

Puerto Ricans treasure the U.S. citizenship. They believe it represents the values of our democracy, liberty and justice that they share with all Americans. Thousands of Puerto Ricans have fought with valor and died as U.S. soldiers in all armed conflicts since World War I, and today they are proudly fighting the war against terrorism.

The economic and social benefits of the Commonwealth have been extraordinary. Puerto Rico's economic transformation was led by Governor Luis Muñoz-Marín and his Popular Democratic Party. The economic development project named "Operation Bootstraps" combined government investment, education, training and tax-exemptions. Muñoz-Marín's leadership along with the U.S. government's assistance, transformed Puerto Rico into a modern and competitive country.

Puerto Rico's fiscal autonomy has been crucial to these achievements. Fiscal autonomy means that for tax purposes Puerto Rico is considered a foreign jurisdiction. This tool allows Puerto Rico to collect its own taxes, set its own fiscal priorities, and compete effectively with other foreign jurisdictions. Although U.S. residents in Puerto Rico do not pay federal income tax, they do pay federal payroll taxes.

The Commonwealth's success has been very beneficial for the United States as well. Today, Puerto Rico is the #1 per capita consumer of U.S. products in the world; and the 9th largest market for U.S. goods in the world. In 1999, Puerto Rico purchased \$16 billion worth of U.S. products, which translates into 320,000 jobs on the mainland.

Today, the overwhelming majority of Puerto Ricans live a better life thanks to the Commonwealth. Moreover, in my view, commonwealth status was ahead of its time. The commonwealth is a pragmatic model capable of dealing with real problems; it is flexible and adaptable to the new global context. In fact, contemporary political theorists and scholars have recognized the benefits of an autonomous arrangement such as the Commonwealth of Puerto Rico. In the new world order, traditional concepts of political theory such as sovereignty, state and citizenship have changed and become more flexible. The focus today is on cooperation, integration and openness.

As anticipated by its creators, the Commonwealth may be continuously improved and enhanced. Under an enhanced commonwealth, Puerto Ricans have a prosperous future ahead.

The view that Commonwealth is the best alternative for the island is shared by the majority of Puerto Ricans. Statehood has never been favored in any plebiscite on status. Independence today has less than 5 percent of support. The Commonwealth was chosen by the voters in 1952, and it has been favored in every plebiscite since—in 1967, 1993 and 1998.

That being said, the issue is not settled and Puerto Ricans are still divided. It is important to understand that in the 1950–52 process, Puerto Rico exercised, but did not exhaust its right to self-determination. In other words, Puerto Rico still preserves its fundamental right to self-determination.

In fact, one of the primary obstacles to any process to deal with the status of Puerto Rico has been a fundamental lack of agreement as to which mechanism would allow the people of

Puerto Rico to reach a decision on this matter in the fairest manner possible.

Puerto Ricans believe that Congress will respect their expressed will. But Congress will respond only if we come to Washington with one voice, as a people. If we come divided, as in tribes, history has taught us, nothing will be accomplished.

To deal with this persistent obstacle, Governor Calderón have invited all three political parties in Puerto Rico to join in a process to reach a consensus as to the procedural mechanism we should follow, and will soon announce the formation of a Commission of Puerto Rican Unity and Consensus.

This Commission will be composed of equal numbers of representatives of Puerto Rico's three political parties, as well as a number of renowned jurists and other eminent private citizens, selected by the three parties in consensus. The Commission will then seek to reach non-partisan consensus on the procedure to be followed in future status discussions.

Notwithstanding this historic non-partisan process proposed by the Governor, I must tell you that the overwhelming majority of the people of Puerto Rico respect and cherish our Commonwealth constitution.

To further explain my views on the present and future of the Commonwealth and the need of a new Puerto Rican consensus, I am submitting for the RECORD a speech that I gave on April 26, 2002 at Harvard's JFK School of Government.

This week all Americans ought to celebrate the 50th Anniversary of the Constitution of the Commonwealth of Puerto Rico, not only because for the extraordinary achievements of the past 50 years but also for the bright future of growth that we have ahead.

#### INTRODUCTION OF THE RETIREMENT SECURITY FOR ALL AMERICANS ACT

### HON. EARL POMEROY

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 23, 2002

Mr. POMEROY. Mr. Speaker, I rise today to introduce the "Retirement Security for All Americans Act," legislation that will help all of our nation's workers save for their retirement. Sen. JEFF BINGAMAN (D-N.M.) has already introduced a companion bill in the Senate, and I am proud to sponsor this bill in the House.

Although there are several ways to measure pension coverage, there is one constant statistic—less than half of the workers in our country are covered by an employer sponsored pension plan. In spite of numerous incentives provided by Congress over the years, this coverage rate has remained virtually unchanged for the past three decades. In my home state of North Dakota, the plan participation rate is lower than the national average. Only 41 percent of workers participate in a retirement plan in the state. Therefore, about 60 percent of North Dakota's workers are without coverage and will have to fund their retirement through personal savings and Social Security. Unfortunately, most private sector workers who do not have a pension or retirement plan will not have significant savings, leaving them only with Social Security as their main source of income in retirement.

The legislation I am introducing today addresses this need by encouraging small- and mid-size employers, where pension coverage is severely deficient, to not only offer plans, but to provide contributions to their lower paid workers. Each of these provisions standing alone would improve coverage and our national savings rate. Combined, they strongly complement each other making passage of this bill imperative.

The first provision expands and makes permanent the current Savers' Credit that was signed into law last year. Currently, married couples earning less than \$30,000 are entitled to a credit of half their retirement plan contribution. Those with income between \$30,001 and \$32,500 are eligible for a 20 percent credit, and a 10 percent credit is available for those with incomes above \$32,500 and less than \$50,000.

This bill would gradually phase the credit rate down for married couples with incomes between \$30,000 and \$55,000 and other filers with incomes between \$15,000 and \$27,500, eliminating the cliff-like structure of the current credit.

North Dakotans will greatly benefit from this provision. The average median household income in North Dakota is about \$35,000. Over one-third (38 percent) of households in the state have incomes of less than \$30,000. Workers in these households will receive \$.50 for every dollar that they save in their 401(k) or IRA. An additional 34 percent of households in North Dakota have incomes between \$30,000 and \$50,000. Workers in these households will receive between \$.10 and \$.20 for every dollar that they save in their 401(k) or IRA. This additional money will help North Dakotans, and especially baby boomers, plan for their retirement.

The second provision of the bill requires all employers with more than 10 employees, who do not currently offer their employees a qualified retirement plan, to provide their workers with the option of a payroll deduction IRA. A payroll deduction IRA will allow workers to save small amounts out of each paycheck instead of making periodic or annual contributions to an IRA. This savings mechanism is desperately needed among workers and small employers who cannot afford to establish pension plans. To offset any administrative cost, a tax credit of \$200 for the first year and \$50 for subsequent years is provided to the employer.

The final section incorporates the Senate passed provision that was eliminated in the Economic Growth and Tax Relief Reconciliation Act of 2001 conference that provides small businesses with a tax credit for their contributions to the retirement accounts of their non-highly compensated employees. This should not only encourage many employers to offer a plan for the first time, but also create a noteworthy incentive to contribute to these employees' accounts.

I look forward to working with my colleagues to bridge this gap in pension coverage in our country. We must continue to advance proposals that will make meaningful improvements. I know this legislation is needed in North Dakota, and I hope my colleagues will join me in passing this important legislation.