raw materials.

5. Finance and the Budget - This important function needs clear-headed direction. The relatively low interest rate for money borrowed in the States, which is so cardinal

to the program, depends in turn upon the integrity, and the strong balance sheet position, of the Water Resources Authority, the Power Authority, and other governmental units. Puerto Rico must maintain its high credit rating in mainland money markets. The Budget has not been out of balance for many years, and the public debt stands at only \$31 million--against annual government revenues of more than \$100 million, (As of 1951).

The next two factors are self-explanatory.

No hostile neighbors to arm against is partly due to the geography of the island. Cuba and the Dominican Republic, which are the closest countries, have a similar culture to that of Puerto Rico and are in good relations with the United States. Also of great importance is the fact that Puerto Rico is free from the need of spending money in armaments, as this comes under the jurisdiction of the Federal Government.

Variety of Industries - The industrial development of Puerto Rico embraces a great variety of industries. The government encourages the solid type of industry - that which requires intensive capital investment, such as textile, cement works, etc. - because this type of industry entails higher productivity and potentially high wages. Generally, their products fulfill the basic needs of life and thus they have a steady market which gives the industry a better chance for permanence.

Nevertheless, the lighter type of industry - that which requires little capital equipment - has found its place in Puerto Rico's economy, and up to the present time, has been successful in maintaining it. A change in demand for its products will greatly affect its existence and consequently the economy of the island if the solid type of industry fails to establish itself firmly in the economy of the island.

"Core industries" - those which furnish vital services (or basic raw materials)<sup>&</sup> to other industries...<sup>13</sup> are in great demand. The government and industries already established in the island, are very much interested in this type of industry, as the overhead expenses of the firms concerned would be lowered by saving in shipment back to the States for processing.

In a speech addressed by Teodoro Moscoso, Administrator of the EDA, to the New York Sales Executive Club on May 17, 1955, he enumerated some of the products manufactured in Puerto Rico and shipped to the United States as follows: "Some of the units of the following products in your homes are being manufactured in Puerto Rico -- your Remington electric shaver, your Dutch Masters cigars, Paper Mate ballpoint pen, Hickok belt, Van Raalte gloves, Proctor electric iron, Weston light meter, A. S. Beck shoes and

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<sup>&</sup> Parenthetical material added.

<sup>13</sup> Ibid., p. 27.

your 'Suspants' and brassieres!! Almost all the major brand brassiere companies have operations in Puerto Rico.<sup>14</sup>

From a list of factories established in Puerto Rico through the EDA, classified by products, the following industries exist in Puerto Rico today:<sup>15</sup>

Food and kindred products: Dairy products, Canning and preserving fruits, Grain mill products, Confectionery and related products, Miscellaneous food preparations and kindred products.

Tobacco manufactures: Cigars, Tobacco stemming and redrying.

Textile mill products: Yarn and thread mills, Broad-woven fabric mills, Narrow fabrics & other smallwares mills, Knitting mills, Dyeing & finishing textiles (except knit goods), Carpets, rugs, and other floor coverings, Miscellaneous textile goods.

Apparel and other finished products made from fabrics similar materials: Men's, youth's and boy's furnishings, work clothing & allied garments, Women's and misses' outerwear, Women's, misses', children's and infants' undergarments, Children's and infants' outerwear, Miscellaneous apparel and accessories, Miscellaneous fabricated textile products.

Lumber and wood products: Miscellaneous wood products.

Furniture and fixtures: Household furniture.

Paper and allied products: Pulp, paper, and paperboard mills, Paper bags, Pulp goods and miscellaneous converted paper products.

Printing, publishing, and allied industries: Lithographing, Service industry for the printing trade.

Chemicals and allied products: Industrial inorganic chemicals, Industrial organic chemicals, Drugs

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<sup>14</sup>Vital Speeches of the Day, VOL. XXI-21, Aug. 15, 1955 (City News Publishing Company, New York, N.Y.) p. 1428.

<sup>15</sup>Factories Assisted by the EDA or by PRIDCO, Classified by Product, EDA, Office of Economic Studies, Jan. 31, 1956.

and medicines, Soap and glycerin, cleaning and polishing preparations, and sulfonated oils and assistants, Paints, varnishes, lacquers, japans and enamels, inorganic color pigments, whitening and wood fillers, Vegetable and animal oils and fats, Miscellaneous chemicals, including industrial chemical products and preparations.

Products of petroleum and coal: Petroleum refining, Paving and roofing materials, Miscellaneous products of petroleum & coal.

Rubber products: Rubber footwear, Rubber industries not elsewhere classified.

Leather and leather products: Leather: tanned, curried and finished, Footwear (except rubber), Leather gloves and mittens, Handbags and small leather goods, Miscellaneous leather goods (Hand-craft Gun Specialties).

Stone, clay, and glass products: Glass and glassware pressed or blown, Cement, hydraulic, Structural clay products, Pottery and related products, Concrete, gypsum and plaster products, Abrasives, asbestos and miscellaneous nonmetallic mineral products.

Primary metal industries: Rolling, drawing and alloying of nonferrous metals, Nonferrous foundries, Miscellaneous primary metal industries.

Fabricated metal products (except ordnance, machinery, and transportation equipment): Tin cans and other tinware, cutlery, hand tools and general hardware, Heating apparatus (except electric) and plumbers supplies, Fabricated structural metal products, Metal stamping, coating and engraving, Lighting fixtures, Miscellaneous fabricated metal products.

Machinery (except electrical): Agricultural machinery and tractors, Metalworking machinery, Special industry machinery (except metalworking machinery), Office and store machines and devices, Miscellaneous machinery parts.

Electrical machinery, equipment and supplies: Electrical generating, transmission, distribution, and industrial apparatus, Electrical appliances, Electrical equipment for motor vehicles, aircraft and railway loco-

motives and cars, Electric lamps, Communication equipment and related products, Miscellaneous electrical products.

Transportation equipment: Aircraft and parts.

Professional, scientific and controlling instruments;  
Photographic and optical goods, watches and clocks:

Laboratory, scientific and engineering instruments, Mechanical, measuring and controlling instruments, Surgical, medical and dental instruments and supplies, Ophthalmic goods, Photographic equipment and supplies.

Miscellaneous manufacturing industries: Jewelry, silverware and plated ware, Toys, and sporting and athletic goods, Pens, pencils, and other office and artists' materials, Costume jewelry, costume novelties, buttons and miscellaneous (except precious metals), Fabricated plastic products not elsewhere classified, Miscellaneous manufacturing industries.



Employment and Investments - Up to 1951 the Industrial Program was indirectly responsible for the creation of 15,000 new factory jobs.<sup>16</sup> Also during that time, it was expected that 10,000 more jobs would spring up in the service trades (as a consequence of the former): driver, telephone operators, mail clerks, airplane personnel, repair crews, etc.<sup>17</sup> Twenty five thousand jobs did not offset even half of the labor force available at the time. In spite of this, "according to Harvey S. Perloff, ...emigration 'has absorbed about half of the increase in the labor force...', thus cutting the 60,000 job seekers to 30,000..."<sup>18</sup> which dropped the number of workers out of a job to 5,000.

Mr. Moscoso, in his speech to the New York Sales Executive Club,<sup>19</sup> pointed out that "Underemployment was hidden in agriculture, home needlework, the retail trades and domestic service. Our industrial revolution has resulted chiefly in a shift of the underemployed into the employed ranks. In 1940, of 55,000 workers in manufacturing, one-half were in sugar and tobacco. In 1954, of 67,000 manufacturing jobs, only one-quarter were in sugar and tobacco. Twenty-five thousand new direct jobs were created under "Fomento", which means that two out of every five existing factory jobs are new ones."

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<sup>16</sup>Chase, op. cit., p. 24.

<sup>17</sup>Ibid.

<sup>18</sup>Ibid.

<sup>19</sup>Vital Speeches of the Day, op. cit., p. 1429.

As of April, 1956, the total number of jobs credited to the EDA program was 38,000 which, broken down, show us the following distribution:<sup>20</sup>

Factory Workers . . . . .	30,600
Home Workers . . . . .	3,900
Gov't. Employees on Rum Promotion . . .	1,200
Tourism . . . . .	800
PRIDCO . . . . .	300
Transportation Authority . . . . .	<u>1,200</u>
TOTAL . . . . .	38,000

The rate at which jobs are being created by the Promotion Program can be ascertained by the following statistics. Seven new factories established during the first three months of 1956 would provide work for 260 people; twelve factories which expanded their facilities also during this period, required 365 additional personnel.<sup>21</sup> The editor of "News Bulletin", issued by the Department of State, Commonwealth of Puerto Rico, says that "EDA promoted plants... created direct or indirect employment for more than 65,000 persons", adding that "it is estimated that this gives support to about 250,000 persons... that the number employed in these industries represents roughly 10% of the total working force."<sup>22</sup>

<sup>20</sup> EDA, Office of Economic Studies, Memo., April 25, 1956.

<sup>21</sup> Department of State, Commonwealth of Puerto Rico, News Bulletin, Vol. I, No. 1, p. 7.

<sup>22</sup> Ibid.

Appendix A gives us a graphic illustration of how employment has increased from fiscal year 1940 to fiscal year 1955.

As of 1951, the total of public and private investments added up to \$33 million.<sup>23</sup> At the end of fiscal year 1952, there was a "total under construction and negotiation close to \$25 million" for the following two years.<sup>24</sup> These represented only government investment, buildings constructed and loans.<sup>25</sup> This government investment was to be substantiated by a prospective investment by private enterprise of \$15 million on that same year. The increase of factories every year is the greatest evidence of how government and private enterprise have successfully financed this Program.

The legislature of Puerto Rico has made periodical increases in its appropriation for helping new industries. The contribution made by private capital has also increased accordingly.

The Economic Research Division of the EDA in a memo dated April 25, 1956, indicates that in 1955 (natural year preliminary) total investments amounted to \$170 million. It is interesting to note that of this total, \$140 million was private capital and the remaining \$30 million, the government contribution.

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<sup>23</sup>Chase, op. cit., p. 24.

<sup>24</sup>Ibid., p. 30

<sup>25</sup>Ibid.

Banking operations show that investments made in fiscal year 1940 amounted to 4.1 millions of dollars which contrast greatly with the 116.9 millions of dollars invested during fiscal year 1955.<sup>26</sup> The change has been of 2751.2, which brings out the great impact that the industrial movement has made on the island finances - a vital factor in the overall economy of Puerto Rico.

Changes in Economic Level - The economic standard of living of Puerto Rico has experienced an upward boom since Operation Bootstrap began. It is still lower than that of the United States, but it keeps improving along with the island's economic progress.

Income changes are readily seen in the following statement: "Puerto Rico's net income was 230 million dollars in 1940; last year 1955 it was almost a thousand million (one billion).<sup>&</sup> In terms of purchasing power, the real increase was 107 per cent. Production was doubled, while the population was increased by less than one fifth; for that reason, the per capita income increased from \$130 to \$230 (in terms of 1940 purchasing power). The average income per family was \$600 fifteen years ago; last year it was \$2360 - or \$1170 after making adjustments for price increases. The productivity

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<sup>26</sup>Department of Labor, Migration Division-Commonwealth of Puerto Rico, A Summary in Facts and Figures, (New York, N. Y., March, 1956) p. 12.

<sup>&</sup>Parentetical material added.

per worker was doubled during that time. The labor force, which because of migration, has remained practically stationary in number (624 thousand in 1940, 636 thousand in 1955) received \$120 million for its work fifteen years ago; last year, in terms of 1940 purchasing power, it received \$280 million. Profits in business were \$75 million in 1940 and \$155 million last year. Salaries rose 138 per cent, profits 107 per cent."<sup>27</sup>

Mr. Moscoso, EDA Administrator, on his address to the New York Sales Executives Club expressed himself in the following terms: "Our income from manufacturing quadrupled in the last 15 years, our per capita dollar income (which is one of the most important indicators in our race against time) quadrupled also - this is the fastest increase in the world and now places us as the second highest in Latin America."<sup>28</sup>

Never before Puerto Rico has had the amount of business it has today. According to an official Commonwealth survey in 1955, net profits of business enterprises reached \$581 million a 340% gain over 1940's \$75 million. Net income... now stands at \$990 million annually."<sup>29</sup>

How the opening of a new factory affects the income bracket of the island is typically represented by the Caribbean Refining Co., established on May, 1956. This

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<sup>27</sup> Department of State, Commonwealth of Puerto Rico, op. cit., p. 1.

<sup>28</sup> Vital Speeches of the Day, op. cit., p. 1428.

<sup>29</sup> Department of State, Commonwealth of Puerto Rico, op. cit., p. 8.

company "...will provide the Commonwealth with additional yearly income of \$782,000. Of this quantity, \$270,000 will be the saving made by the Water Resources Authority in fuel oil purchases, \$200,000 will be to the Commonwealth treasury and customs duties, and \$312,000 will be paid to employees."<sup>30</sup>

On the following page, a table shows a breakdown of the contribution made by EDA programs to the total net income of Puerto Rico during fiscal years 1949-50 through 1954-55.<sup>31</sup>

Further graphic illustration of changes in Puerto Rico's economic level may be found in Appendices A, B, C and D.

Problems to be Solved - Any pioneering program like Operation Bootstrap is bound to encounter a series of problems caused by its own evolution and outside factors which are unavoidable.

To change a cultural pattern of a society, i.e., agricultural minded people to industrially minded people, not only takes a long time, but constant and intensive indoctrination on the new idea is required. The greatest output will not come until the people understand, assimilate, and make this new idea a part of their living.

A criticism often made about decision-making on the part of the government officials is that the latter give too much time and emphasis to procedural matters. Consequently, excessive delays occur in opening new factories in the island.

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<sup>30</sup>Ibid.

<sup>31</sup>EDA, Office of Economic Studies, Memo., April 25, 1956.

STATE NET INCOME PRODUCED BY EDA PROGRAMS (In Millions of Dollars)

	<u>1949-50</u>	<u>1950-51</u>	<u>1951-52</u>	<u>1952-53</u>	<u>1953-54</u>	<u>1954-55</u>
Net Income, Total	659.2	751.5	859.4	924.0	961.4	981.9
Produced by Programs	<u>18.8</u>	<u>39.6</u>	<u>53.8</u>	<u>79.2</u>	<u>109.0</u>	<u>130.8</u>
Factories	7.0	12.4	18.3	30.3	45.2	53.5
Rum Promotion	.3	4.6	5.0	5.2	4.3	6.5
Tourism	.6	1.2	2.0	2.3	2.7	2.9
Transport	<u>11.5</u>	<u>1.6</u>	<u>1.6</u>	<u>1.8</u>	<u>2.3</u>	<u>2.5</u>
Direct Total	<u>9.4</u>	<u>19.8</u>	<u>26.9</u>	<u>39.6</u>	<u>54.5</u>	<u>65.4</u>
Indirect Total	<u>9.4</u>	<u>19.8</u>	<u>26.9</u>	<u>39.6</u>	<u>54.5</u>	<u>65.4</u>
Total	<u>18.8</u>	<u>39.6</u>	<u>53.8</u>	<u>79.2</u>	<u>109.0</u>	<u>130.8</u>
EDA Program as a percentage of Total	2.9	5.3	6.3	8.6	11.3	13.3

Considering that this industrial-business concept as interpreted by the American mind is relatively new to the minds of the Puerto Rican people, it is laudable to see how in a comparatively short time, Puerto Rican government officials have absorbed this concept and adjusted to it in a very satisfactory way. Also, we should bear in mind that government executives, because of the nature of their jobs, have to be extremely careful as to how they administer public funds, inasmuch as they are obligated to account for their expenditures to the people. Red tape is something common to all governmental organizations.

One important point made by a high official in the Administration touches a field that needs to be developed in the island as soon as possible. He points out that "...we have worked out no techniques to hold us together over the really tough places which are surely coming. We need more research by the University<sup>£</sup> into human relations."<sup>32</sup>

The chief difficulties faced by the EDA as listed by Chase are:<sup>33</sup>

1. The structure is faulty in that some government departments have responsibility without authority, and others have authority to block plans, without responsibility for getting things done. It seems

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<sup>£</sup>University of Puerto Rico

<sup>32</sup>Chase, op. cit., p. 39. Italics added.

<sup>33</sup>Ibid., pp. 62-63.



to me that this is the gravest of all current liabilities, and that intelligent planning could clear it up. It is structural block, not a personal or psychological one.

2. Fomento should shift its accent to give more aid to local managerial talent.
3. More effort should be made to develop a "second team", to replace the inevitable losses in present administrative ranks.
4. What is going to happen when tax abatement runs out in 1960? I have heard of no good plan. Tax abatement is only a self-starter; it cannot permanently run the engine.<sup>£</sup>
5. More high-capital-per-worker industries are needed, before wages can really become relatively high, and generate the purchasing power the island must have.
6. More core industries are needed.
7. One deficiency (which handicapped me incidentally in my observations) is the lack of an effective audit, or "feed back," of accomplishments to date. Fortunately, this liability is being remedied by Dr. Behrendt and his staff. The University should

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<sup>£</sup>Since this report was written, the Legislature passed the Commonwealth Industrial Incentive Act - Act 6 - December 15, 1953, which supersedes the Industrial Incentive Act - Act 184 - 1949, and establishes a standard period of exemption from the commencement of operation as contrasted with the fixed date of expiration on 1962 provided in the previous act.

also get into this picture. There are a number of very useful techniques developed by social scientists on the mainland which are not being put to work on the island.<sup>£</sup>

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<sup>£</sup>Since this report was written, the University of Puerto Rico has created a body in charge of research studies in this field.

## CHAPTER III

### PUBLIC RELATIONS PROGRAM

#### Purpose and Objectives

The function of the Public Relations Division of the EDA is to inform, explain, disseminate and publicize:

1. The advantages that make Puerto Rico and its people attractive to new industries.
2. The incentives offered by the government.
3. The cultural background of the island and present cultural status.
4. How the EDA operates.
5. Results obtained.

The public relations program has the twofold purpose of creating a true image of Puerto Rico in the minds of the American people and of merchandising the island in the industrial world of the United States.

At the time the Industrial Promotion Program started, there was no image of Puerto Rico in the American mind. The partial picture some people had of Puerto Rico was based on information given by unreliable sources.

Through institutional advertising, the history, cultural background, customs and traditions, and the idiosyncrasies of the Puerto Rican people are being spread throughout the nation. With this foundation, a true image of Puerto Rico has begun to emerge in the minds of the American people.

All available mass media communication is being used to publicize the industrial advantages of Puerto Rico. Thus the EDA purports to make the island attractive to industrialists who wish to expand their businesses, so that they will do so in Puerto Rico.

Up to May, 1956, the goal of 400 factories operating in Puerto Rico had been achieved. The constant effort of the governmental agencies directly and indirectly related to the EDA had made this possible.

Future plans of the EDA consist of reaching the following goals by 1960:<sup>34</sup>

1. To establish a total of 800 new factories.
2. To create 80,000 additional jobs with a yearly pay roll of about \$80 million.
3. To raise the minimum income per Puerto Rican family to \$2,000 a year.

In the accomplishment of these goals, the public relations phase of the program will play a very important

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<sup>34</sup>Algunos Datos Sobre El Programa Industrial, EDA, Services Division (Office of the Comptroller), 1954, p. 7.

part. The first step taken in any enterprise usually determines the chances of success or failure of the same. It is up to the public relations staff in Puerto Rico and in New York City to take this first step. The quality of the publicity programs launched by these two offices will determine the kind of response obtained from those for whom the program is intended.

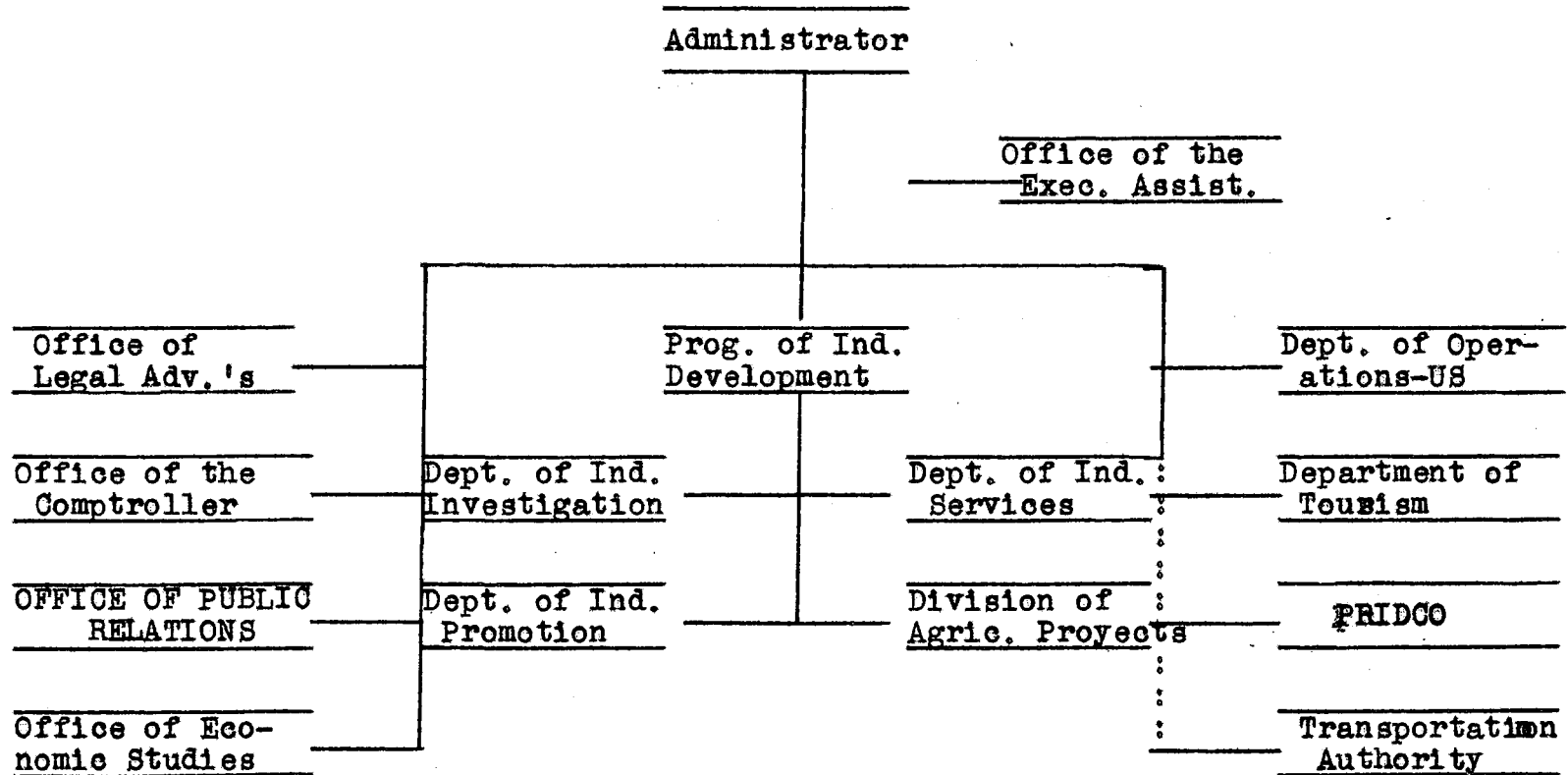
This is a great responsibility inasmuch as the economic future of a country is at stake. The Puerto Rican government is the first one to recognize this fact; therefore, it does not skimp its efforts or funds to finance the Public Relations Program through which the entire operation is presented and made known to the world.

In spite of mistakes and limitations, liable to occur in any new venture, the program has been successful as shown in the next two chapters of this study. To what extent this program has been influenced by public relations techniques, will be disclosed in the following chapter.

ECONOMIC DEVELOPMENT ADMINISTRATION

Organizational Chart

1954-1955



Public Relations Office - Puerto Rico

Duties of the Public Relations Office<sup>35</sup>

1. Advises the Administrator in all matters that may affect public relations.
2. Develops and establishes the policies concerning public relations based in the overall policy established by the Government of Puerto Rico and the Economic Development Administration in Puerto Rico as well as in the United States.
3. Develops and carries out programs of information for the Puerto Rican public concerning the objectives and programs of the EDA and its subsidiaries; giving special emphasis to the support of the Industrial Program and other related programs.
4. Provides material for EDA offices in the United States in order that these may better promote the objectives of the EDA.
5. Supervises the publicity of the Commonwealth of Puerto Rico in the United States in accordance with an annual contract held by a publicity concern, and all special projects in public relations that our Administrator carries out commissioned by the Office of the Governor.

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<sup>35</sup> EDA - Annual Report, 1955-56

Introduction - The public relations aspect of the Industrial Promotion Program runs parallel with the creation of the Industrial Development Company (PRIDCO) in 1943. There were included in the budget two positions in this field: Director of Public Relations and an Assistant to the Director.

During the first two years of operations, only one of these positions was filled. The duties of this person were fundamentally those concerning publicity at the local level. These included preparation of press releases, advertisements of the Company and writing speeches for the Director and executives of the Company.

The most permanent feature during these first years of operation was a column in El Mundo and El Imparcial, local newspapers, entitled "Manos a la Obra" (Hands on the Wheel). The purpose of this column was to inform the Puerto Rican public of the objectives and the work being done by the Company.

Two years later, both positions in charge of public relations were filled. The Public Relations Director became a member of the Staff Committee and participated in the discussions of policy-making for the organization.

At this time, the Public Relations Program enters its second stage of development. Its scope was broadened in the year 1946 when an advertising plan was launched consisting of a six month campaign published



in Nation's Business, Business Week and Fortune, all continental magazines. A follow-up system was established in order to take proper care of the inquiries received as a result of this campaign.

Although of a different branch in the public relations field, it is worth mentioning that also during this year a basic labor relations policy was developed by public relations personnel and adopted by the Company in order to take care of internal problems arising from the development of new industries. The objectives of PRIDCO in this respect included the following:<sup>36</sup>

1. Expansion of the principle and practice of collective action between employers and employee representatives through collective bargaining.

2. Prompt settlement of all labor disputes by committees composed of representatives of workers and management.

3. Fostering workers' education to increase production; training and upgrading of employees and improvement of health conditions.

4. Furnishing medical care and social service benefits in order to reduce absenteeism, and promotion of the welfare and morale of the workers.

5. Cooperating with other governmental corporations and agencies in the development of an island-wide code

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<sup>36</sup>PRIDCO, Annual Report, 1945-46

of employer-employee conduct.

6. Fostering of a Grievances Committee to take care of internal problems.

7. Grievances involving jurisdictional questions of union representation... referred to the Industrial Relations Division and the Insular Labor Relations Board.

In the year 1948, PRIDCO retained as general consultants the firm of Arthur D. Little, Inc. as a further step in promoting the Industrial Program. This firm is responsible for the following developments:<sup>37</sup>

1. Conducted interviews with manufacturing companies interested in establishing business in Puerto Rico.

2. Prepared special economic studies and certain technical reports on minerals, fibers, food technology, chemicals, iron pipe, rayon processing, fabrics and ceramics.

3. Carried out economic surveys on freight-rates, pearl buttons, men's clothing, jewelry and modifications of conditions for tax exemption.

4. Furnished advice and assistance in the preparation of promotional literature.

5. Arranged contacts with trade organizations and contributed to the preparation of publicity concerning Puerto Rico which has appeared in continental trade

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<sup>37</sup> PRIDCO, Annual Report, 1948-49.

journals, national magazines and newspapers.

6. Prepared an overall program to increase the consumption of Puerto Rican rum through a combined research-advertising-public relations campaign.

During fiscal year 1949-50, most of the promotion was slanted towards the tourist industry. The opening of the now famous Caribe Hilton Hotel was the most outstanding event of this year. The promotion was directly aimed to travel areas in the Continent.

Airlines added extra flights during the winter season. A New York-Puerto Rico Office of Information was opened at Rockefeller Center, which sponsored the now famous Puerto Rican floral exhibit in Rockefeller Plaza, summer-1950, visited by one million persons.

#### Reorganization

Fiscal year 1950-51 saw the greatest reorganization in the public relations section of EDA. The Office of Public Relations was created and placed at the same staff level held by other departments of the EDA.

The Office consists of three divisions: the Production Division, the Special Programs Division and the Editorial Division.

The Production Division is formed by the Public Relations Director and two assistants, an administrative officer and office personnel.

The Special Programs Division is formed by special assistants and office personnel in charge of the preparation of special programs of information related to a specific industry, e.g., tourism, transportation, new factory, etc., slanted towards a specific public - students, civic organizations, professional groups, labor groups, business groups, etc.

The Editorial Division is formed by an Editorial Writer, an editorial staff in charge of several standard publications of the EDA, and a photographic laboratory with a staff of two.

A representative of Hamilton Wright Organization also works in conjunction with this Office at the premises.

In connection with the Editorial Division, there is a Committee on Publications in charge of maintaining and improving the appearance and contents of all EDA publications as well as other governmental publications.

The creation of this Office was prompted by two situations that were impairing the progress of the Industrial Program and needed immediate correction. First, there was a great lack of knowledge in the island about the efforts realized by the EDA in initiating the Industrial Program. The publicity displayed by the press was rather of a derogatory nature, concerning itself mostly with the losses occurred at the factories rather than with their accomplishments. By disseminating

information through all available channels, the people would understand the causes and motivations which prompted the government to establish these factories. At the same time, the American public would be informed of the political, economic and cultural background and development of the island of which they were ignorant. This would take care of the second situation, mainly the limited publicity received by Puerto Rico on the continental press in relation with unsavory incidents pertinent to the large slums in Puerto Rico and Harlem in New York City.

During this year, the Public Relations Program was firmly grounded, in policy as well as in administration. Evidence of the accomplishments attained is summarized in the following ten points:<sup>38</sup>

1. Engaged the cooperation of the mayors of the island for the promotion of the industrial development in each town and their economic contribution to the Program. (In 1951, the Legislative Assembly authorized the municipalities to make loans for individual constructions.)

2. The Office authorized a total of 619 press communications covering the activities of EDA, PRIDCO, the Transport Authority and the Office of Tourism. These communications brought extensive editorials and comments

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<sup>38</sup> EDA, Annual Report, 1950-51.

and in their great majority were transmitted through most of the radio stations in the island.

3. Developed and extensive plan in Public conferences, to educate the community in the projections of the Industrial Program. Ninety-six conferences were given to civic and professional groups, students, veterans, rural communities of the Land Authority, which drafted an audience of 47,548 persons. These conferences were augmented by the exhibition of films and public forums.

4. Furnished information and booklets to school teachers and students as part of matter of study in the subject Community Problems.

5. Organized a program of activities for the celebration of the hundredth industry in the island attended by a substantial number of newspapermen, bankers, industrialists and personalities from the United States. This activity was thoroughly covered locally as well as in the mainland.

6. Mobilized the local chapters of civic groups in order to strengthen our publicity in the U. S. by providing the delegations assisting to conventions in the mainland with literature, films, and in some cases, small exhibits of our industrial products.

7. A similar program as the above has been developed among Puerto Rican students in mainland universities.

8. Assisted all incoming newspapermen from the United States and Latin America, providing them with information and necessary contacts for the accomplishment of their journalistic endeavors.

9. Granted special services to other departments of EDA; cooperated with the Department of Industrial Services in the promotion campaign for the consumption of native beer. Channel of communication: labor unions. Office personnel made speeches at meetings and conventions explaining the problem encountered by Puerto Rican breweries and the desirability of increasing the consumption of our beers and so defend our economy.

10. Assisted Point IV scholarship students by preparing a program of studies and contacts including visits to established factories and other governmental agencies.

Highlights, 1952-56 - Year 1952 provides an example of the activities carried out by this Office every year. During this year, a general publicity campaign in the mainland was conducted by Hamilton Wright Organization.

This firm carried out the following projects:<sup>39</sup>

1. Provided thirty-two TV stations with a short subject film "The Puerto Rican Story - Operation Bootstrap",

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<sup>39</sup> EDA, Annual Report, 1951-52.

with a spread from New York to San Francisco and Minneapolis to Dallas covering an area of wide audience in twenty-two states.

2. Provided ABC Washington-80 stations with a feature for news programs concerning the visit of Bert Andrews, Office Director of the NY Herald-Tribune in Washington.

3. Carried out a tourist promotional program in Chicago via "Big City Serenade", musical program through NBC-94 stations. This coverage was supplemented by a local program in North Carolina.

4. One of the most attractive features sponsored during the year was the series of programs entitled "Caribbean Crossroads" which presented Puerto Rican music to United States audiences on Saturday afternoons, and was broadcasted by the 300 stations of NBC.

5. Distributed forty-seven newsreels releases which received nation-wide coverage.

6. Participated in the preparation and distribution of the following films: "Puerto Rico-USA", "This World of Ours", "Puerto Rico Banking System", and "Progress Island", the latter a State Department production released in thirteen languages in fifty countries.

Newspaper coverage reached a total of 63,884 column inches, roughly 500 full pages of standard newspaper size.



These were devoted to Puerto Rican general subjects in addition to seven news pictorials and 261 articles carried by magazines and supplements. It is to be noted that most of this publicity was devoted to the tourist industry.

Editorial visits were made to California and Texas where EDA is concentrating its efforts and plans future drives.

In the local level, a total of 437 press releases were issued, plus fifty-two weekly columns on fishing as a tourist sport. Thirty-eight Viguié-newsreels were shown in 134 movie houses in the island with an estimated regular attendance of over 100,000 people.

Conferences and lectures were attended by over 26,000 people. Special lectures for workers were given on six different plants, where absenteeism fell from over 10% to 2%.

All written matter for speeches, newspapers and magazines appeared on publications of the highest caliber such as the New York Times, Collier's, Yale Bulletins, Fortune, Journal of Commerce, American Magazine, Diario de la Marina of Cuba and Tiempo. Special editions appeared in the Boston Sunday Herald, Excelsior of Mexico, Diario de la Marina of Cuba, Diario de Nueva York, El Nacional of Colombia and Diario de Puerto Rico.

New pamphlets for industrial promotion include "Expand Your Industry", "Man and Woman Power", "Capable

Hands", and "Facts for Businessmen".

Divised and edited the booklet "Know Your Fellow Citizen", prepared by the Office of Puerto Rico in Washington, and also prepared pamphlet "Historia de un Bufalo" for the Transportation Authority.

This Office conducted and/or participated in the following special events: a Fishing Contest in Puerto Rico, Puerto Rican Week in Boston, Inauguration of Industry No. 150, visit of the McKay Associates Group, Convention of the Caribbean Commission, Christmas Festival, Cornerstone Laying of the Consolidated Cigar Corporation building in Caguas, P. R., publicity for the Caribbean Festival, ASTA (Travel Agents) Convention, Spirit Club activities, program of activities for the Chamber of Commerce, Puerto Rico.

During 1952-53, in addition to an increase on publications, radio and television programs, newspaper and magazine coverage, production of films and newsreels, the section on special services was expanded. Besides assisting twenty Point IV scholarship students, three foreign commissions were also taken care of by this Office. One was formed by seven government members from France; a second, by eight labor officials from Brazil, Paraguay, Nicaragua, and Panama; and the third, by students from Chile, Colombia, Costa Rica and Perú.

The inauguration of new factories with a public ceremony was a new activity started this year. This ceremony is attended by EDA officials, municipal authorities, legislators, outstanding citizens of the community, civic clubs, factory employees and their families and the general public. The public is invited to visit the premises of the factory. The inauguration of Consolidated Cigar Corporation was a state affair celebrating the 225th factory established in Puerto Rico. It was attended by the Governor, the EDA administrator and the President of the Corporation. For this occasion, Franklyn D. Roosevelt, Jr. sent a recorded message of praise for the Industrial Program.

In 1953-54, this Office collaborated with other governmental agencies in their public relations programs and with the overall public relations program of the Commonwealth of Puerto Rico locally and abroad.

The sub-director of this Office was a member of the Puerto Rican commission that appeared before the United Nations for the presentation of change of political status of the island.

The group of Point IV students assisted by this Office is greater every year. This year the group was formed by ninety-eight representatives from Latin America except Argentina and the Phillipines, Formosa, Burma,

Nepal, Thailand, Egypt, Iran, India, Indo-China and Surinam, plus eighteen educators from the National Education Association of the United States.

At the local level, ninety-four conferences were given where twenty-six educational films were exhibited attended by an audience of 16,323 persons. This program of conferences and visual aids is responsible for minimizing absenteeism, lateness and turnover of laborers and employees.

To give the Public Relations Program an international meaning was the main idea during the year 1954-55. Three points were taken into consideration for this development: the promotion for American investment in Puerto Rico, the steadfast grip attained by the cultural and political relations of Puerto Rico with foreign countries, and the geographic position of the island, which is of vital international importance.

Several conferences were given in Chile and other Latin American countries by EDA personnel. The Administrator gave ten conferences before the Economic Commission for Latin America of the United Nations.

A permanent exhibition at the premises of the EDA was visited by 7,362 persons of which 786 were foreigners from Germany, France, Spain, China, India, Thailand and all Latin American nations.

This Office prepared for The Ford Foundation an exhibition of native industries to be used in public schools in New York City, especially those attended by Puerto Rican children.

The most outstanding event of the year was the inauguration of the International Airport which drafted an audience of 200,000 persons. This office together with the Transportation Authority prepared the programs for this celebration which was an international affair.

Other special events covered by this Office and assisted by Hamilton Wright Organization were: the Governor's attendance to the Convention of the American Federation of Labor, to the American Bankers Association Convention, to the Interamerican Conference on Investments in New Orleans, his visit to the University of Kansas City, his trip to Washington, D. C., and his visit to Harvard University.

An outstanding development at local level was the formation of Industrial committees, together with the Industrial Promotion Department, throughout different towns in the island. These committees were installed with the purpose of assisting visitors interested in opening business here, and helping them in solving their personal problems such as housing, schools for their children, telephone service, etc., and acquaint them with the community and social and recreational centers.

During 1955-56, the Public Relations Program was enhanced by several new developments, among which the celebration of Operation Bootstrap Week takes the lead. The purpose of this activity was to familiarize the people of Puerto Rico and the United States with the economic development of the island and the results obtained since the beginning of the Industrial Promotion Program. In addition, the EDA took this opportunity to point out to the Puerto Ricans the meaning of this economic development in their lives, and to show our fellow citizens in the United States what Puerto Rico is doing in order to solve its economic problems.

May 6-12, 1956, was proclaimed by the Governor of Puerto Rico as Operation Bootstrap Week. Several government representatives from the United States and other nations came to Puerto Rico for this celebration. Other visitors included writers from such newspapers and magazines as the Christian Science Monitor, the New York Herald-Tribune, McClures Syndicate, Scripps Howard newspapers, Time, Life, Newsweek, Business Week and the United Press.

The celebration was inaugurated with an island-wide television program of one hour. The film "Puerto Rico en Marcha" was exhibited and speeches were delivered by the Governor of Puerto Rico and the EDA Administrator.

May 7 was Transportation and International Day. The arrival of the 4,500,000th air passenger at the International Airport was celebrated with a reception given by the Director of the Transport Authority. A gala reception was offered by the Governor for distinguished visitors, journalists, Point IV students and leading participants in Bootstrap Week at the Governor's mansion.

Industry Day was characterized by the inauguration of the 400th factory, Caribe General Electric, a branch of the General Electric Company, International. Governmental officials present at the public ceremony were the Secretary of State, the President of the Senate, the EDA Administrator, and high officials of General Electric from the mainland.

Fourteen other factories were inaugurated this day among which was Litografía Real, a printing plant solely financed by native capital. Present at the public ceremony were the Governor, who was the speaker of the day, the EDA Administrator, the Speaker of the House of Representatives, and the Mayoress of San Juan.

On Agricultural Industry and Food Distribution Day, different plants and agricultural groups held open-house where agricultural and dairy products were exhibited. During all week there was a Fiesta-sale of Puerto Rican products at different food stores throughout the island.

The new quarters of the Chamber of Commerce were officially opened on Commerce and Finance Day. Local industries were exhibited all week at the Chamber of Commerce. Local merchants awarded prizes to consumers during this day.

The Office of Tourism held an open-house on Tourism Day. Hotels in the metropolitan area were also opened for visitors during the day. Three ground-breaking ceremonies were held for a new hotel and two new restaurants. There was an exhibition of native handicraft at one of the hotels. A native clothing and accessories Fashion Show took place at another hotel.

Articles were written on the Hotel School and on what has happened on the Tourist industry during the last five years of operation.

The celebration of Bootstrap Week received constant publicity through all mass media. In addition, large posters with the symbol of the EDA and the slogan "Fomento Siembra - El Pueblo Cosecha" (the EDA sows - the People Reaps) were placed on billboards throughout the main transportation routes. Smaller posters were placed on all public transportation.

A white bus provided by the Transport Authority had painted sketches of the different programs and departments of the EDA, with an explanatory note where it was necessary.

Stereotype plates (clichés) on Bootstrap Week were exhibited at the main theatres throughout the island.



A choir formed by EDA personnel performed on several variety shows in television during the week.

The publicity received by Operation Bootstrap Week in the mainland surpassed all other previous Puerto Rican publicity in the continent. The Public Relations Office of the EDA in New York City is credited with this accomplishment.

Public Relations Office - New York City

The Public Relations Office of the EDA in New York City is in charge of the publicity program in the United States, and also serves as liaison between the public and other EDA divisions. It is primarily concerned with procuring, forwarding, and expediting all matters related to industrial contacts. It is in charge of distributing literature, interviewing potential investors and keeping American businessmen informed as to industrial operations in Puerto Rico. Other duties include furthering three other programs: Rum Promotion, Industrial Promotion and Tourism, stipulating definite policies regarding institutional publicity as a whole. Their approach is to divide any main issue into as many points as possible and break through these points in order to reach a greater number of people.

The following exposition of the work done by this office since its creation on January 1, 1955, shows its contribution towards the overall success of the Promotion Program.

Highlights, 1955-56 - The Public Relations Office summarizes its accomplishments as of June, 1956 as follows:<sup>40</sup>

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<sup>40</sup>"Mainland Progress Report" - Fiscal Year 1956; EDA, Public Relations Office.

1. Blanketing of all sectors of the trade press of interest to Puerto Rico with technical and business articles which brought numerous contacts with manufacturers.

2. Complete reorganization of the public relations work and staff of the public relations agency, placing a professional writer and editor in San Juan, a new account executive in New York City, and an industrial writer at the EDA office in New York.

3. Editorial preparation and coordination of new main EDA promotional brochure, "Facts for the Manufacturer" to replace "Facts for Businessmen".

4. Achieving major placements on business pages of such publications as the New York Times and the New York Herald-Tribune.

5. Coordinating, supervising and producing major sections of the New York <sup>ed</sup> of the publicity for Bootstrap Week, including such pieces as a six-page feature in Life Magazine and numerous editorials lauding Puerto Rico.

6. Editorial supervision of a new film and cooperation in three others; setting up of two network-wide broadcast shows.

7. Surpassing of all publicity targets.

8. Establishing an internal EDA information system on publicity appearing, and a system of reprints of trade articles for use by Industrial Representatives; editing

of direct mail campaigns to industrialists and of industry fact sheets on Puerto Rico's development, of exhibits and other promotional tools.

9. A program of film publicity involving major convention and meeting promotions at the start of the year, and talks, films and displays provided to organizations and institutions.

10. A continuous program of rum publicity throughout the liquor trade press.

During the year 1955, the Public Relations Office handled several important events which gave a boost to the Industrial Promotion Program of Puerto Rico.

The first of these was a Puerto Rico Day at the New York Sales Executive Club, which received publicity in Club's Bulletin, the New York Times, the New York Herald-Tribune and the Journal of Commerce.

Similar presentations were made at the Inter-American Investment Conference in New Orleans, which was covered by radio and television on the spot, as well as by films and press; a Puerto Rico Evening at the Columbia Club in New York; Financial Public Relations Association Convention in Florida, where through Puerto Rican activity, arrangements were made for a visit to Puerto Rico by 100 delegates; the National Electronics Conference in Chicago and the Chicago Sight and Sound Convention.

Talks were given by EDA personnel at a meeting of the National Council of Women of the United States held in New York City.

Special group promotions included arrangements for inaugurating a shipping service by the Alcoa Steamship Company from San Juan to Baltimore, New York and Boston with first shipments from new factories in Puerto Rico. Officials from the different firms represented in the cargo and government officials were present at each port of landing. The Governor of Maryland and the Resident Commissioner of Puerto Rico in Washington met the ship in Baltimore; the Mayor of New York City, in New York, and the Governor of Massachusetts and the Mayor of Boston, in Boston.

Caribe China, new Puerto Rican product, made its debut at Wannamaker's, Philadelphia, Pa., where a great promotional campaign took place. Similar arrangements were made in other departments stores.

Hamilton Wright, from Hamilton Wright Organization in New York City, gave a speech centered in Puerto Rico at the annual meeting of the Society of Magazine Writers.

Promotional films were shown at Premier Thread Co., Rhode Island, Marine Midland Trust Co., New York, Fordham Faculty Club, Adelphi College, Woman's Club of Baton Rouge, Louisiana, a business group in Reading, Pa., and Graphic Arts Society of Detroit. Speeches were given at Long

Island City Rotary Club and Columbia University.

The Public Relations Office together with Bransby Productions completed the film "Beyond the Valley" on Operation Bootstrap sponsored by Esso Standard Oil Co.

Reprints and brochures included promotion for book "Transformation: the Story of Modern Puerto Rico", by Earl Parker Hanson, featured in the New York Herald Tribune. A large low-cost order of "Transformation..." was made for general distribution. The United States State Department ordered 1500 copies for distribution abroad. During this year two new brochures were prepared: "Industrial Incentives Act" and "Puerto Rico as a United States Customer", tentative title.

The publicity enacted by this office during 1955-56 can best be ascertained through the coverage received by the three main channels of communication: press, radio and television.

General and Trade Press--Magazines:- A summary of feature articles on Puerto Rico and the Industrial Promotion Program include the following: The New York Daily News ran a series on Puerto Rico's social and economic program. The New York Times Sunday Magazine published three consecutive articles on Puerto Rico. A series of 7 articles on mainland operations appeared in "El Mundo", San Juan, Puerto Rico. Hamilton Wright Organization provided coverage in Rome on arrival of

San Juan Mayor's there for an International Mayor's Conference. A story on Puerto Rico written by Douglas Smith was carried by Scripps-Howard newspaper chain. An item on taxes appeared on a syndicated Sunday supplement of Family Weekly. A dozen articles on Puerto Rico appeared in the Year's Business Review of the New York Times and the Herald Tribune. A press release on Puerto Rico's Economic Program from 1940-55 got a full column pick-up in the New York Times and in Times Magazine, Latin American edition. The dedication of the Supreme Court Building in Puerto Rico was covered by the New York Times and the New York Herald Tribune.

Rum publicity received coverage by such magazines as: Esquire, Playboy, Spirits, Beverage Media, International Steward and Shenley Magazine. An article on tax collection from rum sales in mainland was distributed through Associated and United Press. Rum advertising news were placed in the New York Times, World-Telegram and Printers Ink.

Other trade press such as American Shoemaking, Luggage and Leather, Optical Index, Candy Industry, Women's Wear Daily, Daily News Record, Modern Plastics and Drug Trade News carried articles about products manufactured in Puerto Rico.

Business press which carried articles on Puerto Rico and its industrial program include the Journal of Commerce,

Business Week, Fortune, Dun's Review, Harvard Business Review and Barron's.

Travel and feature material appeared on all travel publications.

Brochures "Facts for Businessmen", "Memo to Your Wife" and "What Manufacturers Say About Puerto Rico" were distributed throughout the country by mail and personal contacts made by Industrial Representatives and Field Supervisors.

Radio:- Radio coverage has not been as intensive as the written media. Nevertheless, several networks presented programs on Puerto Rico's economic development.

WOR Travel Session had two successive programs on the tourist industry and other industrial developments in Puerto Rico.

A representative of CBS "Monitor" went to Puerto Rico and made recordings for Puerto Rican spots on a complete weekend network radio show.

NBC "Monitor" ran recordings of celebration of the Three Kings Day in Puerto Rico.

WHDH, Boston, Mass., requested material on Puerto Rico to prepare a Puerto Rico show after seeing an article on Printers Ink.

Television:- Although Puerto Rico's Industrial Program did not receive much publicity through this medium, still two outstanding programs presented features



on Puerto Rico's achievements in the economic field.

A half-hour feature was presented on Eric Sevareid's program "American Week" and covered by 84 stations of CBC.

NBC-TV "Cavalcade of Progress" presented a program on the work done by PRIDCO (Puerto Rico Industrial Development Company).

Several television interviews of Industrial Representatives took place in Philadelphia, Pennsylvania.

Other services provided by the Public Relations Office include a reading service where a clipping file is kept for publicity and information purposes. A list of periodicals is being compiled in order to establish a periodicals library and routing system in the mainland office.

A staff publication, "The Scoreboard", is prepared by public relations personnel. This office also provides information for "La Rueda", internal house organ of EDA in the main office at San Juan, P. R.

One of the most important functions of the Public Relations Office is the solution of public relations problems which arise at any moment during the evolution of any program. Most of the problems solved by this office since its establishment have dealt with misinformation and adverse criticism of the Puerto Rican Industrial Promotion Program by the continental press.

The Waterbury Republican and The American Metal

Market ran articles denouncing Puerto Rican "raiding" of American industry. Both papers were approached by this office and agreed to run answering articles from this governmental agency.

The St. Paul Pioneer Press ran a semi-critical editorial. This was handled by an Industrial Representative and a letter from the Public Relations Director. The outcome was the prominent publication of the Director's letter, a favorable editorial and a personal apologetic note received at this office.

Business Week carried an article on regional inducements to "runaway" industry which did not explain of Puerto Rico's refusal to extend tax exemption to "runaway" plants. A clarifying letter was sent to this magazine.

Other government officials requested the aid of this office for the solution of a different kind of problem. The commonwealth status of Puerto Rico has brought questions from some states of the Union, as other territories have expressed their willingness to pursue same status. This office scheduled a meeting of all Puerto Rican government officials connected with this issue for the preparation of recommendations on this subject for publicity.

A report was made on the Nationalist movement in Puerto Rico to satisfy misgivings on the political situation in the island. This was prompted by several

dramatic manifestations of a handful of Nationalists protesting the change of political status of the island from possession to commonwealth.

For the celebration of Operation Bootstrap Week in May, 1956, this Office made all the contacts with top business press, radio and television for special announcements and programs in the mainland. Outstanding among these were the broadcasts on Bootstrap Week through NBC Monitor-Radio, Radio Free Europe and Voice of America.

New activities initiated by this Office this year included an agreement to work jointly on publicity projects with companies establishing a business in Puerto Rico, e.g., Union Carbide and General Electric, and the arrangement for placement of material in German, French, Swiss and British publications to back up the campaign in attracting European industry.

## CHAPTER IV

### EFFECTS OF PUBLIC RELATIONS PROGRAM ON ESTABLISHED FIRMS IN PUERTO RICO

It is the consensus of opinion of those EDA officials in public relations that if not impossible, it is very difficult to measure or evaluate to what extent public relations techniques have influenced the industrial world towards opening business in Puerto Rico. The writer became conscious of this problem as soon as preparation for a survey in this field among factories in Puerto Rico was under way.

Nevertheless, a questionnaire was prepared covering as many aspects of public relations as possible and mailed to a representative sample of the 300 factories established in Puerto Rico by 1955. The sample consisted of 200 factories with a variety of industries as to product, locale and the time they had been in operation. Thirteen per cent of the industries returned the questionnaire in blank, mainly because they had closed operations and/or had moved elsewhere outside of Puerto Rico.

The picture drawn out from the answers in the questionnaire is most interesting and revealing. As a whole,

it is a favorable one regarding the dissemination of information about Puerto Rico abroad. The transition from the stereotyped idea of Puerto Rico to a realistic one is quite discernible. As to the role of public relations techniques specifically on industrial promotion, the picture changes somewhat.

At this point, we must bear in mind several facts that have bearing on this latter situation and thus affect the outcome of the same.

Although since the beginnings of the Industrial Promotion Program, there was a person in charge of its publicity, his duties were limited to the propagation of information as to what the program was and what it proposed to do. No soliciting of business was included. It was not until the program picked up momentum that the public relations phase of it broadened and other responsibilities were bestowed upon the public relations personnel.

The governmental policy as to public relations was in transition and it was not until 1950 that a definite course was determined in this respect. This can be readily seen in the answers given by factories established during the earlier years of operation of the program and those given by factories established at a later time.

Several other variables entered into this situation; mainly, limited funds, lack of know-how and trained per-

sonnel which were also responsible for the limited use of public relations techniques when the Industrial Promotion Program started operating.

### Survey Results

The questionnaire had twenty questions of which only four called for individual opinions. (See Appendix E) The rest were answered by checking specific items provided by the question.

Industries' introduction to Industrial Promotion Program. Although the program began in 1943, of those industries included in the sample the first ones to learn about it did so in 1946 - 4% of them. The rest are distributed as follows: 1947 - 3%, 1948 - 11%, 1949 - 9%, 1950 - 11%, 1951 - 10%, 1952 - 15%, 1953 - 9%, 1954 - 5%. Other answers were: As soon as business started - 4%, several years ago - 4%, no answer - 15%.

Twenty-five per cent (25%) heard about the program from personal friends and other businessmen; twenty-three (23%) through newspapers, magazines and the radio; and twelve and a half per cent (12.5%) became aware of it through advertisement. The remaining industries learned about the program in the following manner:

EDA office in New York City	- 6%
On vacation tours to P. R.	- 6%
Other factories in P. R.	- 6%
Arthur D. Little, Inc.	- 4.5%

Through competitor in P. R.	- 4%
Through business associates in mainland	- 2%
At Wage and Hour Office- San Juan, P. R.	- 2%
Through customer in P. R.	- 2%
As editor and through govt. officials	- 2%
No answer	- 4%

The industries, as a whole, had a favorable reaction to the program. Over half of them, 52%, indicated their interest while thirty-four per cent (34%) stressed the fact that they became very much interested in the program. Only two per cent (2%) showed no interest at all, with the remaining 12% showing some interest.

They inquired more about the program for a wide variety of reasons. Outstanding among these are the tax and labor advantages in Puerto Rico, plus other benefits granted by the EDA to incoming industries. Nineteen per cent (19%) expressed their interest in these benefits; seventeen per cent (17%) said they were just interested and did not specify why; ten per cent (10%) expressed their need of expansion and the business opportunities they saw in Puerto Rico; six per cent (6%) indicated they were interested in personal benefits, and another six per cent (6%) said that because of competition from Japan and elsewhere, they were forced to look for a new site of

operations.

Other reasons with an even proportion among the remaining answers were: financial conditions; appeared to be a good place for business; as a source of information on labor conditions in Puerto Rico; found product not produced in Puerto Rico or the United States with great possibilities; need to move plant; intrigued with possibilities; to learn more intimate details; foresight of potentialities of program regarding economic development of island; for editorial coverage; and, as an afterthought while visiting island on vacation.

In order to get more information about the program, these industries used various means of communication and approached different sources of information.

Forty-six per cent (46%) called at main office in San Juan, while twenty-three per cent (23%) called at branch offices in New York City and Chicago. Six per cent (6%) wrote letters to EDA and another six per cent (6%) made personal contact with EDA personnel. Eight per cent (8%) used the following approaches, 2% ea.: requested interviews; inquired managers of other factories; requested EDA personnel to contact them; sent a person to Puerto Rico to investigate. Two per cent (2%) indicated that information was furnished to them without their request.



EDA personnel answered these inquiries in the following manner: Fifty-three per cent (53%) of these industrialists were contacted in person by industrial representatives of the EDA on their request, while thirteen per cent (13%) were contacted through the initiative of EDA personnel. Nineteen per cent (19%) of the inquiries were answered by mail, and eleven per cent (11%) received preliminary answers through telephone conversations.

As a first step in the promotion campaign, it is the policy of the EDA to canvass the industrial world and choose to contact those industries which because of their nature are more liable to operate successfully in Puerto Rico. These industries are approached by the EDA in different ways.

In this respect, thirty-six per cent (36%) of the industries stated that they were first approached by the EDA regarding the Industrial Promotion Program; they having made no previous request about it. Forty-five per cent (45%) were contacted personally; twenty-seven (27%) per cent by direct mail, and fourteen per cent (14%) on the telephone.

Knowledge acquired through mass media communication and special events. Of all the various publications of the EDA, it appears that the ones most distributed are those falling in the categories of illustrated booklets and printed pamphlets. Sixty per cent (60%) of the in-

dustries acknowledged receiving samples of these publications. Other publications received the following distribution: reprints - 11%, periodicals - 7%, other printed matter - 7%. Seven per cent (7%) informed they had not received any publications and seven per cent (7%) did not answer the question.

Advertisements and news about the program issued by the EDA were seen and/or read by industrialists in the following media: newspapers - 30%, business press - 18%, general magazines - 22%, window displays - 4%, moving pictures - 4%, billboards - 2%. Twenty per cent (20%) informed they had not seen or read about the program in the above mentioned media.

Only nine per cent (9%) mentioned radio and television references and these only at a local level.

Of the special programs sponsored by the EDA, the best known are those which consist of talks and visual presentations. Twenty-two per cent (22%) of the industrialists knew about them. Other programs with which they were familiar range as follows: special events promotion - 16%, special Puerto Rico day or evening - 15%, and convention and meeting promotion programs - 13%. Sixteen per cent (16%) of them did not know of this EDA activity.

Industrialists who participated in one or more of these special promotion programs did so in the following manner: national conventions and/or meetings pro-

grams with talks and visual presentations - 25%, special Puerto Rico day or evening - 10%, programs in connection with event related to industry in P. R. and/or mainland firm extending its services to P. R. - 15%. Fifty per cent (50%) did not participate in any of these special programs.

Other services and assistance. Aside from meeting the necessary requirements for opening a factory in Puerto Rico through the EDA, there are other problems that need to be solved satisfactorily if the enterprise is to be successful.

The EDA offers assistance to incoming industrialists and their families in such matters as transportation, housing, school for children, and any other personal problem that is within its power to solve. Cognizant of this service were the following industries distributed as follows: Transportation - 8%, Housing - 16%, School - 16%, Other - 5%, No answer - 16%. Thirty-nine per cent (39%) were ignorant of this service.

Of those who knew about the service, only seven per cent (7%) received aid as to transportation problems; seven per cent (7%) as to housing; school, four per cent (4%), and other help, one per cent (1%). Fifty per cent (50%) received no help and thirty per cent (30%) did not answer the question.

In connection with the establishment of a business in Puerto Rico, the EDA offers several services which help the industrialist to settle down in a minimum of time. These include the following fields: technical, personnel, financial, training, education, site and building facilities. The following distribution shows the industries that were aware of this assistance offered by the EDA prior to their business agreement with this agency: technical - 14%, personnel - 22%, financial - 13%, site and building facilities - 18%, training - 20%, education - 7%, none - 6%.

Of those who knew about these services, the following actually benefited from them: technical - 13%, personnel - 15%, financial - 13%, site and building facilities - 23%, training - 21%, education - 6%, none - 9%.

Industries that had public relations problems of a broad nature were helped by the EDA in matters concerning problems with: local government - 13%, local industrialists - 5%, employees - 23%, labor unions - 2%, community - 10%, other (marketing) - 5%. Forty-two per cent (42%) informed they had no problems with the above mentioned groups.

Main motive for establishing business in Puerto Rico. Eighty-seven per cent (87%) of the industries answered this question. The reasons given are of a variety ranging

from "to make money and keep some of it" to "temporary insanity."

Corporate tax exemption had the highest claim - thirty per cent (30%) of the answers; to make a profit - 16%; abundant labor - 8%; competition in the United States - 8%. Twenty-six per cent (26%) gave other reasons for establishing a business in Puerto Rico. Discounting a repetition of the reasons already mentioned, a verbatim exposition of other answers follows:

"To obtain a small manufacturing operation for the manufacture of staples for foreign trade."

"...proximity to raw materials and markets,..."

"To meet competition of other manufacturers already in operation in Puerto Rico."

"Because large customer was there..."

"We live here and wanted to take advantage of... government help to business,..."

"Cheaper sugar than mainland plant (Milwaukee, Wisc.), cheaper labor, cheaper transportation to new markets (Southern United States) than mainland plant."

"...the personnel works better."

"To take advantage of the excellent opportunity for our particular business there, and because we wanted to have a share in the big things that are happening in Puerto Rico."

"... To provide jobs. To manufacture in a peaceful manufacturing climate."

"Because we found this product which was being manufactured in Spain, France and England in very limited quantities due to the lack of raw materials, and felt that it could profitably be made in Puerto Rico, where we have plenty of raw material and electric power and where our geographical location is very advantageous to serve Latin American countries as well as the mainland."

"As our business is one that was established since 1949, we got in touch with EDA, first, for financial purposes to increase the production of canned vegetables, buying machinery, etc., and then, to construct one building with modern facilities. We received financial credit and they built for us a modern building."

"To get control over our own quality in the production and export of handsewn gloves. We had originally purchased gloves from there which were unsatisfactory. After we were there and inducements made, we expanded into other products to take advantage of lower production costs, lower taxes and the possibilities for higher profits."

Criticisms and Opinions. Most of the complaints made by the industries are the natural ones that would arise in any country trying to improve its economy through industrialism. In spite of these, over half of the industries (52%) had words of praise for the

zeal with which the EDA labors toward its goal. Some industrialists express the feeling of the group in the following manner:

"The EDA has been extremely cooperative in helping us with any of our problems which have come within their scope. The EDA representative in our area of the island has gone out of his way many times to aid our operation in any way he could."

"The most important factor to me is the fact that EDA is basically realistic in its approach and is flexible; therefore, it is improving."

"Excellent, because they are so well coordinated that can solve any of your problems (if you have any) immediately."

"It is successful! Specific individuals could do a better job but on the whole - Good!!"

"The accomplishment of industrializing Puerto Rico has been good."

"We had little or no dealings with EDA until we were established there about 6 years. EDA helped us in expanding our facilities and did it very well. Their advertisements, etc. are well known to us now of course, and we believe they are very effective."

Some industrialists compromised in their answers, pointing out the good and bad points of the program. Some of their views read as follows:

"Excellent intentions and program but the men (who are very capable) are overworked and everything conse-

quently takes too long."

"Good, but too expensive for the industrialist."

"A lot of mistakes have been made and will be made. But, who could do it better?"

"Generally speaking, EDA is very good. Their intentions and personnel are of the highest. Unfortunately, the members of the legislature are not of the same calibre and do not always back up the ideas of EDA."

The remaining ones expressed views of a stronger critical nature which give us the opportunity to look into the weaknesses of the program and, at the same time, showing us a way whereby these weaknesses may be corrected. Examples of this nature read as follows:

"Tremendous amount of Red Tape. Extremely weak policies."

"Buildings offered by EDA are in our opinion 20% higher than private construction. No great enthusiasm to help, beyond the duty of the job."

"Typically government."

"There is an excessive red-tape in handling all matters. Sometimes this makes the industrialist feel disgusted."

The strongest criticism came, no doubt, from a person who took ample time to think and evaluate his own experience in dealing with the EDA. His answer touches various phases of the industrial development of Puerto



Rico. He says: "The general administration of the EDA program is good and competently handled. The lower echelon of employees, in general is young, inexperienced and certainly lacks a spirit of dedication found otherwise. They 'put in their time', 'go through the motions' but are ineffective servants. The follow through of the broad programs, often in their hands, is poor.

"The mental approach of many individuals involved in new industries, their establishment, and the resulting improvements, is negative to cooperation and genuine assistance. So many of the 'key' people of the island are so wealthy that they have become philosophical 'do-gooders' but ineffectual forces for the broad progress needed especially with the driving speed necessary with such changes. They probably mean well, but the 'mañana' spirit has had its effect, at least with a great many.

"My summation of what is contained in the answers herein is:

1. The picture painted is far more beautiful than the real thing. (They do a lot of talking and promising; don't always follow through.)

2. There must be a faster adaptation of the changing conditions by the most influential private citizens. They must adopt a spirit of harmony with the progress planned and resulting, at least to the degree that they support it and really work toward these ends--WITH SPEED."

Let us turn now to those complaints regarding the operation of the industries. Outstanding among these are lack of trained personnel - technical as well as supervisory - poor transportation facilities, lack of raw materials, marketing problems and problems of a sociological nature requiring adjustment to the "factory way of life" and social integration of this new way of life into the existing pattern.

Almost one third (30%) of the complaints deal with inadequate personnel. The need for middle management and supervisors is more acute than that of technical personnel. Transportation, market and labor problems claim ten per cent (10%) each. Verbatim expressions of these problems follow:

"Most problems are problems of supplies, most of which have to come from the States and transportation problems, getting supplies in and making shipments out on time. Also the lack of trained technical personnel which must be trained after employment."

"...Training,...difficulty of selling in United States market."

"Main problem was that of finding trained supervisors."

"Lack of middle management candidates with qualifications." "Materials and Transportation; strikes mostly."

"Establishment of market - no help from any government sources, EDA, etc."

"Too many - lack of experienced help, labor turnover."

"Difficulty in securing competent office personnel."

"The greatest problem confronting us is that with increased labor costs, there may not be a great enough differential in labor rates in Puerto Rico and the States to take care of transportation and communication costs not incurred in the States. Shipping delays, strikes of transportation carriers which delay material destined for production lines, add additional costs."

Problems dealing with the absorption of the industrial concept and adjustment to new situations derived from this concept are best expressed by some industrialists as follows:

"Low productivity, high absenteeism, high turnover, poor quality of product."

"Keeping management satisfied to stay there."

"Social integration of state side families, language barrier in and out of plant, Labor and Treasury Departments basically Spanish in thinking."

"Attitude of industry - not ready for advanced development. Same with workers although they are improving."

Seven per cent (7%) complained about poor utilities services, particularly telephone service.

Complaints of a more general nature include not enough financial aid, difficulty in making a profit, too

many investigators, lack of continuous orders from the United States, difficulty in finding proper family housing and school for the children, and high cost of living for supervisors.

Only ten per cent (10%) acknowledged having no great problems. Some opinions read as follows:

"Nothing that hasn't been straightened out without too much difficulty."

"No new great problems over Stateside operation."

"No sales problems."

"No problems at all."

"Minor problems that disappeared on time without difficulty."

The outcome of this survey will be commented upon on the next chapter.

## CHAPTER V

### SUMMARY AND CONCLUSIONS

Throughout the exposition made in the four preceding chapters of this study, we have learned of the history, the development and the outcome of the industrial movement in Puerto Rico, borne out of the struggle for survival of a country abundant in people and short in land and natural resources.

Sixteen years of labor industrializing the island have brought fruitful results. The economy of the island is no longer wholly dependent on its agriculture; industry has come to lighten the burden and contribute with its pertinent share. In a short period of time the living standard of the Puerto Rican citizen has improved with great speed.

Today the Industrial Promotion Program holds a prominent place in the life of the Puerto Rican people, not only because it is a vital source of support for the individual, but also because it is the leading factor in the overall progress of the island.

### Industrial Perspectives

According to the technicians at the EDA, the industrial perspectives of the island are most flattering. On a report made by the EDA Administrator before the Finance Commission of the House of Representatives (P.R.), we find how the industrial development stands today and what are the expectations for the future.<sup>41</sup>

Nowadays, there are 402 factories operating in Puerto Rico which provide employment for 31,400 persons. By the end of this year, it is expected to have 37,000 employed at the factories, and to reach the goal of 513 factories, losing only 22 in the process.

The EDA spends \$6,900,000 a year and receives benefits amounting to \$75,000,000, a great contribution to the public treasury. Seventeen per cent (17%) of the total annual income of the island is credited to EDA endeavors.

The method of merchandising Puerto Rican rum on the continent needs to be revised and its promotion intensified in order to offset the competition received by Vodka during the past year. More funds will be used for this campaign, as rum production is our second major industry and thus vital to our economy.

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<sup>41</sup>El Mundo (San Juan, Puerto Rico), February 15, 1957, Page 7.

Future plans include the following propositions:

There is a possibility that within the next nine years there will be established in Puerto Rico twenty more solid-type industries including six new refineries, six industries related to chemicals and petroleum and three fiber industries. There is also a possibility that the laborers employed by these solid-type industries will earn \$2.00 an hour by 1965.

A big step taken towards procuring credit facilities to prospective investors in Puerto Rico was the attendance of the EDA Administrator and the President of the Development Bank to the inauguration in Washington of the International Finance Corporation, a subsidiary of the International Bank. This organization is in a position to grant loans to industrialists of other countries interested in opening business in American land. Subsequent to this visit, a group of industrial officials from Latin America will meet in Puerto Rico for the purpose of learning how this corporation functions and what is the procedure to obtain loans.

Thus, the EDA tries to keep ahead of itself by utilizing any opportunity available which would ease the way to further its own program.

Yet, the efforts spent by the EDA in mobilizing Puerto Rican investors to interest them in taking full

participation in the program have not been as successful as expected.

As pointed out by Mr. Teodoro Moscoso, EDA Administrator, on a speech addressed to the Chamber of Commerce (P.R.),<sup>42</sup> Puerto Rico has achieved complete development on certain aspects of its personality, "but in others, nature has not yet achieved the miracle of growth." In this respect, Mr. Moscoso refers mostly to the apathy displayed by native capital to take the lead in contributing to the industrial development of the island. The repercussions of this attitude were responsible for the government taking the initiative in establishing several factories to initiate the industrial movement in Puerto Rico. The representatives of native capital protested this government action, but excepting one or two, very little attention was given by them to help solve the problem.

We Puerto Ricans believe in a democratic form of government and are the first ones to recognize that it is up to the individual to improve the living conditions of his country by exercising his freedom of action dealing with and creating those institutions that would serve best in fulfilling the needs of the society where he lives. Thus, Mr. Moscoso disapproves of the government

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<sup>42</sup>Ibid., Page 4.



"Taking upon itself various tasks that could be undertaken by a group of citizens or individuals" who, in our economic system, are the natural ones called for to do them. In our case, when nobody rose to meet the forthcoming economic disaster, it was up to the government to meet the situation. This socialistic maneuver could have prevailed if our democratic thinking had not been so rooted in our way of life. As expressed by Mr. Moscoso "... our government does not confuse the method with the fact, the substance with the form."

Puerto Rico has to make the most of what little it has. "The best way to guarantee this ideal would be for each one to do what he can, and not wait for others to do what each one of us should do," states Mr. Moscoso. Rounding up his address, he said that if Puerto Rico would start thinking that it can enjoy the benefits of industrialism solely through North American investments in the country, "Puerto Rico would be surrendering the honorable possibility of self support."

#### Comments on Survey

The outcome of the survey shows several tendencies of great significance in the public relations aspect of the Industrial Promotion Program.

The fact that two thirds of the industries involved learned about the program during the period from 1948-53,

was probably due to the intensification of publicity and personal approach that the EDA displayed during these years.

Yet, the highest per cent among the industries indicated that they learned about the program from personal friends and business associates. In this case, it seems that knowledge acquired "by word of mouth" was the most prolific one.

Once they learned about the program practically all the industries (over four fifths) became interested and were moved to inquire more about it. Over two thirds made personal calls at EDA offices in San Juan, New York and Chicago. In dealing with prospects, the EDA also used the personal approach twice as much as other ways of contact.

Mass media communication and special events played a supporting role in procuring industries for Puerto Rico. Different reasons may be responsible for this situation. The opening of a new field in any country with no previous experience in the field, finds strong resistance from those classes of people who, under different circumstances would be naturally interested in taking advantage of this new opportunity for business. This is partially due to the natural fear of investing in a proposition which has no previous history of success,

and thus involving a greater risk. It is obvious that this attitude cannot be changed through mass media communication and special events. The personal approach is mandatory. The case of Puerto Rico is a good example of this principle.

Publicity, advertising and special programs become important and necessary when the new venture is underway. It is then that these tools can be used to their utmost degree; when their yield will be greatest.

In spite of the above, two thirds of the industries admitted having seen and/or read about the Industrial Promotion Program in newspapers, business press and magazines, though it was after having learned about it through personal contact.

As to radio and television references, it is striking to note that only 9% of the industries benefited from these programs and that, at a local level.

The programs presented by radio and television networks in the United States were not seen or heard by the industries answering the questionnaire. This lack of audience in the continent could have been due to the following reasons.

In the first place, most of the industries included in the sample came to Puerto Rico on or prior to 1953. Only 5% came to Puerto Rico in 1954. Publicity through

radio and television did not boom until the establishment of a public relations office at the EDA branch office in New York City in 1955.

Another factor is that most radio and television programs offered to continental audiences are sponsored by the Office of Tourism, EDA, and are slanted to promote tourism in Puerto Rico, and at the same time to promote good will for the island.

The tourist industry was not included in the sample covered by this survey. In harmony with the EDA recognition of the special nature of this industry, which constitutes a separate department, the writer limited this study to the production-type industry.

Of the special promotion programs sponsored by the EDA, talks and visual presentations were the most frequented ones. Only half of the industries participated in any of these programs; the most recently established in Puerto Rico. This activity of special programs started only three years ago.

#### Incentives - Reactions and Complaints

Corporate tax exemption and to make a profit were the main reasons given by the industries for opening business in Puerto Rico, closely followed by taking advantage of the abundant labor in the island and to avoid competition in the United States. It is obvious that

personal gain was the force that moved this people to action. Business cannot survive without a profit, no matter how small this should be. So, it is to be expected that these businessmen would want to take advantage of the present opportunity in Puerto Rico to increase their profits by lowering their costs and saving in taxes, if not by increasing production per se.

Yet, in this day and age when industry has welcomed the social sciences into its realm and participates actively in improving the social conditions of its members, it is significant to note that only two of the industries in this study were concerned about the interest of others aside from their own.

According to what the writer has been exposed to, we have been led to believe that the desire of industry to contribute to the welfare of the community has become parallel to its basic desire of making a profit. This development has grown out of the complexity of our society which has induced its members to be more reciprocal in their relations if the social order in which we live is to subsist.

Nevertheless, this is not the impression we get from the answers given by the industries covered by this study. The deduction is that, although this concern of industry for the general welfare of society has increased

rapidly during the last few years, it has not yet reached the degree of development necessary to become wholly effective and occupy a parallel position to the need of making a profit. The writer believes that this relation will predominate in the future; both principles at the same level though, because of the inherent nature of industry and business, one is necessarily subsequent to the other. Industry's contribution to the welfare of society rests upon the profit factor and its evolution in the business process.

As to external obstacles confronted by the industries, government intervention (red-tape) takes the lead. They complained of too much investigation, lack of understanding from the members of the legislature, improper balance of authority and responsibility and waste of time caused by the bureaucratic handling of problems which have to be solved through administrative channels. These disturbances are a natural consequence of government sponsored enterprises.

The government, because of its multiple functions demands a large organization, which is necessarily a complex one. This complexity hinders and retards any action in solving a problem. Furthermore, as government funds are collected from the taxpayers, the government is bound to inform the people of how these funds are spent and justify these expenditures. Consequently,

much time is spent investigating all propositions in which the government plans to invest money.

Industry moves at a faster pace. As time elapses, if no production is taking place, the industry is losing money. Too much delay on account of administrative decisions may force an industry to terminate negotiations.

This red-tape encountered by industrialists in their dealings with the government can be minimized with proper handling, but never eliminated completely.

Some industries expressed grave concern on the integration of the industrial concept in the life pattern of the Puerto Rican people. They have become impatient with the slow reaction of the people to the social changes brought about by the industrial development in the island. They have expressed their desire to hasten these changes and bring them about together with the economic ones. This is an ideal which would create an almost perfect socio-economic order.

Unfortunately, social changes cannot be attained as rapidly as the economic ones. Social patterns which have been in force for many years, even centuries, become an integral part of the thinking and feeling of human beings. In order to change these, it would be necessary to alter and/or modify the people's attitude toward these patterns. Attitude-changing comes under the realm of psychology. This process, though it is

not the most difficult one in the field, can be considered among the top ones in absorbing the time and effort of the specialists in this field, who not always obtain the desired results.

The complexity of this problem does not permit a society to deal with it lightly. Plenty of time and education are needed if we are to obtain fruitful results. To make the land yield its crop and to manufacture different products can be done in a comparatively short time provided all the necessary materials are at hand; to make people change their pattern of life from one day to another is practically impossible.

"There must be a faster adaptation of the changing conditions... They must adopt a spirit of harmony with the progress planned... and really work toward these ends with speed." - said an industrialist. The words "must" and "with speed" carry an imperative force which is incompatible with the nature of the problem.

The adaptation to the changes brought about by industrialism is being done as rapidly as the prevalent social conditions permit. The island's association with the United States for 59 years have smoothed out the way for this adaptation. The progress attained is by far the greatest among other countries which have engaged in this kind of program on or before Puerto Rico enacted its own.



The professional class of Puerto Rico has come together for the purpose of discussing this problem and finding out ways in which this social integration of industrialism can be attained in the least possible time. Conventions on social orientation are held periodically where all the different aspects of the Puerto Rican life affected by the industrial movement are discussed and new ideas and methods are adopted for correcting new problems. Conferences on the subject are given throughout the island sponsored by civic organizations and the industries themselves in unison with EDA personnel. Educational films are exhibited in relation with these conferences. Public forums are held from time to time at different places where an informal discussion on the subject is carried out. Many of these forums are televised and/or broadcasted.

The task of preparing the growing generation to fit into this new pattern of social living corresponds mostly to the Department of Education. The social sciences at a primary and secondary level include in their programs community problems currently rising in the community. The projects in which the children participate are a live workshop where they learn by doing; the quickest way of assimilating any kind of teaching. Because the environment has been altered by the industrial movement, many of these projects are connected directly or indirectly

to the changes brought about by the industries established in their communities.

In a higher level, besides the regular courses in social science offered by the University and other institutions of higher learning, special courses have been introduced in order to meet the new demands created by the industrial movement. The University of Puerto Rico also grants scholarships to outstanding students who wish to attend schools in the continent and specialize in any of the new fields opened in Puerto Rico. The EDA has a special training program for candidates who have been duly screened before recruiting them for further studies in the continent on such matters as industrial management, industrial psychology, merchandising, etc.

Problems concerning industrial operation are being solved more rapidly. The lack of trained personnel, supervisory as well as technical, is being eliminated by the educational programs of the University and the EDA. The vocational schools in the island and the special training programs of the EDA have been successful in controlling this hardship. Some industries, because of the nature of their products, provide for a period of training before entering into full production.

Lack of raw materials is a natural limitation which is easily corrected by importing the necessary materials from the continent and/or nearby countries.

Transportation and marketing problems are at the present time the most difficult ones faced by the industries. The government as well as the industries are working intensively toward the solution of these problems. How successful the government will be in solving these problems depends on the public relations approach of the government to them, which should emphasize the human relations aspect of the problems. Further discussion of these problems requires separate attention.

## Facing New Problems

### Public Relations Approach

On Chapter IV we mentioned the difficulty met by the Office of Public Relations in trying to evaluate the effects of its program. Feedback is sporadic and not enough for them to reach definite conclusions.

Yet, several general conclusions can be derived from the outcome of this survey.

The personal approach in enlisting industrial prospects to open a business in Puerto Rico should continue with the same strength as of now in order to maintain industrialists conscious of the program and interested in participating actively in the same. This personal approach is best supported by written media, direct as well as mass communication. Consequently, publicity through direct mail, pamphlets and brochures, general press and magazines and business press should continue to be intensive as this is the media that maintains the program in the visual front of the industrial world.

Better advantage should be taken of the special programs and presentations in connection to business conventions and/or special events in the industrial world. This method of approach is second only to the person to person approach. The difference between the two rests upon the parts involved. In the former, one person is at the

receiving end, while in the latter, the unit is a group of persons.

According to the survey, in spite of the newness of this activity, half of the industries participated in one or more of these programs, which shows how quickly people responded to them.

Radio and television as means of publicizing the industrial program have had little or no success in catching the "eyes and ears" of industrialists and businessmen. Apparently, this could be attributed to the fact that industrialists and businessmen have very little time left from their daily tasks to enjoy the use of these means of communication.

Radio and television have been mostly used by the EDA to promote the tourist industry. Within these programs, highlights of the industrial development of Puerto Rico have been touched upon, but as a supplement to the touristic value of the island. This is the general policy followed by the EDA. Nevertheless, when there is a special celebration connected with the industrial development of the island, special programs related to this event are presented through radio and television, as the chances for a greater audience are better at such a time.

The writer presumes that the EDA does not back up a continuous campaign through radio and television underlying the Industrial Promotion Program because the

expected results would not measure up to the expenses incurred upon to finance the campaign.

The industrial development of Puerto Rico has reached a point where many other problems other than the technical ones, require attention from the human relations point of view. The new problems faced by the EDA, the solution of which will determine the success or failure of the Industrial Promotion Program, are of this latter kind.

Marketing Facilities - Many of the factories established in Puerto Rico are branches of large and/or medium size firms in the United States. These firms, such as General Electric, Carborundum, Warner Brothers, Remington Rand, etc., have a steady market for their products in the mainland as well as in other countries. Thus, their branches in Puerto Rico do not have any special marketing problem for their production. Other factories, nevertheless, need to open their way for selling their products.

As of today, the service given by the EDA in this field have been a partial but successful one. The Marketing Office, a subdivision of the Industrial Services Department, is responsible for making contacts with brokerage firms in the mainland that would best solve the marketing problems of an industry producing in Puerto Rico. The branch office in New York City takes care of all the requests made by industries in

Puerto Rico concerning the selling of their products in the mainland. Different brokerage firms are contacted and those which show interest are referred to the industry. All preliminary steps in the negotiations are initiated by EDA personnel; final arrangements are solely made by the factory and the brokerage firm chosen to do the job. This EDA service cuts down the expense that the industry would incur upon if it had to do it all on its own, and it also saves time in the operation.

The Marketing Office in Puerto Rico aids all those industrialists interested in placing orders in Puerto Rico to supplement their own production in the mainland. This office dedicates the rest of its time and efforts to investigation and surveys to determine which products have a better outlet, locally as well as in the mainland.

The time has come when the services given by this office need to be expanded. Several steps have been taken towards this direction. A marketing consultant has been hired for fiscal year 1957-58 who, together with the head of the office now pursuing advanced studies in the United States, will be in charge of reorganizing the office and establishing the policy to be followed in future activities. Once the office is fully operating, it will assume all the marketing functions necessary to give a complete service to the industries in Puerto Rico,

thus diminishing the need of utilizing the services of brokerage firms in the United States.

These changes in the program might bring serious public relations problems if they are not handled properly. The public relations approach to these changes will determine what kind of relations will exist between the EDA and the brokerage firms with whom it did business before. There are three after-effects that should be considered when formulating the public relations approach to these changes. Business (from Puerto Rican industrial accounts) will be withdrawn from these firms, and at the same time, the EDA Marketing Office will become a competitor of these firms insofar as Puerto Rican business is concerned. (Let us bear in mind that because this is a service extended by the government, the industries do not have to pay a fee.) Also, it is essential that good relations be maintained with these firms, as the EDA will probably need of their good offices in entering the marketing field in full.

Transportation Facilities - Puerto Rico's maritime service is subject to the rules and regulations exercised by the Atlantic and Gulf-Puerto Rico Conference. Consequently, any changes in operating expenses occurred in any of these areas affect all the others.

The factors that determine freight costs are many and varied. There are some factors that are basic in



determining these costs, such as the classification of the product (as to first necessity, luxury, intrinsic value, weight, degree of perishability, dimensions, etc.), distance covered by the trip (from port of embarkation to port of debarkation), and the shipping conditions of the vessels involved. These factors determine the basic rates for transportation from one country to another.

Other factors which affect these rates, although not in an uniform pattern, are number of vessels serving the route, wage increases and labor/management problems in general (in Puerto Rico's case, more so in the mainland than locally). These latter factors are really the ones that can make or break the industrial progress of Puerto Rico.

The following points need to be considered:

1. Puerto Rico's import-export operations are almost exclusively with the United States.

a. free commerce between Puerto Rico and the United States.

b. custom rates (American) make it almost impossible to buy from nearby countries.

2. Puerto Rico has a higher cost of living and a lower standard of living than those of the United States.

a. Imports are much greater than exports.

Because of these economic differences and the influence they have upon the economic life of the Puerto

Rican people, the government is so keen about industrializing the island in order to level up these differences by raising the standard of living and maintaining the cost of living as low as possible.

The maritime problem of Puerto Rico is a complex and delicate one. The way in which the government handles it will determine the chances of success that the economic program of the island will have.

In spite of the above, the situation in 1950 was a favorable one regarding freight expenses as shown in the following table (Page 102), from the study "An Evaluation of Puerto Rican Offshore Shipping" by Samuel Ewer Eastman and Daniel Mark Jr., University of Puerto Rico.<sup>43</sup>

On January 1957, maritime rates increased (15%) fifteen per cent. How this will affect the industrial movement in Puerto Rico depends on what the industries and the government will do to meet this new development.

There are different ways in which this problem can be approached, one of which is being exercised at present by the industries and the government. The industries most affected by this increase are approaching the Conference individually and exposing their problems with

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<sup>43</sup> Fletes Marítimos en Relación con Desarrollo Industrial, EDA, Office of Economic Studies, Memo. dated Oct. 30, 1953. (Maritime Freight Rates in Re to Industrial Development).

"TABLE 53"

Outbound Freight as a Percent of Sales Volume in Selected<sup>£</sup>/  
 "Group"<sup>&</sup> Firms Compared with Similar Measurements of Firms  
 on the United States Mainland. Selected Periods 1950.

Industry	Per cent Outbound Freight of Sales Volume	
	Puerto Rico †	Continent //
Food		
Canning . . . . .	3.6	6.8
Powdered Milk Products . . . . .	1.8	1.8
Rum . . . . .	2.2	6.5
Textiles		
Cotton, Rayon, Hosiery . . . . .	1.2	1.2
Wool Rugs . . . . .	1.6	3.2
Fabricated Textile Products		
Apparel . . . . .	1.2	1.4
Paper Products . . . . .	2.7	4.8
Drugs and Medicines . . . . .	0.3	4.7
Footwear . . . . .	1.2	1.3
Small Leather Goods . . . . .	3.8 †	1.3
Buttons . . . . .	0.5	1.6
Artificial Flowers . . . . .	10.1 †	1.7
Hair, Bristle, Brushes . . . . .	1.8	2.0

£ Four firms not included because data were not available.

/ Five firms not included because they are the only firms in their respective industries.

& Group refers to firms studied. See text for discussion.

† Firms weighted according to volume of sales. All data from questionnaires and interviews with 42 firms studied.

// Preliminary and unpublished data from Inter Industry Study, Bureau of Labor Statistics, Department of Labor, Washington, D. C.

† These were the only higher rates in Puerto Rico.

facts that show how the maritime companies would be affected by the closing up of these industries in case they cannot meet the increase in freight costs. The Conference has leeway to assign a rate to each industry that would be satisfactory to both parties. In this transaction the kind of product involved has a great influence in the final decision.

The government's contribution to this presentation consists of supplying information (statistical, etc.) to the industries and acting as an adviser in the preparation of their case. To what extent this way of meeting the problem will be successful cannot be determined as yet. Other possibilities are being studied for future needs.

The government's overall approach to this problem should have a long-range view that would show the maritime companies that they will derive greater benefits from Puerto Rican business when our industries engage into full production. The second step would be to show them how this full production can be expedited with their cooperation, so that they would benefit from it sooner. This approach should be supported by figures illustrating the increase of business the companies will have with increase of industrial production in the island.

This task involves a great deal of human relations. That is why it is imperative that government public relations exercised today dedicate more time and effort to

this phase of the field. To this effect the Commonwealth's Department of State and the Office of Public Relations of the EDA coordinate their work for the purpose of obtaining the best results, which have been very satisfactory up to the present time.

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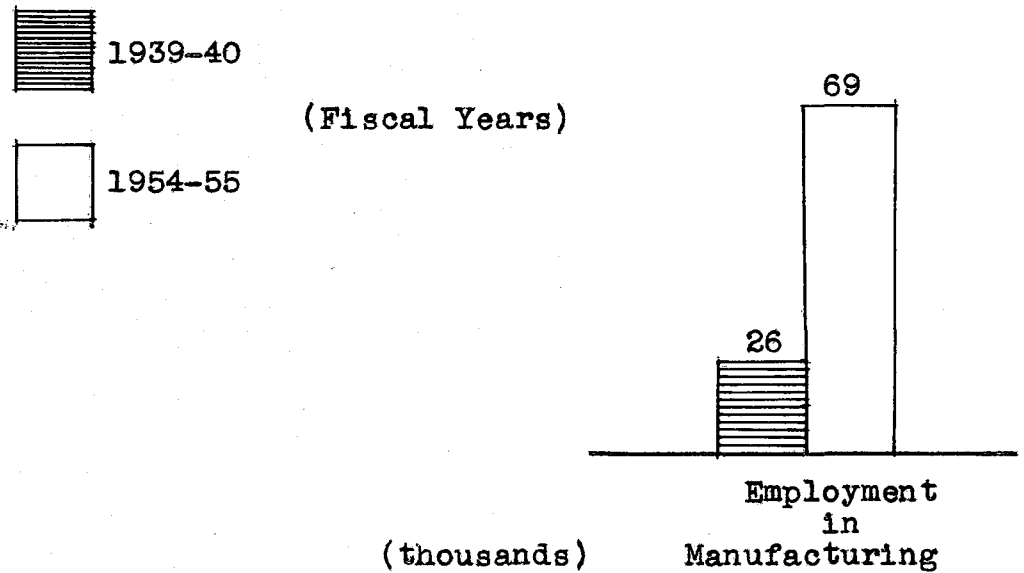
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El Mundo (San Juan, Puerto Rico), February 15, 1957.



**APPENDICES**

APPENDIX A



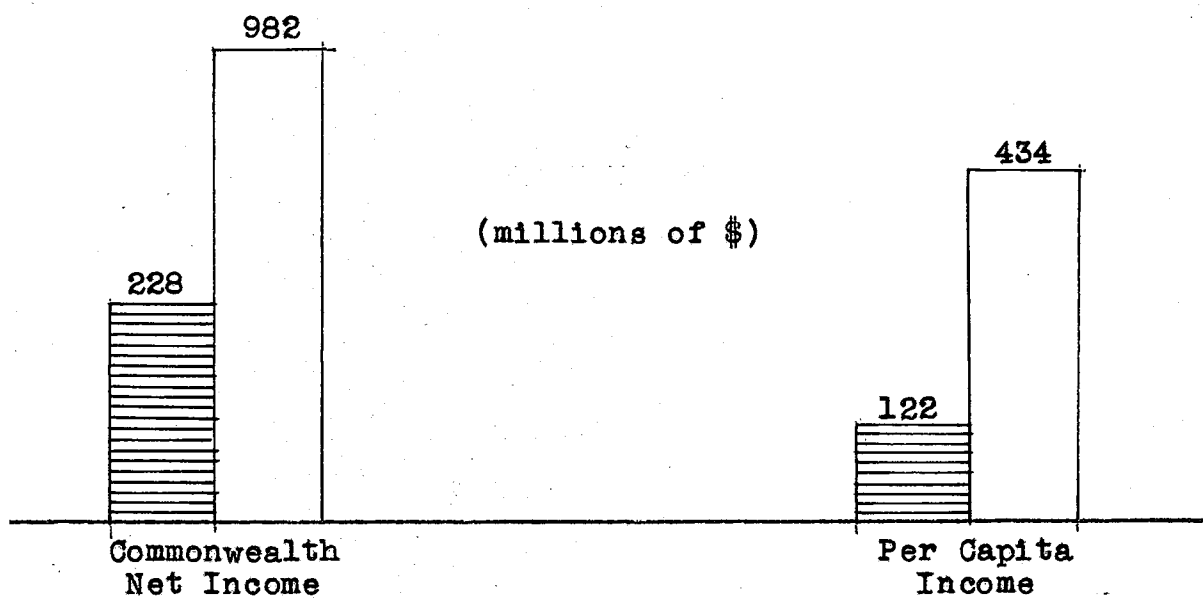
<u>LABOR FORCES</u> (b)	<u>1939-40</u> (a)	<u>1954-55</u> (a)	<u>Per cent Change</u>
Total in labor force (thousands)	624.0	636.7	2.0
Employed (thousands)	512.0	539.3	5.3
Unemployed (thousands)	112.0	97.4	-13.0
Per cent unemployed	17.9	15.3	-14.5
<u>Manufacturing</u>			
Number of establishments 798 (c)		1938	142.9
Employment	25758 (c)	69022	168.0

(a) Data for fiscal year except where otherwise indicated.

(b) Fiscal year averages.

(c) Data for 1939.

APPENDIX B

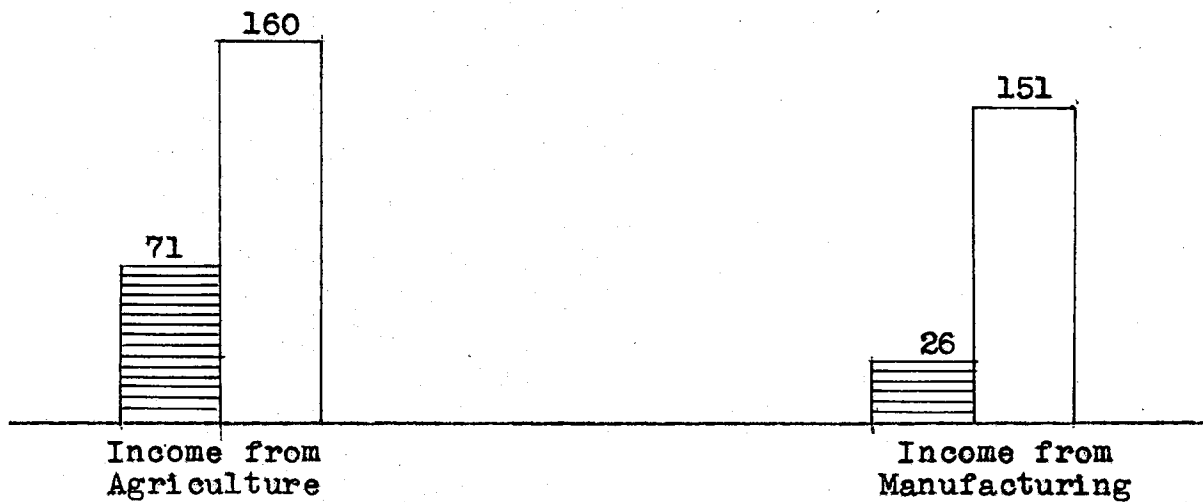


1939-40

(Fiscal Years)



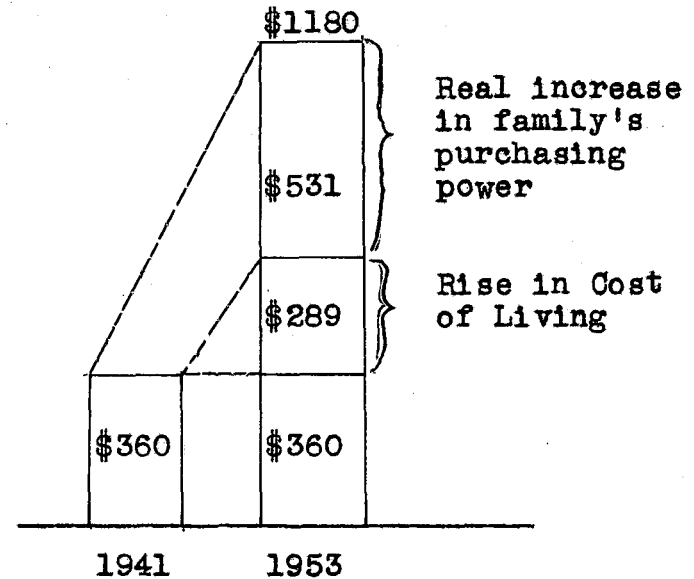
1954-55



WAGE EARNERS' FAMILY INCOME

111

<u>Annual Income</u>	<u>1941</u>	<u>1953</u>
Total	100.0%	100.0%
Under \$300	57.8	1.1
\$300 - \$499	23.1	5.8
\$500 - \$999	16.2	40.9
\$1000 and over	2.9	52.2
Median income	\$265	\$1050
Mean income	\$360	\$1180



... Appendix B Continued

... Appendix B Continued

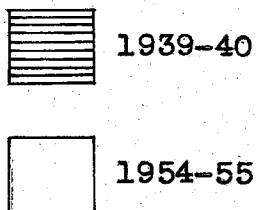
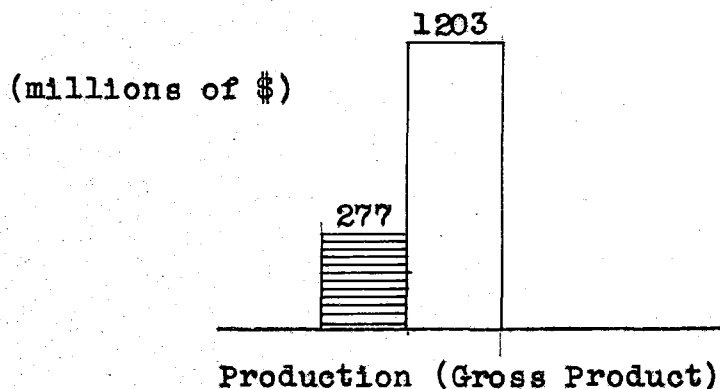
<u>NET INCOME (NATIONAL INCOME)</u>	<u>1939-40(a)</u>	<u>1954-55(a)</u>	<u>Per cent Change</u>
In current prices (millions of \$)	227.8	981.9	331.0
In 1940 prices (millions of \$)	227.8	472.8	107.6
Per capita in current prices (\$) (b)	122.0	433.7	255.4
Per capita in 1940 prices (\$) (b)	122.0	208.8	71.1
<u>By Economic Origin (millions of \$)</u>			
Agriculture	70.5	159.6	126.4
Manufacturing	26.4	151.4	473.5
Construction	2.6	39.7	1426.9
Transportation and Communication	14.2	45.8	222.5
Trade and services	44.8	273.3	510.0
Government	42.1	265.2	529.9
Other (c)	27.2	46.3	70.2
<hr/>			
<u>WAGES AND SALARIES</u>			
In current prices (millions of \$)	117.3	580.9	395.2
In 1940 prices (millions of \$)	117.3	279.7	138.4
<hr/>			
<u>NET PROFITS OF BUSINESS ENTERPRISES</u>			
In current prices (millions of \$)	75.2	318.0	322.9
In 1940 prices (millions of \$)	75.2	153.1	103.6

(a) Data for fiscal year.

(b) Based on total population, including military.

(c) Includes finance, real estate, and miscellaneous, less negative net international flow of capital returns.

APPENDIX C

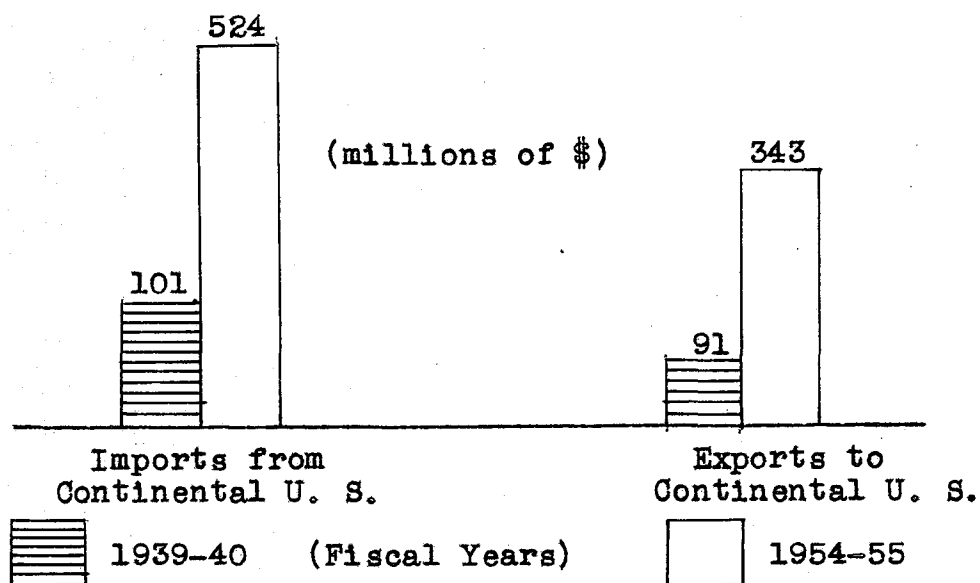


<u>PRODUCTION (GROSS PRODUCT)</u>	<u>1939-40(a)</u>	<u>1954-55(a)</u>	<u>Per cent Change</u>
In current prices (millions of \$)	277.0	1202.8	334.2
In 1940 prices (millions of \$)	277.0	579.1	109.1
Per capita in current prices (\$) (b)	148.0	531.3	259.0
Per capita in 1940 prices (\$) (b)	148.0	255.8	72.8

(a) Data for fiscal year.

(b) Based on total population, including military.

APPENDIX D



<u>EXPORTS AND IMPORTS</u>	<u>1939-40(a)</u>	<u>1954-55(a)</u>	<u>Per cent Change</u>
Total exports (millions of \$)	92.3	352.9	282.3
Per capita exports (\$)	49.38	155.87	215.7
Total imports (millions of \$)	107.0	574.5	436.9
Per capita imports (\$)	57.24	253.75	343.3
<u>Trade with Continental U. S.</u>			
Exports to U. S. (millions of \$)	90.9	342.6	276.9
Imports from U. S. (millions of \$)	100.5	524.3	421.7

(a) Data for fiscal year except where otherwise indicated.

On a per capita basis, Puerto Rico continued to be the U.S. number one customer during the fiscal year 1954-55. Puerto Rican expenditures for imports from the continental U.S. totaled \$524,282,000 in 1954-55, or an average expenditure of over \$1,436,000 per day.

APPENDIX E

QUESTIONNAIRE

1. When did you first become aware of the Industrial Promotion Program sponsored by the Commonwealth of Puerto Rico?
2. How did you first become aware of this Program?
3. What was your reaction? Much interested\_\_\_ Interested\_\_\_ Mildly interested\_\_\_ Little interest\_\_\_ No interest\_\_\_
4. Why did you inquire more about it?
5. Were you approached by the EDA (Economic Development Administration) in regard to this Program? Yes\_\_\_ No\_\_\_ If yes, by Direct Mail\_\_\_ Telephone\_\_\_ Personal Contact\_\_\_
6. What did you do in order to get more information?
7. How was your inquiry answered?  
By Mail\_\_\_ Telephone\_\_\_ Personal Contact\_\_\_ No answer\_\_\_
8. Did an EDA official get in touch with you?  
On your request\_\_\_ On his initiative\_\_\_
9. Did you receive printed materials? Illustrated booklets\_\_\_ Printed pamphlets\_\_\_ Periodicals\_\_\_ Reprints\_\_\_ Other\_\_\_

(PLEASE USE REVERSE SIDE TO COMPLETE ANY ANSWER)

(Continued)



10. Do you recall seeing any advertisement and/or news on Puerto Rico's Industrial Promotion Program in: Newspapers\_\_\_  
Business Press\_\_\_General Magazines\_\_\_Window Displays\_\_\_  
Billboards\_\_\_Other\_\_\_
11. Do you recall getting information about this Program over the radio? Station\_\_\_Approximate date\_\_\_
12. Do you recall seeing a TV reference to the Industrial Promotion Program of Puerto Rico? Station\_\_\_Approx. date\_\_\_
13. Which of the following items do you know to be part of the Promotion Program sponsored by the EDA?  
\_\_\_Convention and Meeting Promotion programs  
\_\_\_Special Puerto Rico Day or Evening  
\_\_\_Special Events Promotion programs  
\_\_\_Talks and Visual Presentations
14. Were you offered any assistance from EDA in regard to (family) Transportation\_\_\_Housing\_\_\_School\_\_\_Other\_\_\_  
Did you receive any assistance from EDA regarding (family) Transportation\_\_\_Housing\_\_\_School\_\_\_Other\_\_\_
15. What services were offered to you by the EDA after preliminary arrangements for establishing a business in Puerto Rico? Technical\_\_\_Personnel\_\_\_Financial\_\_\_Site & Bldg. facilities\_\_\_Training\_\_\_Educational\_\_\_Other\_\_\_  
Which services did you receive from EDA? Technical\_\_\_ ...

(PLEASE USE REVERSE SIDE TO COMPLETE ANY ANSWER)

(Continued)

Personnel \_\_\_ Financial \_\_\_ Site & Bldg. Facilities \_\_\_

Training \_\_\_ Educational \_\_\_ Other \_\_\_

16. What kind of problems, if any, have come up in relation to your establishing a business in Puerto Rico?

17. Have you received any assistance from EDA concerning the solution of problems with: Local government \_\_\_ Local industrialists \_\_\_ Employees \_\_\_ Labor Unions \_\_\_ Community \_\_\_ Other \_\_\_

18. Have you ever participated in any of the following programs sponsored by the EDA?

\_\_\_ National conventions and/or meetings where Puerto Rican exhibits, information center and visual presentation were available.

\_\_\_ A special Puerto Rico Day or Evening sponsored by a business firm.

\_\_\_ Exhibits and talks about this Program in connection with a special event related to an industry established in Puerto Rico and/ or a mainland firm extending its services to Puerto Rico.

19. In your opinion, do you think the way the EDA handles this Program is: Excellent \_\_\_ Very good \_\_\_ Good \_\_\_ Average \_\_\_ Poor \_\_\_ Very poor \_\_\_ WHY?

PLEASE USE REVERSE SIDE TO COMPLETE ANY ANSWER)

(Continued)

20. Please state briefly your main motive for establishing  
a business in Puerto Rico?

(PLEASE USE REVERSE SIDE TO COMPLETE ANY ANSWER)