The industrialization of Puerto Rico began during World War II, with industries owned by the state, in an effort to supply local consumption and the US armed forces with products which might otherwise not become available in the event of a German naval blockade. But plans for the diversification of the economy of the island had emerged already, as a result of the Great Depression, which ravaged the island, creating widespread misery among the already very poor rural population. The extent of the misery and the vulnerability of the island’s economy to fluctuations in the price of sugar led to the first developed critiques of the monocultural plantation model of development. In 1931, Bailey and Justine Diffie published their classic indictment of the Puerto Rican monocultural plantation economy.[1] In 1934 Carlos Chardón issued his plan for the economic diversification of the island, which included the dismantling of the sugar industry and an agrarian reform program.[2] In 1937, Esteban Bird wrote a devastating critique of the monocultural plantation economy.[3] Bird demonstrated that in the early 1930s the Puerto Rican rural worker had an income of twelve cents a day for each member of his family. According to Bird this was four cents more than the cost of feeding a hog in the United States.[4]

The Popular Democratic Party of Luis Muñoz Marín was founded in 1938 on a platform of opposition to the sugar interests. In 1940, it swept the elections to the local legislature and local offices. During the War, a federal program of road construction to connect the diverse military bases led to the construction of local cement plants, and the construction of some other plants producing goods for the local market. After the end of the war, the state promoted process of industrialization was replaced by a system of incentives and tax breaks aimed at attracting private US capital to Puerto Rico. The industrial incentives act of 1947 formally initiated what is known today as Operation Bootstrap. The program of industrialization was coupled with a program of agrarian reform aimed at the sugar industry.[5]

Before Operation Bootstrap, the only significant sectors of modern industry in the island were the sugar cane mills and sugar related industries. Most branches of industry were small, employed few workers and were at the level of handicraft industry. Investments in fixed capital were low, and there was no capital goods producing sector. The plants that utilized modern machinery — the sugar mills — acquired their equipment in the capital goods industries of the US. Thus the monoculture of sugarcane, instead of modernizing the country, as has been claimed, created an unbalanced economic structure. The dispersion of sugar mills throughout the countryside promoted a pattern of development which retarded urbanization and industrialization.

Today sugar production plays a secondary, and even insignificant role in the Puerto Rican economy. The town-country relationship has been altered significantly. In 1980, 66.8 % of the islands population lived in urban areas, as opposed to 27.7% in 1930. The San Juan metropolitan area, as defined by the US Bureau of the Census, contained 1,086,376
inhabitants in that year.[6] Ponce had a population of 253,000; Mayagüez has a population of 183,000; Caguas was fourth with 173,000, and Arecibo fifth with 140,000. Puerto Rico had by 1980 five cities of over 100,000 inhabitants, and one of over a million inhabitants.

The decline of sugar production was part and parcel of the organized project of Operation Bootstrap. American capital began to invest in consumer goods industries. The legislature of Puerto Rico adopted the Industrial Incentives Act of 1947 which, as amended in 1948, granted private firms a ten-year exemption from insular income and property taxes, excise taxes on machinery and raw materials, municipal taxes, and industrial licenses.

“By the summer of 1950 eighty new industrial plants were in operation and the hundredth was under construction. When the constitution of the new Commonwealth of Puerto Rico came into effect, on July 25, 1952, some 152 factories were in operation. The overwhelming majority were consumer goods industries: producers of textiles, wearing apparel, footwear, electronics equipment, electric wiring, drafting tools, artist’s brushes, fishing tackle, artificial flowers, and other plastic and metal articles assembled in Puerto Rico for sale in the Unites States. They were “‘labor intensive’ industries, for they relied more heavily on labor than on machinery to supply the value added to the raw materials which they imported from the mainland.”[7]

The dispersion of industry throughout the countryside was altered and substituted by urban centered industry. In 1956 the income generated by the manufacturing sector exceeded that of agriculture for the first time.

A process of expulsion of population from the countryside ensued, simultaneously with the process of urban growth. There were 203,000 workers employed in agriculture in 1950 but in 1960 the number had decreased to 124,000. Of the 51,000 workers of the home needle industry in 1950, only 10,000 remained in 1960. The sugar cane and home needle industries collapsed simultaneously.[8] Manufacturing employment increased from 55,000 to 82,000 during the same period. This was a significant increase but not enough to compensate for the decline in agriculture. Total employment in Puerto Rico decreased from 603,000 in 1951 to 543,000 in 1960. During this decade, 450,000 Puerto Ricans migrated to the United States. Total employment in Puerto Rico reached its 1951 level again only in 1963, when it amounted to 606,000.[9]

TABLE 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture *</th>
<th>Non-agricultural *</th>
<th>Total *</th>
<th>Labor Force participation * (1)</th>
<th>Unemployment rate * (2)</th>
<th>Out-Migration **</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>203</td>
<td>400</td>
<td>603</td>
<td>55.50</td>
<td>15.40</td>
<td>34,155</td>
</tr>
<tr>
<td>Year</td>
<td>Employees</td>
<td>Wages</td>
<td>Hourly Rate</td>
<td>Unemployment Rate</td>
<td>Employment</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>-----------</td>
<td>-------</td>
<td>-------------</td>
<td>-------------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>192</td>
<td>379</td>
<td>571</td>
<td>53.50</td>
<td>16.00</td>
<td>41,920</td>
</tr>
<tr>
<td>1952</td>
<td>172</td>
<td>378</td>
<td>550</td>
<td>50.90</td>
<td>14.80</td>
<td>61,658</td>
</tr>
<tr>
<td>1953</td>
<td>174</td>
<td>366</td>
<td>540</td>
<td>50.10</td>
<td>14.50</td>
<td>74,603</td>
</tr>
<tr>
<td>1954</td>
<td>164</td>
<td>375</td>
<td>539</td>
<td>49.00</td>
<td>15.30</td>
<td>44,209</td>
</tr>
<tr>
<td>1955</td>
<td>161</td>
<td>396</td>
<td>557</td>
<td>48.30</td>
<td>13.20</td>
<td>31,182</td>
</tr>
<tr>
<td>1956</td>
<td>152</td>
<td>400</td>
<td>552</td>
<td>47.50</td>
<td>13.20</td>
<td>61,647</td>
</tr>
<tr>
<td>1957</td>
<td>151</td>
<td>404</td>
<td>555</td>
<td>47.20</td>
<td>12.80</td>
<td>74,603</td>
</tr>
<tr>
<td>1958</td>
<td>137</td>
<td>409</td>
<td>546</td>
<td>46.30</td>
<td>14.20</td>
<td>25,956</td>
</tr>
<tr>
<td>1959</td>
<td>125</td>
<td>417</td>
<td>542</td>
<td>45.40</td>
<td>13.30</td>
<td>23,742</td>
</tr>
<tr>
<td>1960</td>
<td>135</td>
<td>430</td>
<td>565</td>
<td>45.70</td>
<td>11.80</td>
<td>37,212</td>
</tr>
<tr>
<td>1961</td>
<td>135</td>
<td>433</td>
<td>568</td>
<td>45.50</td>
<td>12.70</td>
<td>13,800</td>
</tr>
<tr>
<td>1962</td>
<td>132</td>
<td>429</td>
<td>561</td>
<td>44.20</td>
<td>12.80</td>
<td>13,800</td>
</tr>
<tr>
<td>1963</td>
<td>122</td>
<td>464</td>
<td>586</td>
<td>44.40</td>
<td>11.00</td>
<td>4,798</td>
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<tr>
<td>1964</td>
<td>108</td>
<td>496</td>
<td>604</td>
<td>44.60</td>
<td>11.20</td>
<td>4,366</td>
</tr>
<tr>
<td>1965</td>
<td>99</td>
<td>535</td>
<td>634</td>
<td>45.40</td>
<td>11.70</td>
<td>10,758</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>529,653</td>
</tr>
</tbody>
</table>

(1) Percentage of the non-institutionalized civilian population belonging to working group.

(2) Percentage of working group who were unemployed.

*Source: Junta de Planificación de Puerto Rico, Serie Histórica del Empleo, Desempleo y Grupo Trabajador en Puerto Rico, 1984.


The collapse of employment in the sugar cane countryside, together with the growth of towns and conditions of rising employment in the US set the stage for the massive migration of the 1950s. The distribution of the national income by industrial sector changed. In 1950, 35.9% of the labor force was engaged in agriculture and this sector generated 24.3% of the net income of Puerto Rico. In 1960 manufacture—with the exception of the home needle industry—employed 15.1% of the labor force but generated a proportionally higher share of net income, 21.3%.

The introduction of industries of higher productivity was accompanied by an absolute decrease in employment. At the same time, growing shares of the national income were concentrated in the new industrial sectors, which employed relatively fewer workers. The best example is the needle and textile industry. In 1951 there were 51,000 employees in the home needle industry and 12,000 engaged in textile and garment production in factories. The combined net income of the cottage and factory clothing industries amounted to $18.5 million. In 1960 the cottage industry was reduced to 10,000 workers but the textile and clothing factories increased their labor force to 22,000. Total employment—
at home and in factories—in the clothing industry decreased from 63 to 32 thousand between 1950 and 1960, but the net income of the clothing industry increased from $18.5 to $60.3 million in the same period.

In 1950 as well as in 1960, net income in textile and garment production represented 20.8% of total manufacturing net income, but the latter had increased from $89 to $291 million during the same period, and its share of total insular net income increased from 14.5% to 21.3%. With 31,000 workers less, in 1960, textile and garment production enjoyed a much greater specific weight in the economy, due to the increase in productivity that the shift from cottage to factory production brought about. Accordingly, the industry employed a reduced share of workers.

How many workers were displaced during the decade is hard to tell. Despite the massive rate of out-migration, unemployment rates never fell under 12% during 1950-1960. The labor force participation rate—the percentage of the population of working age active in the labor force—decreased during the decade. This figure is a better indicator than the unemployment rate because the latter does not take into account those “discouraged workers” who give up their search for jobs. In 1972, the agricultural sector’s share of net income was 4%, down from 31% in 1940.[10] The only exception to the decline of agriculture has been the dairy industry, which produces for the local market. Puerto Rico produced 1,286,000 tons of sugar in 1950, but in 1972 it only produced 295,000 tons.[11] As one may expect, the decline of sugar cultivation resulted in the deterioration of cultivated land and deterioration of the quality of the crops. In 1950 one hundred tons of sugar cane yielded twelve tons of sugar. In 1972, by contrast, the same amount of cane yielded less than seven tons of sugar.

TABLE 2

<table>
<thead>
<tr>
<th>Year</th>
<th>1940</th>
<th>1950</th>
<th>1960</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cane</td>
<td>124</td>
<td>87</td>
<td>45</td>
</tr>
<tr>
<td>Coffee</td>
<td>26</td>
<td>22</td>
<td>23</td>
</tr>
<tr>
<td>Tobacco</td>
<td>18</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>61</td>
<td>85</td>
<td>47</td>
</tr>
<tr>
<td>Fishing</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Agricultural employment</strong></td>
<td><strong>229</strong></td>
<td><strong>214</strong></td>
<td><strong>124</strong></td>
</tr>
<tr>
<td>Non-Agricultural Employment</td>
<td>283</td>
<td>382</td>
<td>419</td>
</tr>
<tr>
<td>Employment of all Kinds</td>
<td>512</td>
<td>596</td>
<td>543</td>
</tr>
</tbody>
</table>

Source: Puerto Rico Planning Board.

The migration in the 1950s is intimately intertwined with the shift from sugar monoculture to industrialization. The “surplus” population in the countryside generated during the period of sugar monoculture remained latent until the 1950s, when the channels were open
to its exodus toward the new towns in Puerto Rico and through them, as a stepping stone, to the cities of the US. This “surplus” population was trapped in the countryside until it was able to burst out in the 1950s, toward both the towns in Puerto Rico and through these, to the cities of the US. The birth of industrial towns in Puerto Rico, the opening of the cities in the US to this population seeking an outlet, and the changing conditions in the world economy, which included a new tendency to export light industry to the colonial world, combined to promote massive and sudden emigration from the island.

During the post-World War II period, to the “surplus” population characteristic of the period of sugar monoculture was added a new “surplus” population that resulted from the renewed expulsion of workers from the land by the rapid decline of sugar production. These two processes combined to produce the “push factors” promoting the exodus of 450,000 Puerto Ricans from an island whose total population in 1950 was 2,210,000.

The growth of industrial employment did not function as a counter-tendency to the decline of agricultural employment. Urban industry absorbed workers, but at a pace hardly sufficient to keep pace with the rural exodus. In fact, the increase of employment in the new industrial branches did not absorb more workers than the number expelled by the decline of traditional manufactures. If we include the home needle industry in the account, there was an absolute decrease of employment in manufacturing.

![Employment in Puerto Rico, 1950-1965](chart.png)

**TABLE 3**

**PUERTO RICO: MANUFACTURING EMPLOYMENT, 1940-1960**
The Decline of the Sugar Industry

Part of the historical program of the Partido Popular Democrático was the elimination of dependence of the island's population on the sugar industry. As part of its agrarian program, the Popular Democratic Party resurrected a law introduced by the US Congress early in the twentieth century, called the 500 acre law. This piece of legislation, introduced by protectionist beet farmers in the US in an attempt to prevent competition from the colonial sugar industry, was part of wider legislation which also attempted to prevent the development of the sugar industry in the Philippines through the limitation of corporate land ownership there to 1,050 acres. The law was never applied in Puerto Rico or the Philippines. The revival of the 500 acre law by the Popular Democratic Party did not significantly reduce sugar output in Puerto Rico. Sugar production peaked in the early 1950s and then remained stable throughout the decade. It is simply not true that the sugar industry collapsed in the face of an aggressive agrarian reform carried out by the Partido Popular Democrático. A study of the decline of the sugar industry of Puerto Rico characterized the agrarian reform of the Populares as "nothing more than a 'real estate' transaction between the government and the sugar interests. There are currently over 100,000 acres in open violation of this law."[13] The real decline did not take place until 1964.

There was no sudden collapse of the sugar industry in Puerto Rico. Throughout the 1950s, sugar production in Puerto Rico hovered around the yearly figure of one million tons. However, employment in the sugar industry declined much faster that total sugar output, suggesting an increase in productivity during the decade. New varieties of cane

<table>
<thead>
<tr>
<th>Year</th>
<th>1940</th>
<th>1950</th>
<th>1960</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>20</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Textiles</td>
<td>17</td>
<td>12</td>
<td>22</td>
</tr>
<tr>
<td>Liquor</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>13</td>
<td>24</td>
<td>43</td>
</tr>
<tr>
<td>Manufacturing Jobs</td>
<td>56</td>
<td>55</td>
<td>81</td>
</tr>
</tbody>
</table>

(except home-needle industry)

<table>
<thead>
<tr>
<th></th>
<th>1940</th>
<th>1950</th>
<th>1960</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Needle Industry</td>
<td>45</td>
<td>51</td>
<td>10</td>
</tr>
<tr>
<td>Total Manufacturing</td>
<td>101</td>
<td>106</td>
<td>91</td>
</tr>
</tbody>
</table>

Employment (Including Home Needle Industry)

Source: Junta de Planificación de Puerto Rico, Serie Histórica del Empleo, Desempleo y Grupo Trabajador en Puerto Rico, 1984.
increased agricultural yields, particularly in the lands operated by large corporations such as the Aguirre Sugar Company. Productivity in the sugar industry increased from a level of 14.82 tons of sugar per worker in 1951 to 25.25 tons of sugar per worker in 1964, an increase of 70 percent. The sugar corporations were able to sustain high levels of output while at the same time shrinking their payrolls. Between 1950 and 1960, the sugar industry laid off 42,000 workers. In 1960 the sugar industry produced 70 percent as much sugar as in 1950, with 40 percent as many workers. The sugar mills, which had been the main representatives of modern industry employing 20,000 workers in 1940, employed 13,000 in 1948 and only 8,000 in 1952.

Most of the employment in the sugar industry was generated by the agricultural phase of the process, which was difficult to mechanize. The cutting of sugar cane was done by field workers with a machete, essentially with the same technology of the 19th century. In Puerto Rico there was no mechanization of the cutting phase in the 1950s. What seems to have made the difference in the 1950s was the mechanization of the process of lifting the sugar cane into trucks once it was cut. "Most of the improvement in labor productivity between 1951 and 1964 was the result of mechanizing the loading phase in the fields. Simple field cranes replaced labor in loading the cane into the trucks. By 1964, almost 100 percent of the cane was completely loaded by machinery." After 1964, productivity growth in the sugar industry ceased. Smaller mills began to shut down operations while some of the larger mills actually increased their share of sugar production. The only municipality in which the area planted in cane increased in 1963-72 was Guánica on the southwestern coast, the site of the gigantic Guánica mill of the South Porto Rico Sugar Company. Between 1950 and 1955, Central Constancia in Ponce and Central San José ceased operations. In
1955-60 Pasto Viejo in Humacao, and centrales Rochelaise and Victoria closed down. In the first half of the 1960s Constancia, El Ejemplo, Guamaní, Juanita and Plazuela shut down. Centrales Canóvanas, Cayey, Machete, Río Llano, Rufina, San Vicente, Santa Juana and Soller all closed down between 1965 and 1970. Cortada, Juncos, Lafayette, Los Caños and Monserrate closed down between 1970 and 1975. The giants of the industry, which were established in the first decade after the US occupation of the island and which controlled much of the wealth of the insular economy for decades, finally collapsed in the late 1970s and eighties. Central Fajardo of the Fajardo Sugar Company closed down in 1978. Central Guánica, which had been in the first decade of the century the largest sugar mill in the world, closed down in 1982. Central Aguirre, whose yearly dividends of 30 percent to its owners earned it the title of "Drake's Treasure" in the 1930s, closed down in 1991.[17]

By the late 1980s and 1990s the sugar industry of Puerto Rico was in a profound state of decline. Headlines in the local press of the island pointed to the unprofitability of the industry and the obsolescence of the industrial equipment. The few remaining centrales which were operated by the government-owned Corporación Azucarera needed constant government subsidies so sustain operations, and in some years they were even unable to supply enough sugar for the local market or even enough molasses for the rum industry.[18]

The Decline of the Home Needlework Industry

The home needle industry in Puerto Rico developed after 1914 as a result of the closure of traditional US sources of supply of embroidered cloth and drawn linen. France, Belgium and Japan, the traditional providers, became inaccessible during and after the First World War due to the German blockade, high tariffs, and virtual embargoes.[19] The wholesale trade in cloth and garments was controlled by large manufacturers and specialty stores, and responded to the development of mass produced ready made clothing which replaced locally craft-produced garments. Garments were manufactured in large factories, in smaller establishment called sweatshops, and in the homes of the workers who received already cut consignments of cloth and materials. There had been some development of the garment industry for export to the US market between 1898 and 1914, but the big expansion of employment in that industry in Puerto Rico happened after 1914. In 1909, after 40,000 workers from different branches of the garment industry went on strike in New York, the Department of Education in Puerto Rico introduced needlework classes into its school curriculum. Between 1909 and 1926, 26,277 women were trained through the public education system in Puerto Rico to provide an abundant and skilled labor force for this industry.[20]

The development of the garment industry is intimately intertwined with the development of the two other principal export crops of the Island, sugar and tobacco. Garment production took advantage of the transportation infrastructure, such as trains, trucks, and ships, introduced originally to service the sugar industry.[21] The seasonal nature of
employment in the sugar industry pushed many households in the rural areas and in the
towns into misery during the *tiempo muerto*. Employment in the home needlework industry
was a means of household survival during the off-season when the majority of male
workers were unemployed. During the months of August, September and October, payrolls
in the sugar industry shrank to half their harvest time size (January to July). In November,
the sugar industry employed only a third as many workers as during the harvest, so that
two thirds of the workers and small cane growers were idle.[22] Home needlework was an
industry "without any foundation except misery. It could exist only on desperation
wages. No one could make a living at it; but a woman whose husband is unemployed and
whose children are starving will go to great lengths for the price of a few pounds of
rice."[23]

There were some rather large workshops in Puerto Rico. In 1918, four large establishments
in Mayagüez employed 1,000 workers, and two large establishments in Ponce employed
1,400 However, most shops were small. By 1930 there were 166 garment shops with
approximate average employment of 40 workers each. As the sugar industry advanced, and
generalized the problem of seasonal unemployment, garment production also
advanced. Because most of the workers were women, wages in the industry were
considered "supplementary" to those of the household males, allowing the jobbers to pay
very low wages. However, these large shops paid better wages than home production, and
allowed the workers congregated at the production site to organize, in contrast to the
dispersed household producers who dealt individually with the jobbers. The poorer paid
household producers were responsible for the bulk of the output of the needlework
industry. Home workers were much more numerous than the workers in the *sweatshops.*
Ninety percent of garment production took place in the homes of the workers, in the
classical pattern of "putting-out" or "cottage" industries.[24]

The number of employees in the official figures are probably an underestimation. In many
homes, women worked and were assisted by their children, and in times of economic
duress, adult males also worked in cottage production, but the figures for wage
employment in the cottage industry register only the transactions between the women and
the intermediaries who delivered the materials and picked up the finished product..
According to a Report of the Women's Bureau of the US Department of Labor, more than
40,000 families were employed in the domestic needlework industry in Puerto Rico in
1933.[25] In 1929, the sugar industry paid $4.6 million in wages, the garment industry $3.1,
and the tobacco industry $1.9. Garment production became the second largest source of
wage employment in the island. During the 1930s, the industry became the second largest
employer in Puerto Rico.[26]

The system as it now works is this. A continental agent takes to the Island all the necessary
materials for turning out the completed product, sets himself up in a rented storehouse and
announces that he is ready to put out the goods he has brought. He seldom deals with the
workers directly, for being alone or at best having one or two partners, he cannot supervise
the entire process. The cloth and other materials are put out to a number of subagents who, in turn, make contracts with the women for doing the work. Most of the work so done is carried to the homes of the workers where it is made up.[27]

Total employment in the needle and textile industries increased from 18,000 in 1920 to about 70,000 in 1948, three and a half times faster than the increase of manufacturing employment in other branches during the same period.[28] As late as 1950, the cottage needle industry employed as many workers as all other manufacturing sectors combined. [29]

Most studies of the home needle industry end in the 1930s or 1940s. However, the precipitous decline of the home needle industry took place in the decade of 1950 to 1960, the decade of the great migration of Puerto Ricans to the United States. In 1938, the Federal Labor Standards Act became law in the United States and was extended to Puerto Rico. In the United States, out of a labor force of 54,000,000, only about 300,000 were affected by the minimum wage legislation. The overwhelming majority of workers made above the minimum wage, and factory wages were typically at least double the minimum wage, but in Puerto Rico the federal minimum wage stood above the level of wages in the majority of branches of employment. "Home needlework, which from the point of view of employment was by far the largest manufacturing industry in Puerto Rico, with average earnings of between 3¢ and 4¢ an hour, was the most seriously affected of all. For such an industry, a 25¢ hourly wage was fatal."[30] The Puerto Rico Chamber of Commerce sent a delegation in May 1939 to Washington to protest the application of the minimum wage legislation. The US Department of Labor reported that "The needlework industry consisted principally of hand sewing operations performed by women in their homes on material supplied by manufacturers and jobbers on the mainland, and supervised locally by a series of contractors and subcontractors. It suffered from competition from China, the Philippines and the Madeira Islands, price-cutting among contractors, and inefficient organization. This and many of the other industries on the Island were marginal in the sense that their existence depended upon the maintenance of low wage rates." Between 1937 and 1940 needlework exports from Puerto Rico dropped from over $20 million to $5 million, and some sectors of the needlework industry left the island permanently at this time.[31] A Report by the office of the governor of Puerto Rico concluded that "the Needlework Industry of Puerto Rico cannot pay a minimum wage rate of 25 cents an hour." As a result of these problems new bills were introduced in the US Congress between March 1939 and May 1940 amending the Fair Labor Standards Act for Puerto Rico and the Virgin Islands. The amendment, S. 2682, authorized minimum wage administrators to set up industry committees to recommend minimum wage rates for Puerto Rico and the Virgin Islands. This revision to the rise in wages, which was threatening to employers, was combined with submarine blockades which interrupted Far Eastern competition during World War II, and by 1950 needlework exports were far above the prewar peak.

After 1954, revisions to FLSA raised wages in Puerto Rico and employers fled the
island.

"Particularly in apparel and especially in the lines under the jurisdiction of the International Ladies’ Garment Workers Union, Puerto Rico's new apparel factories (as distinct from home needlework) were becoming of substantial competitive importance. Mainland employers and the union both complained about what they regarded as the unfair nature of this competition which depended mainly on the lower wage rates prevailing in Puerto Rico. Mr. David Dubinski, president of ILGW, was particularly outspoken in urging that a 25¢ an hour increase being considered for the Federal statutory minimum also be applied to each of the various minimums then existing in Puerto Rico."[32]

Governor Luis Muñoz Marín argued before the House Committee of Education and Labor that raising the minimum wage represented an invasion of the spirit of self government implicit in Puerto Rico's recently acquired Commonwealth status.[33] The Congress rejected a flat increase and reintroduced the committee system which had been operating since 1940. In Puerto Rico, the Minimum Wage Administration nevertheless raised local minimums. During the early 1950s employment in the home needle industry declined while employment in garment factories increased. The job losses in the home needle industry were considerable. From a peak of 54,000 in 1950, employment decreased to 43,000 workers in 1951, 36,000 in 1952 and 34,000 in 1953, a decrease of 37 percent. By 1957, there were about 15,000 workers employed in the industry. Whereas 31 percent of all women workers were in the home needle industry in 1940, by 1979 less than 1 percent of the labor force was employed in it.[34]

Employment in the home-needle industry declined by 40,000 jobs in 1950-1960. During the decade of industrialization and Operation Bootstrap, not only did employment decline in the sugar industry precipitously. It declined drastically in the home needle industry as well. Industrial employment in all the other branches increased from 55 to 82 thousand. The "modernization" of Puerto Rico did not bring about an absolute increase in manufacturing employment. On the contrary, during the first 15 years of Operation Bootstrap, total agricultural employment declined, and total industrial employment also declined (counting the home needle industry). The expansion of factory production was not able to counterbalance the collapse of the home needle industry. The decrease of 41,000 jobs in the home needle industry was greater than the increase of 27,000 jobs in new factories, adding to the already very strong push towards immigration imparted by the decline of employment in the sugar industry.

[1] Diffie and Diffie, Porto Rico: A Broken Pledge...


After making allowances for seasonality of employment, for supplemental labor of women and children and for the average number idle days during the week, various agencies have estimated that the typical wage income of sugar laborers is around $170 a year. A survey of families wages made by the Brookings Institute in 1929, when wages were at a higher level than at present indicated that (267 rural working families comprising 2,172 persons, or an average of 8.1 persons per family, the average number of workers per family being 1.8) the average weekly income was $6.71 per family; $3.49 per worker; and 85 cents per person. Approximately, 12 cents per person per day to cover all the daily requirements. These families spent 94 percent of their weekly earnings for food, the largest single item being for polished rice—a cooie's diet."

"Twelve cents per person per day is only four cents more than the food expense required for feeding a hog in the United States!" Bird, *Report on the Sugar Industry...* 43.


The modernization of Puerto Rico, p. 152.

According to David Ross, in the period 1950-1954, "the labor force... had declined by an incredible 82,000, due in major part to migration (!), secondarily to the voluntary (!) withdrawal from the labor force of unemployed home needle workers for whom no alternative possibilities existed because of family responsibilities or other reasons. Unemployment, which stood at 110,000 in 1951, should... have been virtually eliminated by 1954. Even with the declines in agricultural and home-needlework employment that took place, it should have been halved. Instead, total employment declined by 64,000, unemployment by only 18,000. The reason was that employment not only in agriculture and home-needlework, but also in commerce and services declined sharply, from 183,000 in 1951 to 153,000 in 1954. This in a period when insular net income was increasing by $224 million!... How much more surplus labor was still contained in the reservoir of disguised unemployment can only be guessed at, but there seemed no reason to assume that the supply had been exhausted. One study undertaken in 1954 estimated that at least an additional 60,000 workers would have to be squeezed out of agriculture." David F. Ross, *The Long Uphill Path: A historical Study of Puerto Rico's Program of Economic Development,* (San Juan: Editorial Edil, 1976): 157.


The sudden exodus of the "latent surplus population" from the Puerto Rican countryside is reminiscent of classical nineteenth century conditions described by Karl Marx: "As soon as capitalist production takes possession of agriculture, and in proportion to the extent to which it does so, the demand for an agricultural working population falls absolutely, while the accumulation of capital employed in agriculture advances, without this repulsion being compensated for by a greater attraction of workers, as is the case in non-agricultural industries. Part of the agricultural population is therefore constantly on the point of passing over into an urban or manufacturing proletariat, and on the lookout for opportunities to complete this transformation. (The term 'manufacture' is used here to cover all non-agricultural industries). There is thus a constant flow from this source of the relative surplus population. But the constant movement towards the towns presupposes, in the countryside itself, a constant latent surplus population, the extent of which only becomes evident at those exceptional times when its distribution channels are wide open. Karl Marx, *Capital: A Critique of Political Economy,* (New York: Vintage Books, 1977) vol. 1: 795-796. Emphasis added.

Angel David Cruz Báez, "Export Agriculture Under Economic Development; A Geographic Analysis of the Decline of


Center for International Affairs, Harvard University (December, 1959): 7.


