Administration of a Revolution

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Administration
of a Revolution

Executive Reform in Puerto Rico under
GOVERNOR TUGWELL, 1941–1946

Charles T. Goodsell

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For Holly
Puerto Rico, even now little understood by most people, was *terra incognita* twenty-five years ago. By 1938, the situation there had come to a real impasse. The standard of living of the rural masses was abysmally low, far below even that of the poorest state of the union. As Rexford Tugwell put it in a radio address in 1942, "The New Deal never properly came to Puerto Rico... most of the Island’s people remained sunk in helpless poverty." He knew whereof he spoke, having become the island’s federally appointed governor in 1941, determined to be the last of such colonial administrators.

Charles T. Goodsell’s careful study is a welcome addition to the growing literature—political, economic, and sociological—that has provided us with understanding of the island’s needs and prospects, of its people and their achievements. There had never been a thorough study of Tugwell’s extraordinarily imaginative and selfless service which provided the turning point from colonial misery and decay to self-government and astounding economic progress. To be sure, the island’s per capita income is still below that of the poorest state of the union, but it has increased about sixfold and is today the highest not only in the Caribbean but in all of Latin America (with

*NOTE:* Carl J. Friedrich, Eaton Professor of the Science of Government, Harvard University, is the author of many books, including *Puerto Rico: Middle Road to Freedom.*
the possible exception of Venezuela). This could never have happened but for Tugwell’s role in breaking through established routines and his willingness to foster native forces that were ready to take over. As so often in such cases, these forces later went their own way, and, under the dramatically successful leadership of Governor Muñoz Marín, adopted policies with which Tugwell did not agree. A shadow fell over Tugwell’s memory, and has until now prevented a just appraisal of his remarkable achievements.

Goodsell’s book is likely to fill that gap for some time. It is a searching inquiry, with the full utilization of available documentary material, into the administration of Puerto Rico by the United States during the war years. Fortunately this inquiry was carried out without the now all-too-common jargonizing which afflicts so much social-science writing. The author is concerned with his subject rather than with the methods he is employing. Methodology is important, to be sure, but only as the maidservant of scholarly inquiry, not as its mistress.

In other words, Goodsell devoted himself to a careful gathering and sifting of all available facts, trying to arrive at such conclusions as these facts would support, rather than insisting that only those facts matter which fit into a preconceived model or methodological framework. A reader feels that he is being guided by a dependable worker through a maze of complex developments. The role and significance of Tugwell are duly stressed, but it becomes quite clear, as it should, that the real forces were Puerto Rican in origin, and that the colonial governor’s role was that of midwife and not that of mother.

Rare are the instances in which the transition to self-government of a former colonial territory has been achieved with comparable success. This success is no doubt due to a variety of factors, economic and political, which were absent in other cases. But anyone reading Goodsell’s account will be
able to form his own judgment as to how many times this intrinsically promising development might have been thwarted by incompetence and lack of imagination, or even just less dedication to the basic principles of progressive American democracy. To have made this clear, to have shown how much an administrator can do to set things right—these are the high points of the study here presented, a study which constitutes a fine contribution to the rapidly expanding field of comparative administration.
The basic idea of this book was suggested to me in the spring of 1962 by Emilio Colón, director of the Puerto Rican Collection of the University of Puerto Rico. The project was subsequently endorsed and supported most generously by Severo E. Colberg, then director of the university’s School of Public Administration. At that time I was a faculty member at this school, and the book was written under its auspices. I wish to thank those two individuals as warmly as I can, for without their assistance the book would never have been started.

Completion of the undertaking was made possible by Doña Adriana Ramú de Guzmán, dean of social sciences of the University of Puerto Rico, and Dr. Luis Silva Recio, present director of the School of Public Administration. These persons generously continued the high level of support originally granted the project by Sr. Colberg, when they could easily have done otherwise. To them also, I am deeply grateful.

Luis Baerga Duprey served as my research assistant, and to him I owe special thanks for extremely diligent work. Without his aid the research foundation of the volume would be far less than it is. It should be noted that most of the longer translations from the Spanish, unless otherwise attributed, were made for me by Sr. Baerga. Yet responsibility for their accuracy is, of course, fully accepted by me.

Mrs. Hazel Isern skillfully and conscientiously typed the final manuscript, and I am very thankful to her.
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Also I wish to thank my mother, Frances Goodsell, for carefully reviewing the manuscript, and my wife, Elizabeth Goodsell, for helping in the thousand ways that only a devoted wife can.

C. T. G.

Washington, D.C.
October 1964
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Generally one thinks of fighting a revolution, not administering it. If the revolution is to effect fundamental changes in a society, however, it must be administered—and well. Power must not just be seized but used; revolutionary programs must be converted to concrete action and the revolutionaries must concern themselves with the practical techniques of government. If this is not done the revolution will likely become a meaningless coup d'etat involving a transfer of power rather than a transformation of society.

In the social and economic sense, most of today's "underdeveloped" world is in revolutionary ferment. In many cases, however, the revolutions are not being adequately administered, and hence they are having little or no success in meeting the newly awakened demands of peoples. Although obstacles other than poor public administration invariably confront development programs, the crucial importance of the administrative aspect is becoming increasingly recognized.

The Caribbean island of Puerto Rico has been undergoing a social and economic revolution for the last quarter of a century. The structure of political power has been completely altered, the organization of the economy has been totally reconstituted, and the philosophy and constitutional frame of the government have been drastically revised. In terms of degree and rapidity of change, this activity represents a social
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upheaval noteworthy for a Latin American people and quite likely the most radical ever to take place on United States soil.

The importance of this revolution is increased by the fact that with respect to means it was not “revolutionary.” That is to say, it was not accomplished by violence and disruption of the legal order. Change took place peacefully and by means of the ballot box, and hence was evolutionary and reformist rather than revolutionary. In terms of results, however, it was a genuine “turning round” or revolution. A popularly based political group seized power from a wealthy elite. A single-crop agricultural economy became a diverse, industrial economy. A pitifully low standard of living was raised to one of the highest in Latin America. A subject colonial status was replaced by one providing extensive internal autonomy. In short, the face of Puerto Rico was utterly transformed.

Although the island is very small, it has attracted attention around the world for the great success of its revolutionary program. The best-known aspects of its achievement are, perhaps, the brilliant leadership of former Governor Luis Muñoz Marín, the fruitful industrialization techniques of “Operation Bootstrap,” and the novel commonwealth status of free association with the United States.

Yet another factor, often ignored, is extremely important. During the early nineteen-forties, when the revolution was getting underway, Rexford G. Tugwell was the island’s governor. His contribution to the revolution was to insist, from the very beginning, that the reform government be equipped administratively so that it could carry out its aims. To a large extent Muñoz Marín—as leader of the insular legislature—supported Tugwell’s proposals for administrative reform, and the result was an extraordinarily creative period of building and rebuilding the institutions of Puerto Rican governmental administration. This work is the subject of the present volume.
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CONDITIONS PRECIPITATING THE REVOLUTION

The Puerto Rican revolution grew out of desperate economic and social conditions. The familiar pattern of poverty, disease, and exploitation, found in underdeveloped countries the world over, kept the island in misery. Despite the fact that the island was a ward of one of the wealthiest of nations, the per capita income for 1940 was $121, about a fifth of that of the continental United States.\(^1\) Wages in the sugar-cane industry—the principal economic enterprise—averaged fourteen cents an hour in 1941. Unemployment and underemployment were widespread, with many of the sugar-cane cutters working only in the harvest months. In 1943 it was reported that 35 per cent of Puerto Rico's households had an income of not more than $200 a year and 72 per cent not more than $400. Mountain families with numerous children tried to scratch out a living on an average of little more than two dollars a week.\(^2\) Thousands were literally near the starvation point. In 1942 a Presbyterian missionary at Mayagüez wrote to Eleanor Roosevelt: "The children in this region are slowly starving. Many of our children do not come to school, regularly, because when they live at a distance, and have not even had a cup of black coffee for breakfast or lunch, they are just too weak to come. One girl did come one day, and fell over on the cement floor, she was so weak, without any thing to eat."\(^3\)

The diseases of poverty were rampant at this time. With the diet skimpy and starchy, much of the sewage untreated, and most of the drinking water polluted, great numbers of Puerto Ricans faced an early death from diarrhea, tuberculosis, or pneumonia. Life expectancy was forty-six years.\(^4\) In addition to the killing diseases were the debilitating ones, such

N.B.—The notes begin on page 215. On that page also is a list of abbreviations used in the notes.
The mountains of central Puerto Rico, beautiful but poverty-stricken as hookworm, which affected an estimated 80 per cent of the people. This parasite, spread by unsanitary conditions and the lack of shoes, drained the people of vitally needed energy.\(^5\)

It is difficult to say whether life was worse in the country or in the city. The mountains of Puerto Rico were lovely to look at, as they are today, but it was here that people had the least money, the least education, and the least electricity and drinkable water. In the city the poor enjoyed a few more dollars of income, more schools, and some of the basic utilities, but instead of living upon green mountainsides they squatted on the mudflats of putrid waterways. The growing slums of San Juan, the capital of Puerto Rico, were becoming notorious
as the most hideous under the American flag. Secretary of the Interior Harold Ickes, after visiting Puerto Rico in 1936, made the following note in his diary:

We visited several points of interest in San Juan... We inspected two or three slum areas, and they are the worst slums that I have ever seen. The dwellings looked as if a breath would blow them over. They are thoroughly disreputable and disagreeable. Open sewage runs through the streets and around the buildings and there are no sanitary facilities at all. The children play in this sewage, which in many cases is covered with a thick, green scum. The houses appear to be dirty and unkempt. The cooking is done on little charcoal stoves, and the furniture is of the simplest and scantiest... Such slums are a reflection not only upon the Puerto Rican Government but upon that of the United States. It is unbelievable that human beings can be permitted to live in such noisome cesspools.6

Living gracefully amid these conditions was a small but well-to-do Puerto Rican upper class. Families of this "better element," as it was sometimes known, resided in fine homes, had their daughters pictured in the society magazines, and sent their sons to the best universities abroad. This group, along with the American sugar companies, dominated the economic life of the island and was strongly influential in the councils of the ruling political parties.

Thus the society was—as is so common in Latin America—sharply divided into two classes, the poor and the rich. "In Puerto Rico we do not have a 'submerged third,'" wrote Luis Muñoz Marín in the New Republic; "we have a floating and sometimes drowning 90 per cent and a buoyant 10 per cent."7

The United States had seized Puerto Rico from Spain in the brief imperialist fling of 1898. Although America was unaccustomed to being a colonial power her intentions toward the island were good. In 1899 the military governor announced with characteristic American optimism that if everyone worked together "Porto Rico" (the official spelling from 1898
to 1932) "should soon be the gem of the Antilles—the best governed, happiest, and most prosperous island in the West Indies." Yet four decades later the island was being described as "the poorhouse of the Caribbean." Why?

Part of the explanation lies in basic economic shortcomings of the island. Puerto Rico has some deposits of copper but few other profitable mineral resources. Lumbering and fishing are not commercially exploitable to any extent. Because of the mountainous terrain only a fraction of the land is effectively arable. Moreover, the economy had never been sufficiently diversified and industrialized; almost all income stemmed from sugar cane and one or two other cash crops, and
when world or U.S. markets for these commodities deteriorated for one reason or another the results were disastrous.

On top of this was an overpopulation problem of staggering proportions. The island is only about one hundred miles long and thirty-five miles wide, yet the 1940 census count was 1,869,255. This gave a population density of 546.1 per square mile, which is exceedingly high by world standards. By comparison, the population density of the continental United States even two decades later was not much more than 50, of South America about 23, and of the whole world about 57. The most densely populated republic of the Western Hemisphere, Haiti, had in 1960 an estimated density of 327.

But the conditions of Puerto Rico around 1940 were not completely ascribable to economic and demographic problems. Part of the difficulty lay with an inadequate performance by the United States in Puerto Rico. American colonial government contributed vastly more to the island than the preceding Spanish rule, but unfortunately the contribution did not measure up to the size of the problems to be faced.

The achievements of American colonial government included many new schools, hospitals, and roads. Political parties were encouraged, freedom of the press was established, and, in 1917, American citizenship was granted. Puerto Rico was placed in the U.S. tariff system and premium prices were paid for her sugar. The Islanders were exempted from federal taxes even though they benefited from many federal programs.

All this did not add up to an enlightened colonial policy, however. In fact, as Rexford Tugwell has pointed out more than once, it did not add up to a policy at all. Politically there was no policy, in that American intentions as to the future status of the island were never declared, a situation which left the Puerto Ricans understandably anxious and divided. Economically and socially there also was no policy,
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in that no long-range improvement program was ever set in motion and adhered to. Assistance tended to be temporary, such as hurricane relief, or incidental to other purposes, such as the jobs created by military construction at the beginning of World War II. Federal programs were geared to conditions on the continent, not in Puerto Rico; the Works Progress Administration program, for instance, was cut off on the island in the early nineteen-forties even though no war plants existed to absorb the unemployed. A comprehensive and imaginative attempt was made in the nineteen-thirties to rehabilitate the island by the Puerto Rico Reconstruction Administration, but for various reasons this effort ground to a halt long before the work was complete. The outcome of this sporadic and multiple activity was a wildly fluctuating, unpredictable flow of federal aid. To illustrate, in 1934 grants and loans totaled about $11 million, in 1936 about $39 million, in 1938 $22 million, and in 1940 $44 million.12

Structurally American government was never organized to accept the responsibilities of colonial rule. Territorial administration was pluralistic and confused. Theoretically, responsibility was in the hands of the president, and the governors of the possessions were appointed by him and answerable to him. Administratively, however, the task was never organized so that the president could, in fact, be responsible. A competent "colonial office" was never established in Washington to look after the interests of outlying areas, and a corps of professionally trained civil servants was never organized to administer them.13 Instead, federal operations in the territories were merely an adjunct of the regular agencies' mainland activities. In the Washington bureaucracy only a minor office of the Department of the Interior, the Division of Territories and Island Possessions, spoke distinctly for the territories, and it was inadequately staffed and performed only routine tasks.14 Meanwhile the congressional committees
dealing with the subject, the House Committee on Insular Affairs and the Senate Committee on Territories and Insular Affairs, frequently interfered with territorial administration without sufficient understanding of, and sympathy for, the special problems of these areas.

LUIS MUNOZ MARIN

In view of the weaknesses of American colonial policy and machinery, the Puerto Ricans could not rely upon the United States to make an all-out effort to rebuild their poverty-stricken island. They had to depend on themselves. And this is precisely what they did. Although a number of North Americans helped the Puerto Rican revolution in indispensable ways, it was really the imagination, initiative, and energy of Puerto Ricans that put it across.

One Puerto Rican in particular was responsible. This is Luis Muñoz Marín, governor of the island for sixteen years and its political leader for more than a quarter of a century. Demonstrating once again the enormous influence of individual men on history, Muñoz personally inspired and energized the entire reform movement. Probably without his presence nothing of the kind would have occurred.

In some ways Muñoz seemed destined to lead the Puerto Rican people. He was born in San Juan in 1898, the year of the Spanish-American War, in a house located a few hundred yards from La Fortaleza, the governor’s mansion he was to occupy so long. His father, Luis Muñoz Rivera, was a leading Puerto Rican statesman at the turn of the century. Muñoz Rivera was crusading editor of the newspaper La Democracia, winner of important concessions of autonomy from Spain in 1897, and founder of the long-ruling Union party. Young Luis was to echo many of his father’s achievements: creative editorship of La Democracia, successful negotiation with a
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colonial government, and formation of a new ruling political party.

Muñoz Marín's youth was such that he became culturally a product of both Latin American and North American life, reflecting to an extent the blended nature of contemporary Puerto Rican society. His formative years were spent alternately in Puerto Rico and the United States. He received his early education at schools both on the island and in New York City, and later undertook preparatory, college, and legal studies at Georgetown University. Becoming equally proficient in English and Spanish, Muñoz wrote poetry in both languages. When he practiced journalism as a young man, he did so in both the Latin and Anglo-Saxon cultural spheres; he edited for certain periods his father's old newspaper in San Juan and a journal of pan-American culture; yet he also took courses in journalism at Columbia University and wrote for the Nation, New Republic, and Baltimore Sun. Never far from the arena of politics, he obtained a background in American government by acting as secretary to his father while the latter served as Resident Commissioner for Puerto Rico in Washington. At the same time he kept in touch with Puerto Rican politics by periodic speech making and editorial writing on the island. Today Muñoz is both a Latin American statesman in the tradition of the poet-intellectual and a U.S.-style politician in his pragmatism and aptitude for the practical mechanics of politics.15

It took years for Muñoz Marín's political convictions to evolve. In 1920 he spoke on behalf of the Socialist party of Puerto Rico, advocating social reform, protection for labor, and a vague socialism. In 1932 he was elected senator-at-large to the insular legislature as a member of the Liberal party, the political group succeeding his father's Union party. As a Liberal, Senator Muñoz staunchly supported independence for Puerto Rico from the United States, but at the same time
he established close contacts with the Roosevelt administration in Washington and associated himself with the efforts of New Deal agencies to improve conditions on the island. In 1936 he broke with the Liberal party, differing with its leader, Antonio Barceló, over strategy in the elections of that year and in the quest for independence. Within two years Muñoz had formed his own political organization, the Popular Democratic party, and was campaigning to lead the island himself. His platform, however, differed radically from party tradition and his own lifelong advocacy of independence—he did not take a position on the historically paramount issue of associa-
tion with the U.S. and instead pledged his party to a frontal attack on the miserable conditions of the masses of the people.16

The rise to power of Muñoz Marín’s Popular Democratic party is a crucial chapter in the history of Puerto Rico. By turning out the ruling parties and establishing itself in a position of dominance, this political organization became the bearer of the Puerto Rican revolution.

As the revolution was peaceful and democratic, the party did not come to power through violence and intimidation but by the artful persuasion of Muñoz and a small group of followers. The campaign of 1938–1940 stands as a model of democratic politics for an underdeveloped country. Adopting the rural jibaro’s profile as a symbol and the words “Bread, Land, and Liberty” as a slogan, the party set out to win the support of the “sometimes drowning 90 per cent.” Tirelessly and with almost no money Muñoz toured every corner of the island, speaking with people wherever he could find them and organizing carefully a network of political organization. Making full use of the presses of La Democracia and his own ability to write, Muñoz published and circulated everywhere a free campaign newspaper, El Batey.17

The party’s platform was specific and, in fact, actual draft bills were prepared which legislative candidates of the party publicly swore to uphold if elected. Probably the most important element of the program was agrarian reform. In 1900 the U.S. Congress had adopted a resolution limiting land ownership by corporations in Puerto Rico to five hundred acres. This law had never been implemented, however, and absentee American sugar companies possessed tens of thousands of acres. Thus a key plank in the Popular platform was enforcement of this law, along with some free distribution of farm land and government regulation of the sugar mills. Another theme of the program was redistribution of existing income.
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by means of progressive tax readjustments, minimum wages, and assistance for the unemployed and disabled. A third element was development of the economy as a whole; measures were advocated to protect existing and encourage new industries, to increase the availability of credit, and to develop public utilities.¹⁸

A major obstacle to the success of a democratic movement in Puerto Rico was the time-honored tradition of vote selling. For a sum of two dollars or so—a valuable prize in this poor land—the country-dwelling jibaros would gladly mark their ballots for the donating political party. Muñoz fought hard to defeat this practice; in his campaign speeches and documents he incessantly pounded on the theme that to sell a vote is to lose a personal weapon. Speaking in a simple and direct style that has ever since characterized his political statements, Muñoz would say:

If a bandit were going to take your house and crop, and you had a weapon to defend yourself against that bandit, would you sell the weapon to that bandit for a few coins? Or would you use that weapon so that the bandit cannot take your house and crop? If you are a man, you will use the weapon to defend your house and your crop.

The same is true with the vote. The vote is the weapon that you have, and that all the people have, to defend their right to work, their right to get paid well, their right to a piece of land, their right to a home, their right to have their sons not go hungry...¹⁹

The attempt to convince citizens not to sell their votes succeeded. In the election of 1940 the parties trying to buy votes took substantial losses while the Populars, who refused to pay, did superbly well. The result was twofold: first, vote selling, for all practical purposes, was permanently eradicated from the island; second, the Popular Democratic party obtained enough political power to launch the revolution.

The Populars did not win the 1940 election outright, but
they did better than any other single party. They received approximately 215,000 votes, about 38 per cent of the total ballots cast. Most important, they won ten of the nineteen seats in the insular Senate and eighteen of thirty-nine House seats; this gave them a majority of one in the upper chamber and two seats less than a majority in the lower. The party's majority in the Senate meant that Muñoz, who was elected senator-at-large, could be named president of the Senate, the traditional position of political leadership in Puerto Rico.

The political grouping that formally "won" in 1940 in the electoral sense was the "Coalition," an alliance of the Republican and Socialist parties. The Coalition received about 222,000 votes or 7,000 more than the Populars. This slim plurality entitled the Coalition to the Resident Commission-
ership in Washington. In the Puerto Rican legislature, however, it won control of the same number of House seats as the Popular party—eighteen—and one less Senate seat. This represented a major blow to the Coalition in terms of legislative seats, as it had enjoyed undisputed control of the capitol—El Capitolio—for the last eight years. While in power, it had nominally advocated statehood for Puerto Rico, although its more immediate concern was preservation of the island’s economic and social status quo. Despite the presence of so-called “Socialists” in the alliance, the Coalition represented the interests of sugar, big business, conservative labor unions, and in general the “better element.” As we shall see, it was to be the chief source of local opposition to the forthcoming socio-economic revolution.

A third political organization also participated in the 1940 election, a grouping of three factions known as the Tripartite Unification party (later the Liberal party). This alliance won about 130,000 votes and three House seats. Its importance lay in the fact that it controlled the balance of power in the lower chamber, and thus could determine whether or not Muñoz was to be able to push reform statutes through the legislature.20

**REXFORD GUY TUGWELL**

Three weeks after the 1940 election Muñoz Marín wrote President Roosevelt a letter which outlined the Popular program and pledged cooperation with the Washington administration. In his last paragraph Muñoz appealed: “Help us, Mr. President, so that the democracy discovered in themselves by our unhappy people may be of the fullest use to themselves.”21

As it turned out Roosevelt did help the new movement tremendously. He did so by appointing, seven months later, a new governor of Puerto Rico who was far different from most of his predecessors. In the past the position had usually
been filled on the basis of partisan considerations alone. It is suggestive that since 1900 half the governors had been former congressmen or retired military officers. All but three or four arrived on the island knowing little about it or its people, and ten of the seventeen appointees remained less than two years. Franklin Roosevelt’s first two nominees to the post, serving from 1933 to 1939, were a Florida businessman and a retired general who turned out to be as bad as or worse than previous incumbents; their more awkward indiscretions, in fact, not only embittered the Islanders but embarrassed Washington. The lack of seriousness with which this important appointment was often taken at the White House was another manifestation of the weakness of American colonial government.

Rexford Guy Tugwell, whom history would record as the last imported, continental governor of Puerto Rico, was an intellectual with a pronounced liberal viewpoint, an administrator with extensive experience in national and municipal government, and, for many years, a close observer of Puerto Rican affairs. Born in 1891, Tugwell grew up in small towns of western New York State. His father was a well-to-do fruit farmer and canner. Young Rexford attended a public high school in Buffalo and obtained university training at the Wharton School of the University of Pennsylvania, majoring in economics. A literary and ambitious young man, he wrote a great deal, trying his hand at newspaper writing and poetry. One poem, which was to be widely publicized by his opponents twenty years later, had the final line: “I shall roll up my sleeves—make America over!”

The first phase of Tugwell’s career was devoted to the academic world. He taught economics at Pennsylvania (taking the doctorate there is 1922), the University of Washington, and Columbia, where he became a full professor in 1931 at age forty. In numerous scholarly books and articles the young
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professor expressed unorthodox views on economics. Along with Adolph Berle and Gardiner Means of Columbia, Tugwell decided that the arrival of the huge business corporation and advanced industrial technology meant that the days of laissez-faire capitalism in America were over. The economy must be planned, Tugwell argued; together government and industry must set prices and allocate capital investment in a rational, unified way. At the same time, he insisted, government must not become totalitarian, and—he made clear—all doctrinaire solutions must be rejected, including Marxian socialism.

Tugwell entered public life as an adviser to presidential candidates. In 1928 he recommended agricultural policy to Al Smith; in 1932 he was an original member of Roosevelt’s “brains trust.” With Roosevelt’s taking of office in 1933, Tugwell became a White House confidant, supplying the president with ideas and helping to draft key New Deal measures to rehabilitate the economy. Simultaneously he became a practicing administrator for Roosevelt. As Assistant Secretary and later Under Secretary of Agriculture, he supervised the operations of a broad range of government bureaus, vigorously promoting policies such as scientific soil conservation and sound forest management. In 1935 he organized the Resettlement Administration, which attacked the problem of rural poverty with such measures as retirement of poor land, establishment of rural and suburban communities, and provision of low-cost credit to farmers. At the end of 1936 he left the New Deal, becoming, in 1938, the first permanent chairman of the planning commission of New York City.

Tugwell was one of the most controversial of New Dealers. Warm and engaging in private, he tended to be blunt and outspoken in public. He would fight unstintingly for causes he believed in, and he seemed to enjoy making bold statements that would shock conservatives. In the nineteen-thirties he demanded strong legislation to regulate food and drug adver-
Rexford Tugwell in 1945 as the last imported colonial governor of Puerto Rico
tising, whereupon drug manufacturers, advertising interests, and powerful segments of the press systematically endeavored to destroy his reputation. Soon many newspaper editors, congressmen, and conservatives in general were charging him with being, in a curious contradiction, a "starry eyed dreamer" who could accomplish nothing and a "frank revolutionary" who was undermining the republic.\textsuperscript{28}

If for no other reason, Tugwell was an unusual governor of Puerto Rico in that he had been previously associated with island affairs and as a result had built up a personal familiarity with its problems. In 1934, as Assistant Secretary of Agriculture, he paid a visit to Puerto Rico to conduct various items of federal business. Astonished by the "precariousness" of life on the island, he made concrete proposals to his superiors in Washington for both emergency assistance and long-term reconstruction. He remained in touch with the Puerto Rican situation throughout his period in the Department of Agriculture, and occasionally was called upon for advice on insular matters by the president.\textsuperscript{29}

In late 1940, Secretary of the Interior Harold Ickes recruited Tugwell to head a study group to investigate methods of enforcing the five-hundred-acre law in Puerto Rico. Tugwell's trips to the island in March and May of 1941 to carry out this assignment led to his appointment as Governor. At this time Muñoz was in the midst of launching the revolution. He had persuaded the three members of the newly named Liberal party in the insular House to follow his leadership, and thus in command of a narrow majority in both legislative chambers he was beginning to push through reform statutes. In the spring session of 1941 a Land Authority was created to carry out agrarian reform, a Minimum Wage Board was established to better working conditions, and a Water Resources Authority was formed to develop electric power facilities.
Other actions included repealing a sales tax and steepening the progressiveness of income-tax rates. At this time war clouds were gathering, and Tugwell felt a desire to return to national service. Secretary Ickes offered him the directorship of the Division of Territories in Washington. Tugwell was becoming increasingly interested in the Caribbean, however, and while in Puerto Rico on his study trips he learned that the current governor, Guy Swope, wished to resign. In May of 1941, Tugwell wrote Ickes to suggest the governorship in place of the directorship; and Ickes took the idea to F.D.R., who approved.

Meanwhile, Muñoz and his associates approached Tugwell on the possibility of his accepting the chancellorship of the University of Puerto Rico, which needed its own reform program. Tugwell, in a move that now seems quite ill-considered, accepted the university post with the understanding that he would immediately take leave without salary to serve, for a temporary period, as governor. This arrangement brought heated protest from various political elements and student groups, and accordingly Tugwell resigned the chancellorship in a few weeks. On September 19, 1941, he took the oath of office as governor.

THE HISTORIC YEAR 1942

Looking back, Tugwell wrote at the close of his governorship, "Nineteen hundred and forty-two will, in local history, be regarded as at once one of the most disastrous and one of the most fruitful of years." The year 1942 was disastrous—or nearly so—because of the harsh effects of World War II, and yet, quite dramatically, it was the most creative year of the Puerto Rican revolution.

For several months after Pearl Harbor it seemed perfectly feasible that the Germans might spring a surprise attack on Puerto Rico as the Japanese had upon Hawaii. During this
period of anxiety the island had almost no military defenses, and civil-defense preparations were incredibly inadequate. But, though the Axis did shell the island of Aruba, four hundred miles to the south, luckily no attack was made on Puerto Rico.

The war's effect on Puerto Rico was instead economic. German submarines infested the Caribbean during 1942, sinking thousands of tons of vital shipping. To absolutely trade-dependent Puerto Rico this meant severe crisis. In September of 1942 incoming cargo tonnage fell to 7 per cent of the customary monthly rate, and the total for the whole year was less than two thirds that of 1940. The result was a series of pressing shortages of food, petroleum, and other necessities; often the stocks of basic foodstuffs would fall to only a few days' supply, and at one point the island was within hours of exhausting the fuel oil needed for electric power generation.34

These shortages set off a chain reaction of additional problems. From November 1941 to November 1942 prices jumped 53 per cent, compared to 16 per cent on the mainland. Inflation, in turn, caused serious strikes, beginning in January 1942. As public works projects were cut back, and as industries laid off workers because of a lack of imported raw materials and shipping space to export produced goods, unemployment shot up—from 99,100 in July 1941 to 237,000 in September 1942.35

The tense atmosphere of those months is evident in Tugwell's radiogram to Washington on June 12, 1942: "All construction projects have been stopped. Lighting has been shut off from 37 communities. Complete crude oil exhaustion is only a question of hours. Gasoline is restricted to Army and Navy and some essential service but will be exhausted within a few days. Restrictions here are more severe than anywhere else. Economic life is practically paralyzed. Unemployment is growing..."36
It would seem inconceivable that much permanent reform could be accomplished during the emergency of 1942. Although the disruptiveness of that year may have facilitated change psychologically, the government was nevertheless absorbed with a myriad of staggering, unprecedented tasks growing out of the war. Civil defense had to be organized, as well as a food procurement and distribution system; efforts had to be made to curb inflation and settle strikes; ways had to be found to obtain assistance from distant Washington and to maintain morale on the besieged island. As Tugwell told a congressional committee the following year, "There was a sudden need to do everything at once." 37

Yet in the spring of 1942 the Puerto Rican legislature enacted a statutory program of monumental proportions. Reminiscent of the First Hundred Days in Washington in 1933, the ninety-odd days between February 9 and May 14, 1942, witnessed the passage and approval of a great share of the statutory underpinning of the Puerto Rican revolution. In a single week of this historic period no less than seven major public institutions were signed into legal existence, all of which were still functioning in the middle nineteen-sixties. 38

The session was launched by receipt of a message from Tugwell which announced, "To put it bluntly, we are going to push on—as rapidly as possible—with the social changes which for a generation have been overdue in Puerto Rico." 39

This document, discussing in detail a whole range of problems, was so long that, to save time, it was distributed to legislators rather than formally read by the governor. In the following weeks the House and Senate expedited significant, controversial legislation at a rate seldom seen in democratic parliaments. At times bills were passed by title only, rather than upon full readings. The driving force of the operation was of course Muñoz. Although the Senate president had only the slimmest of majorities he was able to push through what he wanted by
retaining support of Liberal allies in the House and insisting upon absolute loyalty from all Popular legislators. On April 15 the session was legally over, but, with much work remaining to be done, the clocks of El Capitolio were stopped and kept motionless for several days. The representatives and senators were exhausted, some to the degree that they were committed to hospitals—but mercilessly Muñoz ordered that they be hauled back to vote from stretchers.40

When Tugwell signed the last bill acceptable to him the list of accomplishments was impressive. Among the key statutes were those which:

- transferred the unreliable municipal water systems to the new Water Resources Authority;
- shifted, as well, lagging fire service and park management from local administration to newly created insular agencies;
- reorganized completely the politics-ridden university;
- created transportation and communications authorities to “develop and improve, own, operate, and manage” facilities in those fields;
- placed the economically vital sugar mills under government regulation;
- formed a State Guard of Puerto Rico to succeed the federalized National Guard;
- established one of the most powerful planning agencies found in democratic government at that time;
- created, to control the growing executive branch of the government, a modern budget agency;
- authorized the establishment of two economic development agencies, the Puerto Rico Development Company and the Development Bank of Puerto Rico.41

After the legislature finally adjourned, Tugwell paid tribute to Muñoz and his party by reporting to Secretary Ickes, “It is a completed program which is more comprehensive than any I have ever known of anywhere to be completed in one year.” 42
OPPOSITION TO THE REVOLUTION

This quick pace of accomplishment was by no means due to a lack of significant opposition. On the contrary, opposition of the most intense, bitter, and extreme kind was encountered in the Puerto Rican revolution, particularly from 1941 through 1944. As with any genuine social revolution, the overturn of the political and economic order was brought about only amid the outcries of beneficiaries of the status quo.

Many powerful groups were deeply disturbed by the course of events. The big sugar companies and wealthy planters were aghast over schemes to redistribute land and regulate the grinding mills. The business community in general was upset by prolabor policies and new tax laws. In the area of wartime emergency action, sugar men were angered by a proposal to use cane land for food growing, and private importers were irate over a program of government procurement and distribution of food. Many mainland Americans associated with the Puerto Rican "better element" were distressed by the prospect of a departure from their comfortable existence, and several long-tenured federal officials were antagonized by the newly aggressive policies of the insular government. Finally, as plans went ahead to reorganize civil defense in San Juan and "insularize" the waterworks of that city, the local political machine—under control of the Coalitionist Resident Commissioner, Bolívar Pagán—was faced by the alarming possibility of sharply reduced patronage.

These groups and others deployed an ingenious array of tactics against the reform movement. They described the new policies and agencies as ultraradical and self-seeking. The Popular program is "a deluge of extravagant experiments," insisted José Balseiro, a leading Republican senator.43 Two other leaders of the Coalition, in a memorandum to President Roosevelt, attacked the new legislation as both leftist and
rightist. They said, “Some of these bills, each by itself, seem harmless, except by the extreme Communistic principles they contain.” At the same time, the program “tends to establish a corporate State, of Fascist type, ruled by a single party, really totalitarian.” Actually, it was often alleged, the innovations were designed to produce more party patronage and build an impregnable political machine. “Theoretically the Popular Party was against buying votes,” argued Senator Balseiro. “Notwithstanding, a piece of land, seed to plant the land, the tools to work it, a cow, and a house to live in, were solemnly promised those voting for the Popular Party.”

Another tactic was a savage, personal attack on Governor Tugwell. Charges of every conceivable type were brought against him, from extravagant household expenditures at La Fortaleza to attempting to build a personal dictatorship. Bolívar Pagán was quoted as calling him “a carpetbagger of the worst type.” The president of the San Juan Board of Commissioners, Cayetano Coll y Cuchi, declared, “I can see how easy it is for Puerto Rico to have a fuehrer. We now have a Mussolini.” The governor was even blamed for what had been accomplished by German submarines; Pagán told a congressional committee, “I can state that this shortage of shipping allotted to Puerto Rico originated in the lack of interest, the inability to grasp the situation, and the lack of far-sightedness on the part of the present Governor, Mr. Tugwell.”

The principal medium for publicizing these attacks in Puerto Rico was the largest San Juan daily, El Mundo. Throughout 1942 this newspaper conducted an extraordinarily uninhibited campaign against Tugwell, carrying almost every day one or more prominently placed articles on the latest derogatory rumors and allegations.

A noteworthy aspect of the attacks on Tugwell was that in them an attempt was made to picture him as solely responsible for the new legislation. This was potentially useful strategy
since the Popular program could then be presented as the wild schemes of the radical New Deal appointee, Tugwell, rather than the democratically endorsed program of the popular, elected Puerto Rican leader, Luis Muñoz Marín. Tugwell's initiatory role with respect to a few bills and his willingness to sign most of them into law were thus exaggerated into full responsibility for the statutes. For these laws "we make the Governor responsible," said the secretary of the conservative Puerto Rico Farmers' Association, "because we believe he is more radical than the radicals that we have in our legislature." This line was picked up by the mainland press; articles and cartoons portraying events on the island focused attention on Tugwell and often ignored Muñoz. To illustrate, a piece appearing in Nation's Business in 1943 entitled "Puerto Rico: Test Tube for Reform" made no mention of the president of the Senate but reported that the people "had elected a new political faction, the Popular party, to power and it was with a one-vote majority in the Senate that Dr. Tugwell put through 'must' legislation designed to carry out his theories." It was necessary for Muñoz to explain in the pages of the New Republic, "It should be pointed out that Governor Tugwell did not initiate the reform program in Puerto Rico. The people of Puerto Rico themselves mandated that program at the polls."

In addition to the general campaign of denunciation on the part of the opposition there were specific actions designed to hamper the reform movement. These ranged from minor harassments to efforts to intervene in the democratic process. When it was stated in a government radio program that the Farmers' Association had refused to vacate or pay rent for space in a newly acquired public office building, Tugwell and his information director, John Lear, were sued for libel amid much publicity. At the regular legislative session of 1944, two of the Liberal representatives whose support of Muñoz
Cartoon in the *Chicago Tribune*, January 9, 1943—the conservative press's interpretation of the Puerto Rican reform movement

gave him a narrow majority in the House defected to the Coalition, thus halting temporarily the flow of legislation. Not even a budget was passed for the year, and this meant that under the island's organic act the previous year’s funds for continuing purposes were automatically reappropriated. Tugwell, however, defied a strict legal interpretation and autho-
ized use of nonrenewing funds for relief; one result was an opposition-inspired legal suit which the government eventually lost, and another was a two-hour incarceration of several members of the governor's cabinet in the San Juan city jail—which, of course, made them heroes to the poor.\footnote{As the 1944 elections approached and it was obvious that the Coalition was to lose overwhelmingly, its spokesmen turned to such extremes as urging postponement of the balloting. Pagán declared in Washington that "Elections in Puerto Rico, if held under Tugwell as Governor, would be a farce."} As the 1944 elections approached and it was obvious that the Coalition was to lose overwhelmingly, its spokesmen turned to such extremes as urging postponement of the balloting. Pagán declared in Washington that "Elections in Puerto Rico, if held under Tugwell as Governor, would be a farce."\footnote{Probably the most menacing actions against the reform program came from Congress. Tugwell had many bitter enemies there from his New Deal days, and they were happy to accept the Coalition thesis of "the calamity of Dr. Tugwell" as persistently propounded by Resident Commissioner Pagán. The result was the introduction in Congress of half a dozen or more bills regarding Puerto Rico between 1943 and 1945, any one of which had the potential of halting the revolution. One bill would have ended remission to Puerto Rico of federal tax receipts on Puerto Rican rum, thus drying up a most important source of the island's revenue. Two resolutions called for annulling key laws passed by the insular legislature. No less than four bills or resolutions were introduced which either declared the Puerto Rican governorship vacant or requested outright the removal of Tugwell.\footnote{In 1943 both insular affairs committees of Congress sent investigating sub-}
committees to Puerto Rico, ostensibly to examine "economic and social conditions" but in reality to find out what Tugwell and his radical cohorts were "up to down there."

(At least two other congressional committees contemplated making such investigations but their plans did not materialize.) The Senate subcommittee, headed by Dennis Chavez of New Mexico, conducted a reasonably fair inquiry and left the island expressing mild praise for the wartime work of island administrators. 60 But the House subcommittee, chaired by Congressman C. Jasper Bell of Missouri, worked hand in glove with the Coalition and concluded in its final report that governmental control in Puerto Rico "is quite comparable to the pattern used by the Fascists in Italy." 61 Tugwell later wrote that the work of the Bell committee "nearly destroyed all that Muñoz and I had built." 62

Although the opposition groups succeeded in producing momentary setbacks for the Puerto Rican revolution, and also in making life most difficult at times for its leaders, their efforts to halt the movement failed. The reform statutes remained in force, and Governor Tugwell, the central target of attack, remained in office. With warm backing from President Roosevelt and Secretary Ickes in Washington, and with active political support from Muñoz in Puerto Rico, Tugwell continued as governor until mid-1946, long after the campaign against him died down.

As time passed it became obvious that the vast majority of Islanders favored Muñoz Marín and the Popular program and approved of Tugwell as well. The outcome of the 1944 elections—feared so much by the opposition—ended all doubt on this point. The Populares won 383,000 votes, as against 209,000 for all opposition parties combined. 63 The Resident Commissionership passed from Pagán to Jesús T. Piñero, an intimate supporter of Muñoz. The Popular Democrats won an almost embarrassingly preponderant majority in both legislative
houses—the opposition was left with but two seats in each—thus effectively ending the brief deadlock at El Capitólio and paving the way for decades of virtual one-party rule. The 1944 victory was so overwhelming that from then on opponents of the revolution were forced to accept the new order and work within it, thus ending one of the most contentious periods in the history of Puerto Rican politics.

**THE PROBLEM OF ADMINISTRATION**

Political victory, however, would not in itself ensure success of the Popular Democratic reform movement. To revolutionize conditions in Puerto Rico more was needed than winning office and passing statutes. The new ideas had to be converted into meaningful action, the new agencies had to be transformed from laws to functioning institutions, and the new leadership had to be given the means of using newly gained power for the sake of the people. This is to say that *administration* of the revolution was necessary.

It was clear that in 1941 the government of Puerto Rico was not prepared to administer a revolution. Unlike some colonies, Puerto Rico did not have a tradition of good and impartial administration. Although theoretically Washington had ultimate responsibility for insular administration through the governor, in fact this responsibility could not be met because of the disorganized nature of U.S. territorial arrangements. The legislature, by blocking and circumventing the governor’s supervision of administration, was able to substitute itself as the control agency of the executive branch. Although, of course, this was welcome from the standpoint of home rule, it meant in the final analysis that the majority party of the legislature manipulated administration to its own advantage. The result was bad administration; agencies were staffed entirely by patronage, services were rendered according to
immediate partisan interests, and rationalizing features such as a sound budget and long-range planning were almost unthinkable. The administrative machine was, in this atmosphere of negative colonialism, incompetent to enact a socio-economic transformation. It had to be rebuilt.

Tugwell realized this immediately. In his inaugural address as governor he cited "constant improvement in administration" as essential to attaining future objectives.65 A few days after taking office he wrote Louis Brownlow, a venerable figure in American public administration, "As I get closer to the government here I recognize that nothing short of some fundamental over-hauling will do."66 In his message to the historic legislative session of 1942, meeting a few months later, the governor said:

Certain measures looking toward the improvement of the public service are so basic to any additional expansion in governmental duties that we must pause to work them out even though we wonder why they were not completed years ago and so made available to us now . . . The Puerto Rican people have aspirations. They know what they want. But everyone knows that the government has no thorough working plans for achieving these aspirations and no way of accommodating our probable income to the tasks we have to do . . .

That is why, in the midst of emergency and when the machinery of government is especially needed for reform, we have to wait until much of the machinery has been created. We shall never be able to do much with the program of land use or expand our processing industries—at least through governmental assistance—until this work is done.67

The story of how this work was done is told on the following pages.
The Governorship

If public administration was to improve in Puerto Rico a necessary first step was establishing at least a modicum of separation between party and bureaucracy. The executive branch had to be more than the dominant political party's employment agency and service apparatus if it was to implement a revolution.

Legislative interference in administration was the method by which partisan manipulation of the bureaucracy had been achieved. Thus the key to separation of party and bureaucracy was to take from the legislature its pervasive control of the executive branch. One way to accomplish this was to expand the governor's power over the branch he supposedly directed. Increasing gubernatorial power over administration would in itself remove obstacles to objective, competent, and unified administration, and at the same time it would give Tugwell, the new occupant of the governorship, an opportunity to lead the administrative reform he thought so necessary.

AUTHORITY VERSUS POWER

Legally, the governor of Puerto Rico, appointed by the president of the United States for an unlimited term, was in a very strong position vis-à-vis administration. According to
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the Jones Act of 1917, the organic law or constitutional statute of Puerto Rico for more than three decades, the governor was undisputed head of the executive branch in the U.S. constitutional tradition of separation of powers. The act explicitly vested him with "the supreme executive power," responsibility for "the faithful execution of the laws of Porto Rico and of the United States applicable in Porto Rico," and "general supervision and control of all the departments and bureaus of the Government in Porto Rico." Regarding the governor's relationship with department heads, he appointed, subject to confirmation by the insular Senate, five out of seven. (The Attorney General and the Commissioner of Education, plus the Auditor—not a department head—were appointed by the president.) These officials had four-year terms of office, but those appointed by the governor were subject to an explicit removal power granted to him. Moreover all department heads were placed "under the general supervision of the Governor." With respect to the governor's legal powers in dealing with the legislature, he could submit a budget, veto legislation, "item veto" the appropriation acts, and call special sessions.

The governor's administrative authority under the Jones Act of 1917 is underscored when it is contrasted with that granted by the previous organic law, the Foraker Act of 1900. The comparison shows that Congress deliberately fortified the governorship in 1917. Previously the president selected all department heads, not just two. Also under the earlier law the separation-of-powers concept was not fully in use: an Executive Council, composed of department heads and others, acted as the upper legislative chamber and also as an executive body sharing administrative supervision with the governor. The Jones Act established an elected Senate, supposedly reduced the Executive Council to an advisory cabinet for the governor, and granted the governor exclusive authority over administra-
A final contrast that is of interest in indicating congressional intent is in the wording related to transmittal of departmental reports to Washington: whereas the Foraker Act stipulated that reports be sent "through" the governor to federal agencies as those agencies required, the Jones Act provided that they be submitted "to the Governor as he may require" for subsequent transmittal.4

But the ostensibly powerful governor of Puerto Rico was in reality a weakling. Although legally he controlled administration, in actuality he did not. After a year and a half in the governorship Tugwell concluded, "The Governor of Puerto Rico could not move in any positive direction and, if he could, he had not the wherewithal to do it wisely." The executive branch of the insular government was, he asserted, "unfitted for positive action"; in fact, Tugwell even ventured, "nowhere in the civilized world at the present time, perhaps, is there an executive with so little power."5

What is the explanation for this gulf between theoretical authority and actual power? At the root of the situation was the fact that the governor was an appointed outsider. To the Islanders he was someone thrust upon them by Washington with no prior consultation and usually no warning. Apart from common citizenship he was a foreigner in every sense of the word; he thought differently, acted differently, and spoke another language. Many governors made no attempt to bridge the cultural gap by adapting themselves to Puerto Rican society or by learning Spanish. Even if they did attempt these things—and a few like Theodore Roosevelt, Jr., did—the paramount fact remained that the residents of La Fortaleza represented and symbolized American imperialism, and thus local resentment toward them was inevitable. From the Puerto Rican standpoint, undermining the governor's legal authority was not so much violating the island's constitution as it was removing a barrier to representative democracy and neutraliz-
La Fortaleza, the governor's residence, as it appeared in 1945

ing an unpredictable and frequently unsympathetic colonialism.

Generally the governors were helpless to prevent any weakening of their power. Many incumbents were not in office long
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enough to comprehend the realities of insular government and politics. All but a few were inexperienced in civil administration and had little concept of the proper role of a chief executive. A governor possessed only a tiny personal staff to assist him in supervising the executive branch, and the Division of Territories back in Washington was of little help. Many North American officials supposedly under the governor's direction in Puerto Rico (the best example being the Auditor) openly defied his leadership, for they owed their appointments to others.

Of course, control of administration by any chief executive is not easy. To take charge of a sizable bureaucracy that incorporates many divergent viewpoints and interests, it is necessary to possess political power. In Puerto Rican government the fact of overriding importance was that the governor possessed absolutely no local political strength of his own. Without obtaining a measure of power in some manner the governorship was doomed to impotence in administration as well as other fields.

THE ENCROACHING LEGISLATURE

The legislature was the logical institution for Puerto Ricans to pit against the governorship in an effort to disarm the office. A fully elective body, it was the stage upon which the island's politicians and parties vied for power and won it. Moreover its functions of enacting statutes, passing appropriations, conducting investigations, and confirming gubernatorial appointments lent themselves to controlling administration. All of these functions were so used.

Probably confirmation of appointments was the most useful weapon for gaining control of the bureaucracy. Without majority-vote confirmation by the insular Senate the governor could not make more than temporary, interim appointments.
In contrast with practice in the federal government, where the Senate withholds confirmation of a presidential appointee only under very unusual circumstances, the practice that became common in Puerto Rico was to withhold confirmation unless the nominee were approved in advance by the majority party of the upper chamber. Unless the governor chose to obtain agency heads by means of a succession of interim appointments (which was occasionally done), he was forced to accede to the majority party’s wishes on who his own subordinates would be. Governor Theodore Roosevelt, Jr. found in his period in office (1929 to 1932) that “the majority party had the right to refuse to confirm any nominee of the governor for no other reason than that he was not a member of their political group. The result normally was that either the governor surrendered to the majority party the right to name his cabinet officials, maintaining merely a veto power on improper selections, or a long and complicated struggle ensued.”

Over the years the procedure became quite formal. A list of three names—called a terna—was submitted to the governor by the majority-party leadership for each open position requiring confirmation. All three individuals were, of course, members of the majority party or persons the party could trust. The chief executive was made to understand that unless one of the three were selected no confirmation would be forthcoming; if he chose another the nominee would automatically not be confirmed. In the spring of 1941, Rupert Emerson, then director of the Division of Territories, reported to Secretary Ickes following a visit to Puerto Rico: “As I understand from Governor [Guy J.] Swope, the policy which has been followed in connection with the higher appointments is one of long standing. Three names are submitted by the majority party, and the Governor is free to select any one of those, with of course a further freedom to reject the entire list if there is no
name suitable to him in the list of three submitted." Tugwell, who was in Puerto Rico and in contact with Governor Swope during this same period, found that Swope never took the second alternative.2

Appointees so named obviously owed their loyalty to the legislative leadership and not the governor, and thus the majority party had effective control of all agencies they headed. This included five of the seven departments since the organic law called for Senate confirmation of locally appointed department heads. To extend the effectiveness of the terna as an instrument of control, the legislature went beyond the confirmation requirements of the Jones Act and stipulated, by statute, that hundreds of officials of lower rank also be subject to confirmation. Many bureau and division chiefs, members and directors of minor boards and agencies, and even police lieutenants and captains were placed under this requirement. It is suggestive that in the 1941–1943 period over four hundred personnel underwent Senate confirmation, and in 1946 alone 340 individuals were passed upon.3

Another method used by the legislature to take administrative control from the governor had to do with the Executive Council. Whereas under the Foraker Act the governor had shared administrative authority with this body, under the Jones Act the council had become theoretically subordinate to the chief executive—it was to "form a council to the Governor" and to act under his "general supervision." But in practice the Executive Council continued after 1917 to compete with the governor in the field of administration, to some extent preserving the spirit of the old organic law.

The legislature, with its ability to dictate gubernatorial appointments, was able to dominate the council, as five of its seven members were nominally selected by the governor. Yet such control by itself, according to the terms of the Jones Act, would have meant little, since the only collective duty
assigned by that law to the council other than advising the governor was to divide the island into legislative districts. But this limitation was easily overcome by assigning additional duties to the council; eventually the legislature vested at least one hundred statutory functions in this group that it safely controlled.10

The Executive Council thus took on a prominent role in administration. Its approval was required for a great many administrative actions which, under normal circumstances, would be within the discretion of agency heads. For example, the council validated the internal rules and regulations of several agencies, with cases in point being the Insular Build-
ing Board, the Board of Nurse Examiners, and the Planning Board. It also had a general overseeing responsibility with respect to municipal finance; council approval was required for all tax ordinances, bond flotations, and budget transfers of the municipalities. In addition the council was extensively involved in the actual programs of agencies—for instance it approved the disposal of certain public lands by the Commissioner of the Interior, acted as an appeals body for the Planning Board’s decisions on public improvements, and had authority to intervene in the construction of a hydroelectric project. By means of these statutory requirements the legislature deeply penetrated the everyday details of administration.

The legislature thwarted gubernatorial power not only by passing laws but also by exercising its investigative function. The method is illustrated by an institution known as the Economy Commission. Although it was first formed in 1914, this device had its heyday in the nineteen-twenties and thirties. Established by the general appropriation act each year, the commission consisted of four members of the Senate, five members of the House, and each chamber’s presiding officer. To some extent the body was a legitimate joint investigating committee; its official duties were “to investigate, inquire into, and examine the administration and operation of the Insular Government” and also to “make a scientific study of the budget.” Accordingly it investigated and reported on numerous matters, such as the state of municipal finance, infant mortality in Puerto Rico, and operations of the Public Service Commission, the insular Department of the Interior, and the Department of Education. But its activities extended far beyond the usual boundaries of legislative investigation.

In certain ways the Economy Commission took on a role similar to that of the Executive Council in that the legislature,
by statute, gave it the power of approving or disapproving administrative action. For example, it reviewed the expenditure of certain funds by the Commissioner of the Interior for the construction of roads, passing upon each individual project and even the order in which projects were to be undertaken.\textsuperscript{18} Also it acted to some extent as an administrative planning agency; it drew up island-wide plans for the construction of rural dispensaries, and it had statutory power to pass upon economic reconstruction plans for the island.\textsuperscript{19} Finally it was something like a budget bureau within the legislature; it reviewed the budgets of some agencies before they were submitted to the governor and it passed upon the expenditure of several trust funds.\textsuperscript{20} In the early nineteen-thirties the commission even formulated its own government-wide budget, complete with revenue estimates and intricate charts and graphs; this information, together with recommendations for administrative reorganization, was published in an annual report to the governor and legislature.\textsuperscript{21}

It was Governor Tugwell's good fortune just to miss having to deal with this tool of legislative encroachment. In 1939 Governor William D. Leahy obtained from his acting Attorney General an opinion casting grave doubt on the constitutionality of much of the commission's activities, and Leahy subsequently ignored a statute pertaining to its intervention in municipal road construction. The appropriation act passed in 1941 did not continue the life of the commission, and it has not reappeared since.\textsuperscript{22}

Still another way in which the legislature weakened the governor's administrative power was to create numerous multi-member boards or commissions. An agency headed by a board is more difficult for the chief executive to control than one headed by a single administrator, and also it provides additional opportunities for exerting legislative influence in appointments and policy. The board type of organization is
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often used in governmental administration for agencies with regulatory or appellate functions, but the Puerto Rican legislature employed it for agencies with straight program responsibilities. To illustrate, a Commission for Old-Age Assistance was established to operate a social security program, a Commission for the Development of Agricultural Cooperative Associations was organized to promote cooperatives, and a Food and General Supplies Commission was set up to control prices and distribute food.\(^{23}\)

In some boards the governor's control was impaired further by statutory requirements as to board membership. Eight out of nine members of the Minimum Wage Board, for example, had to be selected from nominations submitted by private interest groups.\(^ {24}\) The Insular Emergency Committee, in charge of a contingency fund, consisted not only of the Governor, Auditor, and Treasurer, but the president of the Senate and speaker of the House as well.\(^ {25}\) The Scholarship Commission comprised one representative of the executive branch—the Commissioner of Education—and four legislators: the president and vice president of the Senate and the speaker and speaker pro tem of the House.\(^ {26}\)

Not only in these boards but in other executive agencies the legislature interfered by its detailed drafting of statutes concerning their organization and even their procedures. To illustrate, a statute reorganizing the Department of Agriculture and Commerce in 1940 not only laid down the general structure and responsibilities of the department, but stipulated specifically the organization and duties of every bureau, division, and in some cases section.\(^ {27}\) A law directing the Commissioner of Education on certification of teachers stated the type and number of academic credits required.\(^ {28}\) The statute re-establishing a government lottery in Puerto Rico prescribed the number of drawings per month, the information printed on lottery tickets, the peddlers' fee, technical details of the
drawing, and even the persons who were to make the drawing ("children from a charitable institution").29

Finally, the legislature circumnavigated gubernatorial power in the field of appropriations. Here the governor had two potentially powerful weapons with which to control the bureaucracy, the budget and the item veto. The organic law envisioned that expenditures would be made as a result of annual appropriations drawing upon the general fund; under this arrangement the governor could exert influence by recommending appropriations in each year's budget and then by cutting the enacted appropriations to the desired levels with his item veto. To defeat this control the legislature ingeniously created scores of permanent appropriations and hundreds of special funds; these were to be spent on an indefinite rather than an annual basis and seldom drew upon the general fund. By 1941 about two thirds of insular spending bypassed the budget and the veto in this way—a matter reserved for detailed discussion in Chapter 5.

THE NEW SITUATION

Thus by means of these various devices the Puerto Rican legislature had very successfully emasculated the Puerto Rican governor and deprived him of control of administration. In Tugwell's words, "Puerto Rican ingenuity had defeated the United States occupation." 30

Yet in the early nineteen-forties all of this began to change. For the first time in decades a fundamental transformation in insular legislative-executive relations was in process. Although the legislature did not suddenly cast aside all methods of administrative interference, its grip on the bureaucracy loosened substantially. Although the governor did not suddenly possess the power commensurate with his constitutional
position, he came to have unprecedented influence in island affairs. It was a revolutionary time for Puerto Rican public administration.

A new situation had been created by the nature of the new chief executive and the nature of the new party leader. Both of these individuals differed from previous occupants of their posts in ways that laid the basis for change. Unlike his predecessors Tugwell was familiar with Puerto Rico and was experienced in administration. He came into the governorship with a grasp of the island’s problems and a personal acquaintanceship with many of its leaders. He was a veteran of some seven years of experience at high levels of administrative leadership and he knew what was expected of a chief executive in the American system of separation of powers.

Luis Muñoz Marín, unlike many previous Puerto Rican “bosses,” was receptive to change in all aspects of island life and was interested in more than political power for its own sake. His mind was open to new ideas and to logical persuasion, even concerning the most time-honored traditions of Puerto Rican government. His eyes were set on the welfare of the people of Puerto Rico and not merely the welfare of the Popular Democratic party. Although he tended to identify the two he was able to sacrifice an immediate party advantage for a higher objective.

With these two men confronting each other as governor and Senate president the old sterile imbalance in relations between La Fortaleza and El Capitolio could be replaced by constructive cooperation. As both men were intellectuals and pragmatists they could communicate and understand one another. As both were ardent liberals in the New Deal sense they could agree on basic aims and policy. With Muñoz’ cultural duality and Tugwell’s sympathy with what he later called “The Stricken Land,” the gap between Islander and Continental could be considerably narrowed. Of course it would be im-
possible to expect two aggressive and ambitious men to work in close association with complete harmony, and certainly complete harmony there was not; they argued frequently and heatedly over many matters and at times their personal relationship approached estrangement. But they were able to cooperate sufficiently on fundamental things to build constructively together.

One accomplishment of the relationship was a relaxation of legislative control of administration and a corresponding expansion of gubernatorial control. Tugwell did not favor an overly "strong" chief executive such as was commonly advo-
icated in U.S. public administration circles (for example by Louis Brownlow); in fact he preferred loose administrative supervision within his own bailiwick, and his planning theory called for independence of the planning authority from the executive. Yet he realized that legislative encroachments such as dictation of appointments and circumvention of the budget were intolerable from the standpoint of administration, and also he understood that the governor had to have an adequate supporting staff.

Thus Tugwell set out to persuade Muñoz to permit changes in the pattern of administrative control. Although Muñoz could not accept innovations that would seriously endanger his own position or that of his party, he was generally receptive to Tugwell's point of view. He realized that this governor, at least, could be relied upon to advocate the revolution. Also Muñoz was much more interested, at this point, in the legislative aspects of his movement than the administrative; he did not want to impair the efficiency of the legislature by burdening it with nonlegislative matters, and personally he was more concerned with shaping broad policy than becoming involved with administrative detail. Before Tugwell had been appointed governor, Muñoz had already, in fact, not attempted to revive the Economy Commission; and he was ready to permit additional changes.

REDUCING LEGISLATIVE INTERFERENCE

As it turned out, all remaining instruments of legislative interference in administration were blunted during the Tugwell administration save the Executive Council—yet even here the situation changed as members of the council became less unresponsive to the governor. The statutes creating new agencies emphasized motives and functions rather than the details of organization and procedure. The law creating the
Development Bank—an extreme example—was little more than a statement of intention. As for circumvention of the budget, a program was launched in 1942 to abolish permanent appropriations and special funds; and steady advance was made in this area despite the Populists' objection to terminating politically useful arrangements. In the face of resistance to budgetary unification, Tugwell was not above threatening sanctions; in 1945 he notified all agency heads with respect to appropriation requests that bypassed his office: "I want to warn you now, so that there can be no later misunderstanding, that any deficiency bill presented to and passed by the Legislature by your agency or any other, without special authorization by me at this time, will be vetoed. Certain exceptions have been made in the past. They will not be made in the future."

Tugwell applied pressure to eliminate the board form of organization. A month after becoming governor he rejected a much-desired coffee-industry relief bill for several reasons, one being that the measure called for an administering board of seven members, a majority of which were to be chosen by private interest groups. "If 'the executive' is to be in any sense responsible for the carrying out of laws," Tugwell said in the veto message, "he ought not to be limited in this way." In an incident that occurred in 1942 he lectured the legislature for creating a Food and General Supplies Commission rather than a single-headed agency:

There was a time, years back, when inequities in government were thought to be somewhat modified by asking several officials to do what one could do better. That time is past ...

It may have been some such impulse as this which led the Legislature at the Special Session to set up a Food and Supplies Commission rather than the Administrator which I recommended in my message on the subject. The experience of several months leads me to recommend even now that this decision be reconsidered. I am sure that a single admin-
istrator would be much more effective. The execution of laws is a job for the executive... An administrator who can act quickly and for whose actions I can take the responsibility would be preferable.  

The legislators quickly complied to this point of view by replacing the commission with a “General Supplies Administration” headed by a single administrator.

But the most significant step in reducing legislative interference concerns appointments. In a single, decisive stroke the time-honored *terna* device of dictating gubernatorial appointments was eliminated permanently from Puerto Rican legislative-executive relations. And this in itself radically changed the atmosphere of insular public administration.

Soon after taking office Tugwell met with Muñoz and told him that he thought the submittal of formal lists of approved nominees was humiliating to both of them. The governor said he would always welcome the Senate president’s views on appointments, but, since the constitutional power to appoint was his, he intended to exercise it, and accordingly Muñoz should not submit his opinions until asked.

Immediately Muñoz agreed to eliminate the *terna*. But this was not the end of the matter, because Muñoz had no intention of abdicating his influence over appointments. It was necessary to work out a new formula by which appointments were decided upon.

This was done in the course of two incidents that took place in the early months of the Tugwell administration. Shortly after his inauguration the governor found it necessary to appoint a new manager of the State Insurance Fund, a workman’s compensation system in which corruption had been found. Without consulting Muñoz, he nominated Rafael de J. Cordero, chairman of the economics department of the University of Puerto Rico and a political independent. But Cordero, it turned out, was not the man Muñoz had in mind.
for the post; he wanted Jorge Font Saldaña, a loyal Popular. Although Tugwell reports that the Senate president was “unhappy” about the development, Muñoz conceded to Tugwell’s wishes and Cordero was confirmed. Later Muñoz even called Cordero into his office and told him to clean up the insurance fund without regard to partisan interests. “We don’t want any politics,” he said. “Pay no attention to political recommendations.” (A few years later, it might be added, Font Saldaña was appointed to the post.)

The outcome of the second incident was quite different. In the summer of 1942 the post of Commissioner of Health was to be filled. As this department offered more patronage than any other, the position was politically sensitive in the extreme. But also, since public health was a program area in which a crying need for improvement existed, the post had to be in competent hands.

Tugwell looked for an able man for the position and finally settled on Dr. Pablo Morales Otero, who was not only competent but a Liberal—which made sense to the governor since the Liberals held the balance of power in the House and their support was essential. Muñoz, however, would not countenance this appointment and he notified Tugwell emphatically that a Popular, Dr. Antonio Fernós Isern, had to be the nominee. Tugwell accused Muñoz of wanting the patronage involved and even threatened to appoint Morales Otero on a continuous interim basis, but the Senate president “would not do more than shake his head stubbornly.” The governor then proceeded to call his nominee in and tell him of the appointment, which Morales Otero accepted; later, however, the nominee found that Muñoz was unshakably opposed to him and he consequently backed down on the acceptance. By this time the controversy had gotten into the press and the opposition was making much of it. After a few days Tugwell realized that he had no choice and accepted Muñoz’ man,
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Fernández Isern. In the coming years, it should be mentioned, Tugwell found Fernández to be a splendid Commissioner of Health and was very glad to have him.46

Thus a new pattern for selecting appointees was arrived at. Informal consultation between governor and majority party leader replaced the formal *terna*. In their relationship the one did not dictate to the other; rather compromise was often reached following bilateral negotiation. Muñoz did not insist on naming every appointee, although he undoubtedly could have; and Tugwell often took the initiative in suggesting men he particularly thought qualified. In their discussions each would accept the other’s basic criterion as a limiting factor—political suitability for Muñoz and administrative competence for Tugwell. It is of interest that thirteen of Tugwell’s first seventeen major appointees were Populares and only one a Coalitionist.47 But the most important new administrators were far from mere party hacks.

**THE OFFICE OF THE GOVERNOR**

Reduction of legislative interference with administration was a negative way to expand gubernatorial power. A positive way to do this was to build up the staff assistance available to the governor.

Since 1901 there had been an institution meagerly provided for in the appropriation acts known as the “Office of the Governor,” but for decades it had consisted only of a handful of personal aides. As late as 1940 it amounted to three staff assistants and four secretarial and service personnel—scarcely much help for supervising an insular bureaucracy of over fifteen thousand people and an extensive federal bureaucracy in addition. But after being in office one year Tugwell had more than doubled the staff, and within another year more than tripled it. By the time he left in 1946 the office had close
to sixty positions, a staffing level on a new order of magnitude.48

But the change was not merely quantitative. A new concept of the Office of the Governor was created. Whereas previously it had consisted largely of nonspecialized aides giving informal and personal help to the governor, it now became primarily made up of specialists and technical experts who gave staff assistance to the chief executive on a professional basis. The Office of the Governor was no longer merely the transitory retinue of the man in power at the moment; it was transformed into a continuing institution that could be of use to any future holder of the governorship.

Four new staff units were established, all within a year of Tugwell's inauguration. By January 1942 a set of coordinating positions had been created and filled. On May 1, 1942, an Office of Statistics began operations, and a month later an Office of Information was functioning. On August 10, 1942, a Bureau of the Budget was formed, created by authority of the highly important Act No. 213, approved May 12, 1942. Although the Coordinators, Office of Statistics, and Office of Information do not exist today as such, they warrant brief discussion since they illustrate what the new staffing concept meant. The Bureau of the Budget, by far the largest and most important new unit, became a permanent component of the Office of the Governor. It will be described in Chapter 5.

There were two Coordinators: the Coordinator of Insular Affairs and the Coordinator of Federal Affairs. Part of the work of these officials was carrying on legislative liaison in San Juan and Washington, expediting administrative projects in the two capitals, and acting as "idea men" for the governor. But, as their titles indicate, their central responsibility was seeking coordination, under the direction of the chief executive, among the multitudinous and scattered administrative institutions on the island—which included sixty-five or more
insular agencies and fifty or so federal offices. The position of Insular Coordinator was held briefly by Teodoro Moscoso, Jr., and then by Enrique Campos del Toro. The Federal Coordinator was, successively, Frederic Bartlett, Max Egloff, Mason Barr, and Miss Daisy Reck.49

The Office of Information had two main functions, dissemination of publicity about Puerto Rico and control of information released by insular government agencies. The first function entailed such activities as publishing brochures and pamphlets on life in Puerto Rico, preparing a weekly news bulletin about the work of the government, and holding a semiweekly radio news program.50 The second function was intended to improve coordination and enlarge administrative control by review of all public statements issued by government agencies. Tugwell’s choice for head of this office, John Lear, was unfortunate; he embarked upon his duties with such loyalty and enthusiasm that he probably harmed the governor’s position and prestige more than he helped them. Although many of the documents released by his office had a useful function, others had a strong propaganda flavor. For example, a book of Tugwell’s speeches—Changing the Colonial Climate—was embellished with ridiculously rhetorical introductions (“Rarely does a man distill into one short poetic paragraph all the philosophy of a fighting life”).51 Also Lear did a disservice by drafting executive orders that placed unenforceable restrictions on the informational activities of agencies; an order issued in mid-1942 (later retracted) directed that all government news releases, including oral statements to the press, be cleared in advance with La Fortaleza.52 In Washington, Pagán charged that Tugwell had created “something like a ministry of propaganda headed by a fellow named Lear.”53

The Office of Statistics was much more of a success. In the first place it was headed by a much abler individual, Sol Luis
Descartes, and in the second its functions were more soundly conceived. This office was created out of a realization that an essential prerequisite to the development of Puerto Rico was precise and accurate data on past performance and future needs in the government and economy. Heretofore such information had not been adequately available. Never a large organization, the office employed only four to seven professional staff members, and in 1946 it was transferred to the Bureau of the Budget as a division. But this small group did vitally important work. In the first several months after its creation in May 1942 it concentrated on gathering data pertaining to the war emergency, such as figures on shipping tonnage, unemployment, and food production. Later it was possible to do work of a more permanent nature; a monthly report was published containing indicators of business and government activity, the statistical programs of several agencies were overhauled, and a number of special investigations was made in conjunction with the University of Puerto Rico.54

The significance of the Office of Statistics for administrative control was due to the truth of the old maxim, “knowledge is power.” With reliable figures of his own, the governor was in a better position to press his point of view with agencies and before the legislature. This was especially true in the absence of competing statistical facilities—at this time there was no legislative statistical staff. That the legislature was somewhat wary of the Office of Statistics, or at least of the Office of the Governor in general, is suggested by a report submitted to Tugwell by his statistical chief, Descartes, in May of 1943. Descartes referred to a future possibility of centralizing in the Office of Statistics all governmental statistical processing, and said: “Under the conditions existing in Puerto Rico, where the legislative power is reluctant to enlarge the already broad powers and functions of the Office of the Governor, it is doubt-
ful that political approval would be secured for such a change.”

It is not surprising, of course, that the legislature was not enthusiastic about the enlarged Office of the Governor. In fact, Muñoz’ acceptance of it at all was a tribute to his receptiveness to innovation and further evidence of the basically cooperative spirit between him and Tugwell on many matters. But the opposition party, as might be expected, criticized the expanded office generally and bitterly.

One theme of attack was extravagance. Largely as a result of the new staff components and explosive wartime inflation, annual appropriations for the governor’s office had to be raised from about $100,000 at the beginning of the Tugwell administration to more than $250,000 at the end. To make the most political capital out of these rising costs, the opposition charged that funds were being squandered for frivolous purposes within the executive mansion itself. In 1942 El Mundo criticized expenses allegedly made for “food, liquor and servants.” In 1944 Resident Commissioner Pagán presented the “extravagance” theme so effectively in Washington that Ickes felt compelled to ask Tugwell for information on his expenses, “promptly.” Apparently even Muñoz felt the heat of these charges; in February 1943 he received from La Fortaleza a long memorandum justifying the increased governor’s office costs in detail.

Another theme of the opposition (directed to other features of the Tugwell regime as well as the Office of the Governor) was that excessive power was being sought by the governor. El Mundo noted that “the Chief Executive has done everything he can to control most governmental agencies.” Apparently the newspaper was quite certain of the success of this effort; under the headline “Rexford Guy Tugwell—Absolute and All-Powerful” it editorialized: “With the disgraceful complicity of the Legislative Assembly, Mr. Tugwell has created
a supergovernment that duplicates activities with the exclusive end of centralizing in La Fortaleza power never possessed by other American governors of Puerto Rico."  

That Tugwell sought additional control over the executive branch cannot be denied. Also *El Mundo* was probably correct in surmising that Tugwell had more power than any previous American governor—with exception of the first three, who were military governors. But the conclusion that Tugwell was "absolute and all-powerful" seems a bit exaggerated; certainly Tugwell himself did not think so. In fact Tugwell felt quite powerless in the face of Muñoz' great influence. The Senate president, Tugwell wrote with some annoyance, "continually called in cabinet members and gave them orders without consulting me." Actually "the bureaucracy regarded him as its head, rather than me."  

THE PRESIDENT'S ADVISORY COMMITTEE  

Obviously the governor of Puerto Rico would not possess the power that legally he was entitled to or that administratively was desirable until he was an elected official. A certain strengthening of the governorship was possible without this, by means of political support obtained from outside the office and through institutionalization of that office. But the governorship could not grow to full stature until the final step was taken of placing legal responsibility and political power in the same hands. No one was more aware of this reality than Tugwell himself. He told the Chavez committee in February 1943:

It is the tragedy of Puerto Rico in emergency times such as have prevailed for the last decade, that there has not been a more effective executive ... It is my incidental belief that there will not be one until the [Jones] Act is rewritten to prescribe as one of the Governor's
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qualifications that he must be a citizen of Puerto Rico as well as of the United States and that he must be elected by the other citizens of the Island. Only this can create the atmosphere necessary for reducing the power of political parties and put a stop to executive strangulation.61

Only a few months after becoming governor, Tugwell had begun to work on behalf of an elective governor for Puerto Rico—which would mean, of course, that he could no longer hold the position. In March 1942 he wrote President Roosevelt, suggesting that consideration be given to having Puerto Ricans “choose their own officials.”62 A few weeks later Tugwell personally presented to Secretary Ickes a concrete proposal for an elective governorship; Ickes approved the idea and took it to F.D.R.63 The result was a presidential message to Congress dated March 9, 1943, which called for amending the Jones Act to permit an elective governor and to revise federal-insular relations. Simultaneously the creation of a committee to make further legislative recommendations was announced. This group, which came to be known as the “President’s Advisory Committee,” consisted of Ickes, Tugwell, Muñoz, Under Secretary of the Interior Abe Fortas, Justice Martín Travieso of the Puerto Rican Supreme Court, the Rev. Raymond McGowan of the Catholic Welfare Conference, and Celestino Iriarte and José Ramírez Santibáñez, presidents of the insular Republican and Liberal parties, respectively. Bolívar Pagán was not named to the committee.64

The President’s Advisory Committee deliberated from July 19 to August 7, 1943 in Room 5160 of the Interior Building in Washington, under the chairmanship of Fortas (Ickes did not take an active part). Because the committee contained many of the foremost leaders of the day in Puerto Rican affairs, and because they engaged in frank and lively discussion of a whole range of insular issues, the committee deliberations (which
were largely recorded verbatim) are of some historical interest.65

One of the questions the group considered at length was the administrative authority of the elected governor. Tugwell took the position that in the process of converting the governorship to an elective office, which itself would expand administrative power, the further step should be taken of adding to the chief executive's statutory control over administration. Proposing an enlargement of gubernatorial authority on a scale granted by the Jones Act of 1917, he advocated, off the record, that confirmation by the insular Senate be omitted for the governor's appointees and that the chief executive be given wide, personal authority with respect to administrative reorganization.66 In the recorded deliberations of the committee, Tugwell proposed abolishing the Executive Council and transferring its functions to the governor; making the Auditor more clearly subordinate to the governor; and giving the governor the power to appoint assistant department heads (who became acting cabinet members in the absence of their chiefs).67

The reaction to these proposals varied. Tugwell's off-the-record ideas on confirmation and reorganization were quickly rejected; the first suggestion "obviously seemed monstrous to all my colleagues," Tugwell later wrote, and the second "got a very short hearing."68 The proposals regarding the Executive Council, Auditor, and assistant department heads were substantially accepted, however, but not without heated debate. In the discussion of these points interesting differences of viewpoint were expressed by Muñoz and Celestino Iriarte, the Coalitionist spokesman. Whereas Iriarte, undoubtedly anticipating Muñoz as the next governor, fought most bids to enlarge gubernatorial power, the Senate president was quite receptive to them. Iriarte would often deny that legislative encroachment had taken place in the past, but Muñoz would
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blandly admit it. When the Executive Council came up for discussion, Iriarte opposed abolition, insisting that “never in the history of the Executive Council has there existed friction between the Executive Council and the Governor of Puerto Rico.” The Popular Democratic leader, on the other hand, readily agreed to the council’s elimination, conceding frankly that “especially lately” the body had represented a serious legislative interference. “The attitude of the legislature in doing that all these years has been based on the fact that the Governor was appointed,” Muñoz explained in matter-of-fact fashion. Similar differing attitudes were shown by these two political enemies with regard to altering the Auditor’s position, although with respect to gubernatorial appointment of assistant department heads they switched positions, with Muñoz opposing the idea.

A reform that was accepted early in the deliberations was to permit the governor, rather than the president, to appoint the Attorney General, Auditor, and Commissioner of Education. When this idea was first advanced Father McGowan expressed concern regarding overconcentration of power in the hands of the insular chief executive. At this point Muñoz exclaimed, “The only check on large powers by the Executive, that can be democratic, is a check by a party that is, at least, democratically elected.” Tugwell then asked, “Are you not worried about despotic powers being exercised by the Legislature? ... We have had some examples of that.” Instead of denying legislative interference Muñoz merely answered vaguely, “The basis of democracy is not mechanics but education.”

The draft bill recommended by the President’s Advisory Committee provided for an administratively strong governor of Puerto Rico, but it came to naught. After the measure was introduced in the Senate as S. 1407, the Territories and Insular Affairs committee radically amended it, and one of the prin-
cical changes was to destroy the concept of a powerful chief executive in Puerto Rico. Not content merely to reject the idea of augmenting executive power, the senators deliberately cut it. The Attorney General, for instance, was made into an elected official, the Auditor was turned into a completely independent functionary, and the governor’s explicit power to remove his subordinates—which he had possessed since 1917—was stricken. Tugwell, who opposed the amended bill as worse than nothing, sarcastically noted that under this legislation “Puerto Rico will enjoy the dubious distinction of having as its Chief Executive a man responsible for administering the government but with authority only over his domestic servants, providing, of course, that the Legislature of Puerto Rico permits him to have domestic servants.” Although passed by the Senate in February 1944, S. 1407 never emerged from the House Committee on Insular Affairs, and thus became of academic interest only.

In the years that followed, however, the objectives of the elective-governor movement of 1943–1944 were achieved. In 1946 the governor became, to borrow Tugwell’s expression “a citizen of Puerto Rico” when President Truman appointed Jesús T. Piñero, an original Popular and intimate of Muñoz, to succeed Tugwell. In 1947 the way was opened to having the governor “elected by the other citizens of the Island” when Congress amended the Jones Act to change the governorship from an appointive to elective position. This legislation, incidentally, did not go as far as S. 1407 in relation to administrative authority. Although the Attorney General and the Commissioner of Education were no longer appointed in Washington and the four-year term of office for cabinet members was removed, the Executive Council and Auditorship were left intact. But these were technicalities. The important fact was that in 1948 Luis Muñoz Marín could be elected governor of Puerto Rico. His inauguration the following January
marked the end of this period of the nineteen-forties during which he was informally head of the insular government while someone else was its formal chief.

This cementing of informal power and formal authority made the governorship an office that differed enormously from what it had been a decade earlier. Instead of being extraordinarily weak it was (at least while occupied by Muñoz) extraordinarily powerful—in fact practically "absolute and all-powerful," to use the words of El Mundo intended for Tugwell. But although the moment Muñoz took the oath of office in January 1949 the character of the governorship was instantly altered, it can be argued that long before this day the groundwork for an administratively adequate governorship had been laid. The tide had been turned regarding legislative encroachment upon the executive branch. An institutionalized office for the governor had been created. And a man who was conscious of the problems of administration and the need for separation of party and bureaucracy had been present to set an example for the new leadership.
CHAPTER THREE

Administrative Leaders

In the early nineteen-forties Muñoz and Tugwell may have arrived at a new method of processing government appointments, but this did not solve another problem—whom to appoint. It was not difficult to find potential appointees who fitted Muñoz' criterion of sympathy with the revolution, but locating men who also complied with Tugwell's criterion of administrative competence was another matter. The situation was typical of that of a developing country: the need for trained and experienced public administrators was rapidly rising but, for various reasons, the supply of prepared administrative talent was limited. In some way this shortage had to be met.

THE LIMITED SUPPLY OF ADMINISTRATORS

There were, of course, many experienced public administrators in Puerto Rico, among whom were those in office in 1940. But, because of the highly partisan nature of appointments, the majority of incumbent officeholders were closely identified with the conservative parties making up the Coalition, and thus they could not be entrusted to administer the revolution with loyalty and enthusiasm. There were a few exceptions to this. Sergio Cuevas Bustamante, for example, and Antonio Lucchetti (about whom more will be said in Chapter
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7) were two administrators who had served with great ability for a number of years and who had managed to remain independent of partisan connections. Yet not nearly enough men like these were on hand to fill the top administrative posts, particularly since so many new agencies were being created at the time. The problem, therefore, was to find inexperienced persons who had the potential of becoming competent administrators. But, unfortunately, even the amount of potential talent that was available was limited.

One reason for this was that Puerto Rico did not have a long-standing tradition of public service. Under Spanish rule the Islanders had been barred from all significant governmental positions, and for the first fifteen years or so of American rule this exclusion policy was retained. The first Puerto Rican department head was not appointed until 1914, and not until 1921 were all locally appointed department heads Puerto Ricans.¹ Thus prior to 1940 the Islanders had had only about a quarter-century of experience in administrative leadership.

Another factor limiting potential talent was educational levels. Since only a small percentage of the population attended high school and college the number of persons educationally equipped to become administrators was not great. As late as 1950 only 3.6 per cent of the adult population of the island had completed high school, as compared to over 20 per cent in the United States. Similarly only 1.8 per cent had obtained a four-year college education, in contrast to 6 per cent on the mainland.² Moreover, the percentage of the population in occupations from which administrators might be drawn was small; in 1940 only 2.7 per cent of employed citizens were in the professions and 4.8 per cent in nonfarm managerial positions. For comparison, figures for the mainland at that time were 6.4 and 8.3 per cent respectively.³ A related consideration is that the majority of Islanders who did possess
an education or applicable experience were from the "better element" and thus were unlikely to be of use in administering the revolution.

Finally there were two very immediate factors limiting the availability of potential administrators. One was low salaries and the other was the war.

The compensation of department heads had been set by Congress in 1924 at the level of $6,000 per year, and this figure could not be raised without amendment to the organic law. Even if this had been a reasonable salary in the nineteen-twenties and thirties, it became unreasonable with the advent of World War II's inflation. Although the prestige of a cabinet position always made it attractive, considerations of salary protocol required that subordinate positions, which had less prestige, carry lesser emoluments. Normally assistant department heads received $5,000, with bureau or division heads getting between $4,000 and $3,000. The chiefs of some non-cabinet agencies received more, yet not enough to be a great financial inducement to the type of outstanding man needed for the administrative tasks being faced. In 1944 Tugwell asserted that any deficiencies among Puerto Rican government personnel were "due in major part to the fact that good people cannot be obtained for the salaries offered."

The war limited the availability of administrators in another practical way. The most crucial years of the Puerto Rican revolution coincided precisely with a time when thousands of young Islanders were leaving for service in the U.S. armed forces. Agencies like the Planning Board and Office of Statistics were thus severely handicapped in their early development because several key positions went unfilled for months and even years. Not only was recruitment obstructed, but individuals already appointed who had launched continuing tasks had to drop them. The young man who prepared the first "Six-Year Financial Program" for Puerto Rico (to be dis-
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cussed later) was deferred from the draft until the moment the program was submitted, but not a day longer. The Commissioner of the Interior reported in 1943 that he was losing "a great number" of essential personnel. The problem was general throughout the government; in September of 1945 Tugwell received "a flood of requests" from agency heads for the early discharge of their personnel, most of which he was forced to reject because authorities would release only a limited number.

NORTH AMERICANS AND PUERTO RICANS

The shortage of prepared and available public administrators on the island meant that some vital personnel had to be imported, at least in the early stages of administrative reform. This importation was, understandably enough, from the continental United States.

North Americans brought in for work in public administration in the nineteen-forties may be divided into two classes, although the dividing line between them is not always clear: those who resided in Puerto Rico on a semipermanent basis and became practicing administrators, and those who stayed for only relatively brief periods and acted in a purely consultative capacity.

The first group—those who settled down in Puerto Rico—was quite small, consisting of only a handful of persons brought in personally by Tugwell. Two of the more noteworthy members were Frederic P. Bartlett and Louis Sturcke, Jr. Others in this class were Mason Barr, James Curry, Max Egloff, Thomas Fennell, Brandon Howell, and John Lear. Both Bartlett and Sturcke had been previously associated with Tugwell for several years. During the early New Deal they performed technical tasks for Tugwell in the Department of Agriculture in Washington, and when Tugwell went to New
York to head the city’s planning commission he took both men with him. There Bartlett served as administrator of the Department of City Planning, and Sturcke headed its Division of Capital and Assessable Improvements.10

Tugwell brought Bartlett and Sturcke to Puerto Rico by a rather unusual maneuver. With the help of Ickes he persuaded Frederic A. Delano, chairman of the National Resources Planning Board in Washington, to establish a field office of the N.R.P.B. in San Juan. This was done in the fall of 1941, and Puerto Rico was designated the board’s “Region XI.” Tugwell then arranged for the appointment of Bartlett as director of Region XI and Sturcke as senior staff member.11

With his two technicians’ salaries partially taken care of by the federal government, the governor appointed them to insular positions to complete the arrangement. Bartlett became Coordinator of Federal Affairs and Sturcke was named Director of the Budget. Tugwell had intended that Bartlett would later become chairman of the new Planning Board, but Bartlett rejected that idea on grounds that a Puerto Rican should occupy the post.12

The practical contributions of these individuals to Puerto Rican public administration extended beyond what is implied by their formal titles, however. Bartlett drafted the new insular planning law in large part, directed the preparation of a voluminous “Development Plan for Puerto Rico,” 13 and acted as a general administrative “trouble shooter” for Tugwell. Sturcke organized the new Bureau of the Budget, untangled the incredibly complex special-fund system, and guided preparation of the first civil service classification and compensation plans. Whereas Bartlett left the island about the time Region XI was abolished in 1943 (when the N.R.P.B. itself was liquidated), Sturcke adopted Puerto Rico as his permanent place of residence.

As for the outsiders who were brought in solely as consul-
Guillermo Nigaglioni (left) and Louis Sturcke, Jr., leaders of reform in civil service and financial matters

tants, several were invited on an individual basis to advise in the field of planning—examples being Alfred Bettman, Lawrence Orton, and Ladislas Segoe. But the majority came as staff members of a consulting organization known as the Public Administration Service (PAS), a nonprofit corporation with headquarters in Chicago. This organization entered into contract with several insular agencies to conduct numerous studies of administrative organization and procedure. Over a period of years in the nineteen-forties and beyond, teams of a dozen or so PAS consultants were intermittently present on the island. Not merely a “hit and run” type of consulting organization, PAS would keep its staff at the scene of operations for months at a time in order to participate in the im-
Implementation of recommendations they had made. Among the many projects undertaken by PAS were reform of central personnel records, design of a government-wide accounting system, reorganization of three public retirement systems, and surveys of accounting and reporting procedures in twelve public corporations.

As might be expected, the hiring of North Americans for administrative duties was not universally popular with Puerto Ricans. In fact several influential sectors of island opinion were quite resentful. This is understandable—local pride was involved, especially when outsiders gave advice with a superior air. Also there was emotional resistance to giving outsiders jobs when the local unemployment rate was high. A distinctly aggravating factor was that consultants' fees were considered exorbitant by comparison with Puerto Rican per diem or monthly salaries.

The opposition to imported administrators and consultants was dramatically illustrated by an incident in the fall of 1945. A public conference was held at the University of Puerto Rico, and Tugwell, Muñoz, Louis Brownlow, and several other notables spoke on various aspects of public administration and its relation to Puerto Rico. On the opening day, before a packed audience at the University theater, Tugwell gave an address whose theme was that a narrow insularism should not keep Puerto Ricans from submitting themselves to external competition. Discussing the problems that had been encountered in implementing the reform program, the governor cited one as being that "there was no experienced managerial talent." On this premise he defended the bringing in of outsiders. "For the plain fact was that the know-how would have to be imported. It did not exist here; and the experiment would fail without it." 15

The speech raised a roar of protest. El Mundo printed the full text in Spanish translation, under the headline "There
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Was No Administrative Talent Here, Says Tugwell at U.P.R.” Whether by error or by intention the key words “no experienced managerial talent” were rendered into a translation that meant “no administrative talent or experience.” In a short time angry responses emanated from several quarters. The local association of engineers and architects resolved “To repudiate as hurtful and highly offensive to the professional dignity of the Institute of Engineers of Puerto Rico, the statements made by the Hon. Rexford Guy Tugwell.” An island senator demanded that the names and qualifications of all imported experts be made public so that the people could decide whether the talent was available locally. The climax was reached when several hundred members of the engineers' and chemists' associations went on a one-day protest strike; the same day some fifty university students threw a picket line around La Fortaleza, exhibiting signs inscribed “We demand respect for our people,” “Send your experts back where they belong,” and “No more insults!”

No doubt the incident could easily have been avoided. El Mundo and the professional associations were unnecessarily frantic in their treatment of the matter, and Tugwell approached his subject a bit more directly than was probably desirable. But the important point is that there was no need to stress the importation of North Americans in the first place. Although a number of outsiders assisted in administering the revolution, it was not they, actually, who did the bulk of the work over the long run. Primarily it was Puerto Ricans who administered the Puerto Rican revolution, just as it was primarily they who inspired and energized it. Tugwell himself led administration in the years he was governor, but other than this the main function of the North Americans present was to give assistance on a technical level, operating within a policy framework already established by Puerto Ricans.

The fact that Puerto Ricans were in most top jobs can
easily be demonstrated. Throughout the nineteen-forties all locally appointed department heads were Puerto Ricans, as was true in the twenties and thirties; but in addition the Attorney General, after 1942, and the Auditor, after 1943, were Islanders. All assistant department heads, with one exception, were Puerto Ricans in the Tugwell years. With very few exceptions the directors and managers of the dozen or more public corporations created during the Tugwell administration were Puerto Ricans. All three members of the new Planning Board and all of its top planners save one were Puerto Ricans. The Office of Statistics and, after 1945, the Bureau of the Budget were directed by Islanders. Analysis of a directory of government officials compiled in 1945 shows that over 92 per cent of the top executive-branch positions were held by Puerto Ricans. By 1950 a comparable figure was more than 95 per cent.

But, if there was "no experienced managerial talent" that was suitable in the early nineteen-forties, where did these administrators come from? The answer to this provides an important insight into how the Puerto Rican revolution was administered. The vast majority of these men simply were not experienced. They came from academic life, business, the technical level of the bureaucracy, and other sources, without having held high managerial posts. In fact, most did not have much previous working experience of any kind, since in general they were very young.

Reliance upon inexperienced young men was, of course, risky. The success of the revolution depended on able administration, and even with the most proven and experienced administrative leaders the outcome was uncertain. The very fact that it was a reform program meant that precedent and tradition would be departed from, and this increased the hazards. The selection had to be done with great care.

Fortunately there were two compensating factors to help.
One was that Muñoz had attracted around him, in addition to partisan hangers-on and organization men, a number of highly intelligent young idealists. These enthusiastic individuals formed a pool of possible appointees. The second factor was that Tugwell, the first governor in decades to have real influence over appointments, possessed an unusual ability to recognize potential administrative talent. Although he was by no means infallible, he had acquired a reputation in his previous work for picking young, unlikely men who later went far; he had first brought Leon Keyserling to Washington at the age of twenty-five, for example, and in the Department of Agriculture he had made some excellent appointments of bureau chiefs, such as Lee Strong.23

EIGHT ADMINISTRATIVE LEADERS

To learn how the problem of administrative leaders was met in Puerto Rico, it is useful to leave now the realm of generalization and to examine on an individual basis the background and work of several administrators who were obtained for top positions. Only in this way can an adequate understanding be gained as to who these men were, why they were selected, and how well they performed. Hence sketches of the eight most important administrative leaders of the period are hereby offered, together with a partial summation of their accomplishments.

Jaime Benitez. In the spring session of 1942 the legislature adopted a new governing statute for the University of Puerto Rico. The object of this law, which provided such things as a more autonomous governing board and new tax-generated income, was to facilitate far-reaching university reforms such as Tugwell had hoped to undertake when he had accepted the chancellorship in 1941. Indeed the institution was in a sad state: academic standards were pitifully low, the students
Administrative Leaders

were given more to politicking than studying, and external pressures had come to dominate university policies and practices.24

In the fall of 1942, Jaime Benítez, an ardent follower of Muñoz and a close friend of Tugwell, was appointed the first chancellor under the new law. Born in 1908 on the offshore Puerto Rican island of Vieques, Benítez had obtained law degrees at Georgetown University and a master's at the University of Chicago. At the time of his appointment he was teaching political science at the University of Puerto Rico, and in this position he had been a leading agitator for reform. Now he had the opportunity to implement his ideas.25

In less than a year Benítez had pushed through an academic reorganization program which, in partial emulation of the University of Chicago, created a general-studies division and separate colleges. With the new university income he set out to expand the institution so as to serve a broader spectrum of Puerto Ricans—and within twelve years both enrollment and classroom space had been doubled. To raise instructional performance he sent professors to graduate schools outside the island, increased faculty salaries, and hired reputable outsiders as visiting professors. Whereas in 1937 the Middle States Association (whose jurisdiction includes Puerto Rico) had refused accreditation to the university, in 1946 the association's inspector recommended acceptance on grounds that "it is now a respectable educational institution."26

In addition to his administrative duties Benítez served as the intellectual gadfly of the revolution in its early years. At times he would meet with Muñoz or Tugwell on an almost daily basis to debate the merits of contemplated policy from the viewpoint of broad principle. Thus he was something of a "brains truster" to Tugwell in the same way Tugwell himself had been to Roosevelt a decade earlier. As shall be mentioned later, other administrators served in an advisory capacity as well, although probably none on such a philosophical level.27
Rafael de J. Cordero. More than any other man, Rafael de J. Cordero set a ruthless standard of honesty and integrity for Puerto Rican administration. He was born in 1897 at Adjuntas, Puerto Rico. He differed from most of the other administrators in that he possessed a considerable background of work experience; in his twenties he was a high school teacher and superintendent of schools in small towns of the island, and in his thirties he was a professor at the University of Puerto Rico—first in education and later economics. He held a master’s degree and eventually a doctorate from
Columbia University, and, in fact, had briefly been a student of Tugwell's there.  

As mentioned earlier, Tugwell asked Cordero early in his administration to take over the State Insurance Fund. The economics professor was a bit taken aback by this request to clean up the outstanding scandal of Coalitionist rule, and he protested to the governor that perhaps a trained "G-man" would be more qualified for the job. Nevertheless Cordero accepted the appointment and threw himself into the work. In a burst of energy he fired dishonest employees, pressing charges against several, including some division heads. To eliminate a practice whereby slightly injured patients were being needlessly hospitalized at the profit of hospitals and at the expense of the government, hospital ownership was separated from dispensary control. Also several startling economies were introduced in the operations of the agency, and new controls were instituted over the flow of funds. Although Cordero stepped on many political toes during this house-cleaning, his support from both Tugwell and Muñoz was complete, and his growing reputation for fairness and impartiality buttressed his position further.

In the summer of 1943, Cordero learned to his surprise that President Roosevelt had appointed him the first Puerto Rican Auditor of Puerto Rico. Tugwell, despite opposition in the Interior Department in Washington, had persuaded F.D.R. to make the precedent-shattering move. Cordero's achievements in this post will be described later; but it should be mentioned here that in 1952, again without being consulted, Muñoz appointed him Comptroller—the position succeeding the Auditor under the new commonwealth constitution. Dr. Cordero remained in this post until his retirement in 1961.

Sol Luis Descartes. Many years after leaving Puerto Rico, Tugwell described Sol Luis Descartes as his outstanding ad-
ministrator in Puerto Rico. Descartes was born in 1911 in Ponce, Puerto Rico. In 1932, after three years of study, he won a B.A. in economics at the University of Puerto Rico. After having been kept on at the university for one year as an instructor of economics, Descartes attended Cornell, where he took a master's degree in agricultural economics in 1934. Following his return to the island he became an economist and administrator at the agricultural experiment station of the University of Puerto Rico, and within one year he was an acting division head in this organization. He returned to Cornell for an additional year of graduate work in 1938–1939.

Although Descartes did not decide to vote for the Populars until three days prior to the 1940 elections, he was working for the reform movement soon after it was launched. When
the Land Authority was created in 1941 he was appointed chief of its planning section. Some months later, upon the recommendation of Teodoro Moscoso (who will be sketched in a moment), Tugwell selected Descartes to head the new Office of Statistics in the governor's office. Here Descartes served with conspicuous distinction, organizing the office and initiating an impressive program of statistical activities. When the Chavez committee came to Puerto Rico in 1943, Descartes testified before it with competence and poise; upon being asked by Senator Homer Bone how long unemployment had existed on the island, the governor's statistician answered "So far back as I can remember, sir." "How old are you?" asked Bone. "I am thirty-one," was the reply.32

Following a military tour of duty in 1944 and early 1945, Descartes—by now a seasoned administrator—was appointed a member of the Planning Board, where he served three years. His next major assignment was Treasurer of Puerto Rico, where he remained until 1955. After this he became manager of the Water Resources Authority, the insular power system. In 1961 he left the government for various private capacities.33

**Roberto de Jesús Toro.** Born in 1918, Roberto de Jesús Toro was even younger than Descartes. In the summer of 1940, sailing home to Puerto Rico after graduating in economics from the University of Pennsylvania, de Jesús met on shipboard the Puerto Rican Commissioner of Agriculture and Commerce. This encounter led the young man to abandon plans for a career in international trade in order to become an economist in the Office of the Commissioner. After showing promise here he was sent back to Pennsylvania for a master's degree, which he obtained in the spring of 1942. Upon his return to the island he was elevated to chief of the Bureau of Commerce within the Agriculture and Commerce Department.
Meanwhile de Jesús was taking an increasing interest in politics. Gradually he abandoned the traditional conservatism of his family and became more and more attracted to the program of Muñoz. By the early nineteen-forties he was an accepted member of the circle of devoted intimates surrounding the Popular leader. Another member of this group was Rafael Picó, who will be described shortly. When, in August 1942, Picó was appointed head of the new Planning Board, he asked de Jesús to head the board's Finance Division.34

The function of this division was to prepare the Six-Year Financial Program, a schedule of projected government spending. Such a planning device was unheard of in Puerto Rico, as almost everywhere else. Nevertheless de Jesus, only twenty-five, was able to overcome enormous obstacles and prepare the first financial program in 1943. The day it was submitted, de Jesus was drafted. The day the war ended in Europe, Tugwell obtained the valued administrator's discharge. Immediately the governor appointed him the first Puerto Rican Director of the Budget, a position de Jesús held until 1951.35

Teodoro Moscoso, Jr. Probably the most famous Puerto Rican administrator of the period is Teodoro Moscoso, Jr., who later served the Kennedy administration for more than two years as—in the words of the New York Times—“midwife and nursemaid” of the Alliance for Progress.36 His selection as coordinator of the Alliance was undoubtedly inspired by his work in the Puerto Rican drive for industrialization, “Operation Bootstrap,” which he headed for eighteen years.

Born in 1910 in Barcelona, Spain, while his Puerto Rican parents were touring that country, Moscoso began his career as a pharmacist. His father operated a large drug firm in Ponce, Puerto Rico, and Teodoro's early background gives every indication that he intended to follow the parental footsteps. In 1928 he entered the Philadelphia College of Phar-
macy, later transferring to the University of Michigan, from which he graduated with a B.S. in pharmacy and chemistry in 1932. Thereupon Moscoso returned to Ponce and joined the family business. After a time he became manager of the retail department of the firm, and in 1936 he headed its manufacturing division.37

Moscoso began his governmental career in the housing field. In 1938 he was appointed director of the Ponce municipal housing authority, accepting the position with, reportedly, the unusual proviso that he would get no salary if his projects were not approved by Washington. The projects were outstanding, however, and it was this fact that drew Moscoso to Tugwell's attention. In the fall of 1941, soon after his inauguration, the governor visited Ponce and noticed the city's new housing developments. He inquired who "built" them,
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and he was referred to Moscoso. In a few weeks the young pharmacist was Coordinator of Insular Affairs at La Fortaleza. In this position his administrative abilities were confirmed, and when the industrialization program was launched in October 1942, Moscoso was in charge.\(^{38}\)

Guillermo Nigaglioni. A member of the administrative group who has not been greatly publicized, but is nevertheless extremely important, is Guillermo Nigaglioni. Receiving a bachelor’s degree in business administration from the University of Puerto Rico in 1935, Nigaglioni had his first work experience in accounting. After some private employment in this field he joined the federal civil service, serving in local offices of the U.S. Treasury Department. For a time he was assistant chief of the Puerto Rican regional office of the Treasury’s disbursement division; later he became insular representative of the Bureau of Internal Revenue.\(^{39}\)

It was as the local federal income-tax official that Nigaglioni was “discovered” by Tugwell. One day in 1942 the governor’s military aide took Tugwell’s tax return to Nigaglioni’s office for filing. Nigaglioni, conscientiously observing regulations, refused to accept the return because the governor’s signature had not been notarized. This brashness astounded the aide, who insisted that the official accept the document or come to La Fortaleza to explain. Stubbornly Nigaglioni went to the governor’s mansion, examined the return, and proceeded to discover several weaknesses in it. This conduct impressed Tugwell so much that he promptly hired the young man—only twenty-nine years old at the time—as Assistant Director of the Budget.\(^{40}\)

Nigaglioni remained in the Bureau of the Budget until 1944, when he was shifted to chairman of the insular Civil Service Commission. This agency had been suffering from poor leadership and lack of support for many years, and its actions had
made little impression on the island’s widespread patronage system. But with Nigaglioni’s presence the commission immediately took on unprecedented vigor and effectiveness, and in the ensuing chapter we shall see how public personnel administration was never the same again in Puerto Rico.

**Rafael Picó.** Born in 1912 in Coamo, Puerto Rico, Rafael Picó was one of the most academically oriented individuals brought into the Tugwell administration. Upon graduation from the University of Puerto Rico magna cum laude in 1932, he took a master’s degree in 1934 and a doctorate in 1938 at Clark University in Massachusetts. A student of geography, Picó taught this subject off and on at the University of Puerto Rico throughout his twenties. His reputation grew both on the island and the mainland as he wrote articles and books, acted as a consultant to federal agencies, and lectured as a visiting professor at Northwestern University, Catholic University of America, and the University of Miami.41

Suddenly in the fall of 1941 the young professor was recruited by Tugwell as an administrator. The governor had known Picó as an enthusiastic follower of Muñoz, as a professor at the University of Puerto Rico during Tugwell’s chancellorship there, and as a participant in the hearings on the five-hundred-acre law that Tugwell had chaired in the spring of 1941. Less than two weeks after his inauguration Tugwell announced, without previously consulting Picó, that Picó would be a member of the new Land Authority.

Although the geographer accepted the Land Authority post with interest, his attention was soon drawn elsewhere. A revolutionary new planning law was being drafted at this time, and Picó expressed a desire to participate in its implementation. He had expected to receive only a minor position in the projected planning board, but Tugwell named him as chairman after Frederic P. Bartlett had indicated that he did not
think a North American should take the job.\textsuperscript{42} Chapter 6 will contain the story of how Picó presided over this institution for more than a dozen years, guiding it from early, experimental stages on to maturity and fame. Picó later became Puerto Rico's Secretary of the Treasury and still later president of the Government Development Bank.

\textit{Roberto Sánchez Vilella.} Probably even more than Muñoz himself, Roberto Sánchez Vilella symbolizes that unusual type of man who is equally at home in the irrational realm of party politics and the disciplined domain of complex administration. In the nineteen-forties he performed simultaneously two roles, political assistant to Muñoz in the legislature and top-ranking administrator for Tugwell in the executive branch. The political-administrative duality is reflected in Sánchez Vilella's background. Born in 1913 to a family with a strong political tradition (his father served in the insular Senate), he was not trained in the law but in civil engineering. Upon graduating from Ohio State University in 1934, he returned to Puerto Rico and became an engineer with federal and insular relief agencies. At the same time he built up an association with Muñoz and the new Popular Democratic party. By the spring of 1941 he was concurrently chief assistant to the newly elected president of the Senate and Assistant Commissioner of the Interior.\textsuperscript{43}

When the Transportation Authority was created in the wave of reform legislation in 1942, Tugwell asked Sánchez Vilella to head it. The overwhelming transportation problem of the moment was a lack of suitable bus service in congested San Juan. A private bus line, the White Star Bus Company, had failed to provide adequate service, and conditions were deteriorating rapidly. It became Sánchez' responsibility to purchase the company, reorganize it, and save the city from transportation paralysis. Equipped with a one-room office, one desk, and one secretary, he went to work. Within six
months 50 per cent more buses were on the streets, 65 per cent more passengers were being carried, and a chronic deficit had been converted to a small surplus. As the reform movement's every venture into public enterprise was under close scrutiny by the opposition and the public in these years, the success had political ramifications as well as great practical significance. 14

Sánchez Vilella's subsequent career exhibited the same dual administrative-political pattern. He continued to be Muñoz' most trusted deputy and at the same time assumed administrative responsibilities—as city manager of San Juan, Executive Secretary of Puerto Rico, Secretary of the Interior (later Public Works), and Secretary of State. The crowning touch to Sánchez Vilella's dual career was the election, in November 1964, of this highly skilled administrator as governor of Puerto Rico to succeed Muñoz Marín.
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THE ADMINISTRATIVE GROUP

Now that we have examined eight key administrators of the nineteen-forties on an individual basis, a collective analysis of them is in order. This seems justified for two reasons. First, they exhibit some common characteristics that appear noteworthy, and second, their administrative contribution was collective as well as individual. Indeed, Tugwell often referred to them as a group—the “administrative group.” These eight men formed the heart of that group.

Perhaps the most obvious common characteristic of the administrators is youth. At the time of appointment four of the eight were in their twenties. Three others were in their early thirties, and the average age of the group in January 1942 was only 31.1 years.

A second characteristic is a high level of formal education. All of them held bachelor’s degrees, and in addition the group boasted six master’s degrees, a law degree, and two doctorates. All but one individual, it is important to note, studied for some years at recognized universities in the United States. Three received their higher education exclusively on the mainland.

Thirdly, the previous work experience of these men, with the exception of Cordero, was not extensive. On the average it ran only to half a dozen years or so, and often it was broken by lengthy spells of graduate study. In almost every case, however, some kind of leadership experience was involved. Benítez was head of a reform faction at the university, de Jesús was a bureau chief in the government, Moscoso directed the Ponce housing authority, and so on. Yet, it should be noted, this experience was by no means of a uniform type; in fact it was divided evenly into two types. Benítez, Cordero, Descartes, and Picó had had academic experience primarily, whereas de Jesús, Nigaglioni, and Sánchez Vilella (plus Moscoso on a part-time basis) had been involved in government.
A fourth characteristic cannot be described with objective finality or in statistical terms. This is the elusive but nevertheless real quality of greater preoccupation with advancement of the revolution than with furtherance of personal careers. The apparent surprise with which appointments or promotions sometimes were received is suggestive. Low government salaries did not seem a handicap to recruiting these men, and surely any of them could have commanded much more in the professions or private business. There were even cases of voluntary reductions of salary; Benítez’ first act as chancellor of the university was to request that his salary be halved, and in 1943 Picó took a voluntary $1,500 cut for the sake of economy. Related to this quality of dedication was, perhaps, a lack of unnecessary egotism. Although this characteristic was not retained by all of the administrators in later years, during the early nineteen-forties they could learn as well as teach, and be criticized as well as criticize. As Tugwell observed, “few of them were irrevocably committed to their own importance.”

A final characteristic relates to how the eight men came to be appointed. In almost every instance Tugwell had great influence in their selection. He knew Benítez, Cordero, and Picó from his contact with the university; he personally ran across Moscoso and Nigaglioni by accident; and Descartes and de Jesús were appointed on recommendation of Tugwell appointees, Moscoso and Picó respectively. In several cases the men caught Tugwell’s eye as a result of some relatively small but significant action—for example Moscoso’s housing work, Nigaglioni’s tax prowess, and Picó’s performance at the hearings on the five-hundred-acre law. Although as time went by all of the men became close political associates of Muñoz, only half of them were originally high-ranking Populares. Cordero, Descartes, Moscoso, and Nigaglioni did not become so until after they entered the government.
What is the significance of these characteristics of the administrative group? As for the first three—youth, education, and relative inexperience—each characteristic was probably somewhat of a two-edged sword, although in light of the members' administrative accomplishments the advantages must have outweighed the disadvantages.

In such young men, awkward indiscretions or brash acts were always possible. For example, one administrator imbibed excessively on a Saturday evening and proceeded to assault a corner policeman—fortunately for the Tugwell administration the incident escaped the attention of the press. Yet enormous mental and physical exertion was needed to administer the revolution, and undoubtedly youthful energy was helpful for this. In the early years these men kept phenomenal working hours, with a twenty-four-hour day in crucial periods not at all unusual; Nigaglioni recalls sleeping on a cot in La Fortaleza more than once in the process of meeting a deadline.49

The high level of formal education could have created an unreal and dangerous "ivory tower" atmosphere in insular administration, but fortunately this did not occur. The number of university degrees held by the group did occasionally provoke amused comment, however. The El Mundo columnist Eliseo Combas Guerra observed in 1942 that Tugwell was still a university chancellor, this time of the "University of Fortaleza."50 But their formal education had obvious benefits, such as breadth of view, generality of background, and thoughtfulness of an intellectual nature. The fact that most administrators had spent several years in mainland universities is undoubtedly significant, from the standpoint of assuring a cosmopolitan and perhaps somewhat pro-United States outlook. Also it indicated that they were largely from upper-middle-class or wealthy homes.

The disadvantages of inexperience are manifest. Tugwell
took risks in appointing men who had not proven themselves as able top-level administrators. To reduce the risks he sometimes gave the new appointees temporary jobs for the purpose of further observation, as Moscoso's initial assignment as Insular Affairs Coordinator illustrates. But the absence of long experience may also have been helpful to innovation. Unfettered by the ingrained habits of the experienced man or the narrow vision of the specialist, these young men were free to think and act imaginatively in their task of rebuilding Puerto Rico.

The other two characteristics of our group—a sense of dedication and selection by Tugwell—were presumably assets. The men were sufficiently dedicated to make sacrifices of money, time, and even health. Instead of thinking up office intrigues and erecting bureaucratic empires they were busy getting ahead with the job. The lack of inflated egos permitted give-and-take argument, mutual criticism, and eventual compromise of differing opinions when this was necessary. They "were men of one mind and one service," wrote Tugwell, and "they could not be bought with money or gain of any kind."

The significance of Tugwell's influence in picking the men is that the governor's apparent ability to judge young men could come fully into play on behalf of Puerto Rico. Although he made a few errors (for example Thomas Fennell and John Lear), his record of appointments in the period seems very good on the whole, particularly with respect to Puerto Ricans. The fact that half of the eight administrators discussed had already been brought forward through association with Muñoz does not materially reduce the credit due Tugwell for assembling the group. Along with the potentially excellent administrators surrounding Muñoz there were many individuals who would have been disastrous in executive posts.

The qualities of these eight men, in addition to boosting their administrative performance as individuals, helped the
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group to function as a whole. Almost all of them were near the same age and from similar educational and class backgrounds. This homogeneity facilitated communication and personal friendship within the group and made possible government by face-to-face confrontation rather than impersonal memorandum. The group met frequently, under the auspices of Muñoz or Tugwell or neither, and at these meetings uninhibited discussion on all subjects was the order of the day. Its members, being intellectually broad, debated issues with no regard to jurisdictional boundaries and made concrete suggestions for one another’s work. Since they were all friends and more absorbed in the revolution than their own dignity, they argued with passion and found fault without hesitation. As a result the administrative group served as an effective device for coordination and cross-fertilization within the executive branch.53

THE DEVELOPMENT OF ADMINISTRATORS

Men in their twenties and thirties could not be expected to become expert public administrators overnight—they had to be developed to some extent. Two aspects of this development deserve comment: the practices followed in assigning the administrators to posts, and the approach used in supervising their work.

Interestingly enough the assignment practices make one think of certain features in the British administrative class and similar bodies. (The appointment of young, university-educated men may have already suggested this likeness.) Obviously these individuals were not classically educated in the English tradition, they were—in U.S. fashion—trained in specialties such as economics, geography, pharmacy, accounting, and engineering. But it should be noted that these specialties were totally disregarded when assignments were distrib-
uted. Cordero, for example, was made Auditor although he was not an accountant, and Picó was made chairman of the Planning Board even though he was not an engineer—often the planner’s background in the United States. On the contrary, the men trained in accounting and engineering—Nigaglioni and Sánchez Vilella—were assigned instead to the budgeting, civil service, and transportation fields. There were three trained economists, Cordero, Descartes, and de Jesus; yet for the task of promoting economic development all three were overlooked in favor of a pharmacist, Moscoso. Once when Tugwell was asked to justify naming as chief planner Picó, a geographer instead of an engineer, the governor gave the reply, “Engineers are important to the work of planning but engineers are specialists much more than geographers and I think that the chairman of the Planning Board is not appointed because he belongs to any profession but because he is a generally rounded individual. An engineer certainly should by no means be disqualified, but the fact that he is an engineer does not have anything to do with it—so far as I am concerned.”

The British system is again suggested by the frequency of rotation among executive posts. The general practice seemed to be not to leave a man in one position indefinitely but to move him every two or three years. Although this was not done with Benítez, Moscoso, and Picó, the others changed agencies often. Cordero went from the State Insurance Fund to the auditorship, for example, Descartes from La Fortaleza to the Planning Board, Nigaglioni from the Bureau of the Budget to the Civil Service Commission, and so on. This rotation could not help but widen the outlook of the administrators and increase their ability to understand one another’s problems.

In a way the administrators were not “developed” in an active sense at all but rather by leaving them alone. Because time was precious to the governor during these wartime years,
and also simply because of his executive style, Tugwell delegated responsibility very broadly. Although the administrators had an informal relationship to Muñoz as political leader, the Senate president was not prone to review administrative details. As a result the young agency heads were largely on their own in operating their agencies.

Naturally men a few years out of college had occasional doubts in fulfilling heavy administrative responsibilities, particularly when the agencies they were heading were brand-new. They realized that mistakes could be costly for both the government and the party. Understandably the young men came to Tugwell, an experienced administrator, for technical guidance; but instead of receiving it they often found themselves leaving his office empty-handed. When the youthful Picó brought the first master plan produced by the new Planning Board to the governor for criticism and suggestions, Tugwell—himself a famous planner—refused even to look at the document. "That's your problem," he told Picó. The same thing happened when de Jesús showed Tugwell the first budget prepared under his direction; the governor approved it without change after merely flipping through the pages. When Cordero once sought approval of a new program Tugwell listened carefully to the description and then asked, "How much do you want?" Cordero replied, "Fifty thousand dollars." The governor said, "O.K., go ahead," and that was the last gubernatorial direction received in the matter. When the administrators did commit blunders—as inevitably happened every so often—they would come red-faced to Tugwell for a reprimand or sympathy but instead would receive the command, "Go make another one."

What mattered, of course, was that over the long run more good decisions than bad were made and more successes than failures resulted. Indeed it seems possible to generalize that these young administrators did extremely well. Certainly
each of the eight individuals sketched above made his mark. Outsiders have recognized the high quality of Puerto Rican administrators; Joseph M. Jones wrote in *Fortune* in 1944, "One of the most hopeful portents for growing democracy and self-government in Puerto Rico...is the quality of the men emerging to carry on the difficult business of government." \(^59\) Also the abilities of these administrators have been recognized by other governments; Moscoso served in high positions in Washington, and Cordero and others have been invited as consultants by numerous underdeveloped countries. Finally recognition has come right at home, in the sense that these men have been retained in top administrative jobs for years after the administration in which they had been recruited had ended (with one assuming the governorship itself). A few weeks after the beginning of the first Muñoz administration in 1949, Picó wrote Tugwell, "Things are going on smoothly and Muñoz is showing a great ability as an executive. He is using thoroughly a team of assistants, including most of your 'boys.'" \(^60\)

Although a shortage of prepared public administrators had prevailed at the start of the nineteen-forties, by the end of the decade this was not true. During the intervening time, hindsight now reveals, a solid tradition of public service had been founded in Puerto Rico.
The Civil Service

Administering a revolution requires not only good leaders but good rank-and-file employees. Public personnel must possess technical skills and knowledge commensurate with the complexity of government programs. A modern bureaucracy is not likely to be competently staffed if hirings and firings depend solely on partisan considerations, which was the case in the insular government in 1940. This situation prompted a movement to substitute merit for patronage as the basis of public personnel administration in Puerto Rico.

EARLY CAMPAIGNS FOR MERIT

For forty years prior to the period under study, many American governors had tried to establish the merit system in Puerto Rico. Early chief executives such as William Hunt and Beekman Winthrop, no doubt acting under the influence of contemporary civil service crusaders in the United States, did their best to implant the merit principle in the new territory. In his 1901 annual report Governor Hunt declared that “the fitness of civil-service rules is well recognized” on the island, and he proudly announced that a few competitive examinations for clerkships had already been held.1 By 1905, Governor Winthrop was making a major effort to have enacted a general civil service reform statute; he announced in his report to
Washington for that year, "It is most important in these early days of the construction of a government . . . to build upon the one secure and satisfactory basis—that of a comprehensive civil-service law."²

Subsequent governors also exhibited devotion to the merit principle. In 1911, George Colton sought civil service reforms,³ and two decades later Governor Theodore Roosevelt, Jr., whose father had been one of the earliest and most forceful civil service commissioners in Washington, worked very hard for the cause. In 1931, Governor Roosevelt emphatically told the insular legislature, "The basis on which a competent administration rests is a civil service law devised on the merit system."⁴

If one examines the early statute books of Puerto Rico, it seems possible to conclude, at first glance, that the campaigns of these early governors were reasonably successful. Although a legislative proposal failed in 1905,⁵ a general civil service law was adopted in 1907. This statute, drafted in large part by a member of the U.S. Civil Service Commission, created a three-man board with ostensibly generous powers for administering a personnel system based on merit. The board, later designated the "Porto Rico Civil Service Commision" after its mainland counterpart, could hold competitive examinations for positions, rate candidates according to their qualifications (with appointment from the three most highly rated), and establish a position classification system, the basic tool for assuring order and equitability in duties and pay. In addition the 1907 law prohibited seeking information from job applicants concerning their party affiliations, and it forbade collecting party contributions from job holders.⁶

In 1931, as a result of the urgings of Governor Roosevelt, the insular Civil Service Commission was given additional powers. A new statute, again drafted by a representative of the U.S. Civil Service Commission, authorized the insular commission
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to establish a performance rating system, develop a training program, adopt a rational pay plan, and, when possible, to hold competitive examinations for promotions. The National Civil Service Reform League in the United States had taken great interest in the new law; in fact its secretary, H. Eliot Kaplan, lobbied personally on behalf of the bill in San Juan for five weeks in the spring of 1931. After the bill’s passage the league noted in its magazine, *Good Government*: “By its adoption Porto Rico will have a civil service law comparable to the best modern civil service systems in any of the state governments.”

But if the campaigns of the American governors seemed successful in producing civil service statutes, they were a total failure in terms of concrete results. The laws of 1907 and 1931, although adequate enough in themselves, were rendered practically inoperative by legislative and administrative action—or inaction. The political parties of Puerto Rico, whose outlook and interests with respect to government jobs were far different from those of the governor, were able to thwart almost completely the introduction of the merit concept on the island.

One method of doing this was simply to withhold financial support from the Civil Service Commission. For many years the agency’s appropriations did not rise much above $15,000 a year. More than once the legislature, to restrict the commission’s activities, arbitrarily slashed its budget by a third, and in some years the figure fell below $7,000. Even by 1940 the agency was being granted only about $40,000 a year, or considerably less than the Insular Home for Girls.

With such a paucity of funds it was impossible for the commission to build anything like an adequate staff, either quantitatively or qualitatively. In 1920, in addition to the three commissioners (two of whom were part-time), the organization had only six employees. In 1940 the staff positions numbered
twenty-one, about half of them clerical. Turnover in this small group was chronically high, and recruitment of able new people always difficult. A major problem was low pay; the legislature, which set individual salaries in the appropriation statutes in those days, deliberately kept those at the commission depressed, sometimes noticeably below prevailing government rates. This was particularly true for the chairman, who, until 1926, was a North American.

Under these conditions it would have been impossible for the commission to administer the law in a full sense, even if it had wished to. Many activities authorized or required by law were simply never carried out, such as preparation of a pay plan, establishment of a performance rating system, and creation of a training program. Although attempts were made in the middle nineteen-thirties to set up a classification plan, they did not succeed. To complicate matters, part of the agency's limited resources were shifted in 1911 to administering federal civil service laws in Puerto Rico; in 1927 it was determined that about a quarter of the workload was federal, and by 1931 this activity reportedly took most of the staff's time. Meanwhile, as the years went by, the island's own bureaucracy gradually expanded. Whereas it had numbered only 3,810 persons when the 1907 law went into effect, by 1941 there were 15,579.

An obvious way to reduce the commission's burden would be to lessen the number of insular personnel covered by the civil service law. This would, of course, work against the concept of merit, as in theory all but a small group of policy makers at the top and few others should be inside the system. But defeat of the merit principle was an outright objective of the parties; so it is not surprising that the percentage of employees "classified," or under the commission's jurisdiction, indeed remained low. At the beginning, coverage was only 28 per cent, mainly because two huge groups of public em-
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ployees had been excluded, school teachers and policemen. In 1911, another large sector was removed, unskilled and semi-skilled laborers; as a result classified employees hovered around 20 per cent of the total for the next several years. In the nineteen-twenties and thirties the figure ranged between 23 and 32 per cent, and it stood at 35 per cent in 1940.13

The majority political party not only limited the scope of the commission’s work, but also sabotaged it. This was made possible by the tradition of legislative dictation of appointments. The civil service commissioners were appointed by the governor with the consent of the Senate, and hence the dominant political group in that body could name two out of the three (one member of the commission was required to be from a minority party). With the agency in the hands of appointees responsible to the parties themselves, militant implementation of the law was out of the question.

The heart of the commission’s work, the examining system, was so deeply undermined that it was almost a farcical exercise. In the first place, large numbers of job applicants were excused from taking examinations; loopholes in the law, such as permitting exemptions from tests “in the interest of administrative economy or of the efficiency of the service,” were intensively exploited. The number of examinations administered each year fluctuated wildly, from thousands to none. Competitive examinations for promotions, to be held “as far as practicable and useful,” were never given.14

The reliability of those examinations that were held was open to serious question. Many of them were not conducted by the commission’s staff at all, but by boards of voluntary, unpaid examiners operating in the towns of the island. Local advisory committees, named by party leaders, provided confidential information on the character of applicants. No central controls were exercised over this far-flung system, and thus the door was wide open to favoritism and partisan in-
fluence. Late acceptance of job applications was common, and actual fraud, such as tampering with examination scores, reportedly occurred. In many years a suspiciously high proportion of those taking the tests passed—99.5 per cent in 1934, for example, and 100 per cent in 1939.15

Still other vital phases of personnel administration were weak. No investigations were conducted to verify claims to experience. Physical condition was not determined by medical examinations, but merely by comparing height and weight with U.S. normality tables.16 Instead of making appointments from the three applicants honestly rated as best, agencies would inform the commission in advance whom they wanted, and the desired person's name would appear automatically among the top three, regardless of his relative standing on the eligibility list.17

Finally, one of the most important methods of sabotaging the supposed merit system was the temporary appointment. Legally, temporary appointments were to be made only "to prevent the stoppage of public business or inconvenience to the public but not otherwise"; but in practice this qualification was ignored, and thousands of such appointments were made every year. Although the individuals given them were supposed to "possess the minimum required qualifications," they were not tested at all, and they did not even submit application forms.18 The jobs were "temporary" in that they were intended to last only four months; but, to make them permanent in practice, the commission gave special renewal authorization in each case three times a year, and thus a large proportion of the staff's paperwork was devoted to filling out the needed forms.19 In most years of the nineteen-thirties between 60 and 80 per cent of appointments to the classified service were temporary, and from 30 to 50 per cent of the over-all total of government appointments were of this type.20

Thus a merit system existed in name only. Between limited
coverage of the civil service law and widespread use of the temporary appointment, a conservative estimate would place about three quarters of the insular government jobs outside civil service and open to patronage appointment. Farcical examinations and other features permitted partisan use of the remaining one quarter without difficulty. With thousands of jobs at its disposal, the majority political party became, in effect, a giant public employment agency. Operating in a surprisingly sophisticated manner, it handled party endorsements routinely in the processing of employment applications, and a geographic rotational system was developed whereby electoral districts were given jobs in orderly succession, one at a time.\textsuperscript{21} It was a fully developed spoils system.

The major reason, of course, why patronage persisted in Puerto Rico was that it was a paramount factor in the power of the political parties. One aspect of this was that patronage was an energy-giving fuel, so to speak, a main source of internal, institutional strength. The promise of a job in the event of electoral victory provided the necessary incentive for working for the party, accepting its discipline, and, obviously, voting for it. Following the delivery of a job, further cooperation was assured. In addition, the patronage appointment provided a source of financial income for the party; as a matter of course the recipient "contributed" 2 per cent or so of his paycheck to the party regularly each month.\textsuperscript{22}

To appreciate the significance of these practices, one must recognize the effect of the island's state of sociological and economic development. The wealthy and numerous pressure groups and campaign contributors found in the affluent society were missing, and hence their types of support to political parties were missing as well. In an economy in which unemployment and underemployment were extremely high, the government was a most valued source of steady jobs. As one party leader, Elmer Ellsworth, frankly explained to the Bell
committee, the pressure for patronage appointments following an election was enormous:

The pressure is put on the leaders to such extent that they have to be men of iron to resist it, because, you can understand, in the United States you have big industries, so that the man who works in the government is the exception rather than the rule. Here everybody wants a job in the government.

Practically all little leaders, the local leaders, want something so the pressure is such that in a little while after the campaign we find we have to get in so that we can control the jobs.23

Patronage was not only a source of internal strength for the parties but also a means of obtaining control of the government. As legislative dictation of gubernatorial appointments gave the majority party control of the upper reaches of the bureaucracy, patronage assured it control on the working level. This maximized the opportunities to thwart unwanted policies of the American governors. It also aided in achieving the party’s own goals and obstructing those of the opposition. Thus, as in any patronage system, the tendency was for clean sweeps of the bureaucracy following a major electoral change, with the winners replacing the losers. The merit idea’s popularity was probably at its lowest ebb in island history immediately following the two major party upsets prior to 1940—the 1904 defeat of the Republicans by Muñoz Rivera’s Union party and the 1932 victory of the Coalition over the Liberal party (not the Liberal party active in the nineteen-forties). Perhaps this explains why civil service legislation was defeated in 1905 but was approved in 1907, and it may help to explain why the 1931 law failed to bring true reform.

Certainly the principal factor in the failure of the merit system was political power. Yet one additional point should be made: a merit system was impossible without enough properly “merited” persons available for government service. Just as
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qualified men for top administrative jobs were scarce, a severe shortage existed of trained engineers, chemists, architects, and other professionals. Through the years a chronic problem faced by the Civil Service Commission was not just keeping the unqualified out of government, but recruiting sufficient qualified individuals into government. As in the case of administrative leaders, the shortages were due to a lack of training and tradition, low salaries, and, during the wars, the draft. Occasionally U.S. technicians were imported for specific projects, and local resentment such as that described in the preceding chapter resulted.24

NEW PROSPECTS FOR REFORM

Despite the many decades of failure in establishing a true merit system in Puerto Rico, the possibilities for reform seemed to alter in the early nineteen-forties. A reformist political leader and governor had taken office, and improvement was proceeding at an unprecedented pace in a number of fields. Perhaps this was the moment that civil service reform would finally occur also.

There were encouraging signs. A plank in the campaign platform of the Popular Democratic party in 1940 had advocated, "Civil Service based on competition except positions based on trust."25 In the spring of 1941, before Tugwell arrived, the Populards had already put through the legislature a reform law in the personnel field, a statute designed to counter nepotism in government.26 This measure, which forbade persons living under one roof from earning collectively more than $250 per month of government salaries, was well intended but impractical. Nepotism in the small island was so widespread that enforcement not only would have been impossible, but would have resulted in the government's losing vast numbers of experienced personnel, both bad and good.
Soon attempts to carry out the statute were abandoned, and it became a dead letter.\textsuperscript{27}

So the Populars seemed willing, at least in principle, to undertake certain personnel reforms, and, as for Tugwell, there was no doubt about his enthusiasm for improvement. Upon becoming oriented to the insular government after his arrival in 1941, the governor concluded that its bureaucracy was basically honest, but not technically competent to carry out the rehabilitation that was projected by Muñoz.\textsuperscript{28} He remarked in his inaugural address: “We must bring to bear on the tasks to be done all the resources we can find of administrative ability, good judgment and energy. And the incompetent and the unwilling must be kept from hindering the efforts of others.”\textsuperscript{29}

To Tugwell the solution was not an antinepotism law but the merit system. True, he had certain reservations about the merit idea; a personnel officer in the U.S. Department of Agriculture had once told him, he recalled, “Civil service only assures an organization that it will get the best of the worst.” But a patronage system in which objective qualifications are overlooked for political reasons had, he felt, even worse consequences; this “had been one curse of the island. And it had brought the government service, the University, and even business, to a level incredibly below the demands of the situation.” “An outsider could not perhaps, do much about this,” he decided; “but I determined to put in my bit.”\textsuperscript{30}

Like so many other problems in Puerto Rican public life in 1942, the problem of patronage was initially attacked through the preparation and sponsorship of basic new legislation. Tugwell obtained a U.S. consulting firm, Guffrenhagan & Associates, to assist in drafting a comprehensive civil service reform bill.\textsuperscript{31} In his lengthy message to the historic legislative session of 1942 the governor outlined and defended the proposal. The bill contemplated a fresh start in bringing the merit
system to Puerto Rico by abolishing the Civil Service Commission and substituting for it a single-headed “Office of Public Personnel” plus a “Board of Appeals.” Such a reorganization, which copied a recommendation made five years earlier for the federal service by the President’s Committee on Administrative Management (“Brownlow Committee”), was designed to improve the effectiveness of personnel administration as well as to make it more responsive to direction by the chief executive. “I would urgently ask the Legislature,” Tugwell declared in his lengthy message of 1942, “to give this government one able administrator instead of a multiple-headed administrative commission which is sure to waste most of its energy in mutual check-mating.” 32 This request is yet another example of Tugwell’s efforts to change commissions into single-headed agencies.

The governor expected that the bill would be swept easily through the legislature along with the numerous other measures being rapidly adopted in 1942. It was introduced in the Senate as S. 297 and, with Popular support, quickly passed both chambers and was sent to La Fortaleza for signature. In the swift process of passage, however, it had been significantly amended; the single director of personnel, for example, was no longer freely nominated by the governor, but was selected by him from a list of candidates furnished by a special committee composed of the Attorney General and two Supreme Court judges.33 It appeared that if Muñoz and his party were going to give the governor a powerful new personnel agency, they were going to give him one that he did not control. In Tugwell’s eyes S. 297 had been ruined, and in discouragement he vetoed it.34

In the following years Tugwell repeated his request for the single-headed personnel agency, but the proposal was never adopted during his administration. For approximately the first half of Tugwell’s incumbency of nearly five years, this
failure to get a reorganization bill was matched by a marked lack of improvement in the insular civil service as administered under the old law. Conditions existing in the nineteen-thirties remained, for all practical purposes, deep into the nineteen-forties. Appropriations for the Civil Service Commission continued to be at an impossibly low level. Despite the fact that the bureaucracy had grown from fifteen thousand in 1941 to nineteen thousand in 1944 the agency received only about $35,000 more, a gain which was absorbed by inflation alone. By 1943 the proportion of government employees covered by civil service was still about only 35 per cent; 97 per cent of those taking examinations were passing; temporary appointments were constituting 79 per cent of classified appointments and about one third of the total.\textsuperscript{35} By mid-1944 approximately 72 per cent of all insular government jobs were either unclassified or filled by temporary appointment—and thus, unless covered by separate merit systems in the agencies, were open to patronage manipulation.\textsuperscript{36}

To Tugwell this failure to make progress in civil service, especially while revolutionary advance was being made in so many other fields, was deeply frustrating. It worried him because, in his view, strides forward along the whole front of public activity depended on competence within the bureaucracy. In his message to the legislature in February 1944 he said,

\begin{quote}
We have probably lost ground... during the year. My various attempts to introduce better arrangements, and even to enforce the old ones, have been defeated. This fault runs so deep in Puerto Rican government that I have sometimes wondered if it is wise to attempt the administration of so many services. Again and again I have given warning that it is likely to defeat all our hopes for the reconstruction of economic life. Without choice by examination, without reward for merit, without the weeding out of the unfit and ineffective, we cannot accomplish what we have undertaken to do here.\textsuperscript{37}
\end{quote}
The governor was not alone in these warnings. In 1943 a young representative of the federal Civil Service Commission, Charles E. Wager, surveyed local personnel conditions, and his subsequent report to the governor was grim in its conclusions.\textsuperscript{38} In January 1944, "A Development Plan for Puerto Rico," the study prepared by Region XI of the National Resources Planning Board, was published, and one of its observations was: "Personnel and Business Administration are probably as weak links as any in the governmental mechanism of Puerto Rico; yet without good personnel practices governmental agencies can operate only inefficiently at best."\textsuperscript{39} In June 1944, a visiting professor at the University of Puerto Rico stated in a report to Jaime Benítez, "the administration of the civil service in Puerto Rico needs immediate attention."\textsuperscript{40} The first director of the university's Public Administration Program (to be discussed below) speculated in another report, "Probably the first big hurdle for successful public administration in Puerto Rico is the acceptance of sound practices of personnel administration and civil service."\textsuperscript{41}

What is the reason for this almost unique case of failure in governmental reform in the early nineteen-forties? Tugwell's own answer was simple: Muñoz was to blame. The Populars "were as greedy for jobs as the Coalición," he said in 1947. "Muñoz, in his eagerness to reward political loyalty, was falling into the old Puerto Rican fault of putting a technical label on an incompetent individual and expecting him to do a satisfactory job." According to Tugwell the two men had frequent and heated conversations on the subject, with the Senate president refusing to be convinced that patronage should be sacrificed for the sake of improving personnel administration. "This is getting to be a familiar argument between us," the governor noted in his diary on July 14, 1942.\textsuperscript{42}

Unfortunately Muñoz has not been as prolific a chronicler
of his views and activities down through the years as Tugwell, and therefore tracing the development of his thinking on this subject is difficult. However, it is safe to assume that as Tugwell viewed the civil service problem as an administrator, Muñoz looked upon it as a political leader. A public statement that the Senate president did make on the topic in these early years demonstrates this, both in its ambivalent approach to a sensitive issue and in the human values it expresses. Muñoz, at least according to El Mundo, told the press in June 1944:

My attitude in relation to the Civil Service Commission is the following. There can be no doubt that I am completely in favor of improving the Civil Service; neither should there be doubt that I am completely against the means and procedures that are being used for that end. Also I am unalterably against any action that produces innumerable dismissals en masse. Such action will constitute more than a political problem, but a social problem, and it will be for me not desirable even if all those dismissed are political opponents.43

As a politician, Muñoz was naturally most concerned with the political success of the Puerto Rican revolution, just as Tugwell was understandably anxious for its administrative success. A fact that was no doubt paramount in Muñoz' mind in the early years was that the position of the Popular Democratic party—the essential political vehicle for the entire reform movement—was by no means secure. It had received seven thousand votes less than the Coalition in the 1940 election, and its margin of control in the legislature was extremely narrow and precarious. Muñoz may have reasoned that, in order to achieve an adequate power base for the revolution, every technique for expanding political strength had to be exploited to the fullest extent, including the device of patronage.

A factor in addition to the strength of the party was probably the party's degree of presence in the bureaucracy. During the Coalition's eight years of dominance there was oppor-
nity to make at least twenty thousand patronage appointments.\textsuperscript{44} Thus by 1941 it may have been perfectly legitimate to wonder whether, without replacement of some of these appointees by Populists, the reform statutes enacted by the legislature would be actively carried out by the departments and agencies. It would take time—perhaps years—to achieve the turnover necessary to make the bureaucracy responsive to the revolution down to its lowest working levels.

**THE BREAKTHROUGH**

But, in 1944—approximately halfway through the Tugwell administration—the picture changed. Beginning in July of that year initial steps toward a merit system were taken. Soon change was even proceeding at a rate parallel with that in other fields of government. It was a breakthrough that permitted the second half of the Tugwell administration to be as noteworthy for success in civil service reform as the first half was for failure.

Why did this breakthrough suddenly occur? If hesitancy on the part of Muñoz had been a factor in the failures of 1942-1944, a modification of his attitude must have taken place; certainly no change in direction of this importance could have been possible without the powerful Senate president's approval. Manifestly reasons for a change of viewpoint existed. One was that by mid-1944 it was becoming increasingly evident that the Popular Democratic party had attained a clearly dominant position in island politics; the election of November, in which the Populists captured an overwhelming majority of the popular vote and legislative seats, ended all doubt on that score. Also by 1944 there had been plentiful opportunity to substitute Populists for Coalitionists in the bureaucracy. Although data are not available concerning separations of employees in the pertinent years, approxi-
mately twelve thousand temporary and/or unclassified appointments were made between mid-1942 and mid-1943. In short, by 1944 there was no reason to believe that reduction of patronage endangered the revolution from the political point of view. Perhaps Muñoz found himself in a situation similar to that of his father in 1907, when a civil service law could be enacted a few years after the new Union party had come to power, but not earlier.

The specific circumstances of the breakthrough add to an understanding of why and when it occurred. Almost no improvement in civil service administration was taking place under the leadership of the incumbent chairman of the Civil Service Commission, who had been appointed in 1937. When this individual’s second four-year term expired in 1944, an opportunity for invigorating the activity of the commission presented itself. Tugwell appointed a member of his youthful administrative group to the post, Guillermo Nigaglioni. Although Nigaglioni had not wanted the job, and received it over another man by the flip of a coin, he enthusiastically accepted the challenge and, with full gubernatorial support, set out to implement what emerged as a new strategy of civil service reform: enforcement of the law already on the books, using the existing Civil Service Commission.

The new chairman, thirty-one years old, took office in May of 1944. After conducting studies of prevailing personnel conditions, he called a meeting of the commission on July 18 to present his findings:

I have confirmed that during that long period of more than twelve years [since 1931] a series of administrative irregularities have been performed; that there is no adequate protection for the persons who have gained access to the eligible lists through competitive examinations; that unusually frequent use has been made of temporary appointments; that temporary employees have been maintained in their positions for a longer period of time than the one contemplated and
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specified by the legislators; and that many, if not all, of the eligible lists from unassembled examinations are obsolete and do not meet the needs of the service.

Nigaglioni documented his charge concerning numerous temporary appointments by listing more than nine agencies which together filled 3,600 classified positions by temporary appointment. Although the new chairman disturbed his fellow commissioners (a Popular and a Liberal) by refusing to make a political issue out of his allegations, he made it clear that he considered "this situation and these practices corrupt, illegal, or irregular." Nigaglioni concluded his remarks by expressing hope that he would be able "to carry out the spirit and the legislative expression as it is in the law, and, above all, to give Puerto Rico an honorable civil service." 48

Before the July 18 meeting had broken up the crusading words of Nigaglioni were being transformed into action. The commission immediately voted to order that all positions in the supposedly "classified" civil service be, in fact, classified. A classification system had been required by law for years but had never been satisfactorily established. Soon the commission's classification division was enlarged to seven persons and, under the unofficial guidance of Budget Director Louis Sturcke, it went to work. Within the extraordinarily brief time of twelve months, some ten thousand questionnaires had been distributed to government employees to obtain information on job qualifications and duties, and the resulting mountain of data had been analyzed and a classification system worked out. This system divided the ten thousand positions into fifteen general occupational groups, subdivided the groups into 173 series of positions, and in turn subdivided these series into 580 classes of positions. The plan was quickly adopted by the commission and put into effect. 49

The next step was to establish order in salary levels. A
compensation plan had been required by the 1931 law and several plans had been proposed by the commission, but none had been adopted. Individual salaries, set as they were in the yearly appropriation acts, were subject to adjustment through personal influence with legislators, and thus the concept "equal pay for equal work" played little part in the chaotic salary structure. In a matter of months the hard-working classification division had designed a compensation schedule for the classified service containing fifteen grades, with five steps in each grade. In the spring of 1945 the legislature unanimously approved the pay plan, and on July 1, 1945, the plan went into effect, meshed in its administration with the classification plan recently adopted.50

Although these two plans were used for two years, it was understood from the start that they were temporary, stopgap measures. Desperately needed, they were prepared in great haste. They had certain weaknesses which were due to this haste and to inexperience on the part of the classification division staff.51 Also the plans were inadequate in that they covered only the classified service, which comprised, in the 1944–1946 period, between 40 and 50 per cent of all insular employees.52 Personnel of the several new public corporations, who were not in the classified service, frequently enjoyed higher pay than those elsewhere in government, and thus the draining of essential technicians from the traditional departments to the newer agencies had become a problem.53 It was clear that more comprehensive and more carefully prepared classification and compensation plans would have to be formulated.

The Public Administration Service of Chicago was contracted to do this work. Over a period of several months in 1945 and 1946 some ten members of the PAS staff, assisted by commission employees, distributed and analyzed some 32,000 questionnaires, conducted countless interviews, and
heard over 3,000 appeals to their classification decisions. At the same time they methodically queried hundreds of private firms and labor unions to determine prevailing rates of pay, and they studied cost of living statistics and federal pay levels. The resulting classification plan was officially adopted by the Civil Service Commission on February 20, 1947, and the compensation plan was enacted into law on May 13, 1947. The successful completion of these projects, which had been set in motion in October 1945, seemed to bear out a prediction made by Tugwell at that time: "Shortly we shall have a compensation and payment plan which even the experts will not know how to improve."56

A second major subject of reform in the 1944–1946 period was the temporary appointment. There were actually two problems: what to do with the 3,600 temporary appointees on the payroll in 1944, and how to handle new hirings of temporary appointees.

With respect to existing appointees, it was obviously impossible to dismiss them all, not only for humanitarian and political reasons but because operations of the government would soon grind to a halt. But, on the other hand, the existing situation could not be perpetuated. The policy adopted was to transfer the temporary appointees to a permanent status, but only after they had been given individual noncompetitive examinations in which each person’s qualifications were scrutinized. As Nigaglioni stipulated, "Each case must be carefully analyzed with regard to experience, academic preparation and other minimum requirements." In April 1946 a law was enacted authorizing this program, and by June 1947 almost four thousand temporary employees had attained permanence. About two hundred were reported to be doing unsatisfactory work and were denied the new status.

Meanwhile many new temporary employees were hired, as evidenced by the fact that a grand total of 4,692 temporary
appointments was made in 1945, for example. But very possibly these hirings were unavoidable at the time because of the expansion of the bureaucracy and the stiffened entrance requirements for permanent positions. At any rate, new temporary employees were suitably checked, prior to hiring, to determine whether they possessed the minimum qualifications. This may seem an elementary precaution, but it had never been taken previously.

Several other innovations under Nigagloni are worthy of mention. New examining techniques were introduced and some thirty-five new examinations were prepared. Some of the local examining boards were reorganized, and by 1946 the percentage of those passing tests had dropped to a more reasonable 73 per cent. Competitive examinations for promotions, although authorized in 1931, were held for the first time. Steps were taken to recruit young men and women into the insular service. With PAS help, a manual of personnel procedures was prepared, and the central employee records system of the government was brought up to date. Also the internal operations of the commission were reorganized so that routine personnel transactions, instead of being handled by the commissioners, were delegated to the staff.

A final type of change that took place in personnel administration in the latter years of the Tugwell administration was expansion of training. As mentioned above, one of the obstacles to a merit system in Puerto Rico was the lack of qualified job applicants. The shortage was somewhat alleviated by the return of servicemen from the war, together with the more attractive salary schedule and the new recruitment efforts. But more had to be done.

Although the 1931 law had authorized the Civil Service Commission to develop a training program, this, typically, had never been accomplished. In 1945 training efforts were finally launched. The commission established an "in-service" training
program, intended to improve the education and capability of those already in government service. An "in-service training division," organized within the commission, paid tuition costs, from funds furnished by the legislature, for employees who wished to take educational courses outside working hours. In the first year of the program about four hundred persons took courses at the University of Puerto Rico, and about six hundred attended high school classes. Special courses were given in the following year to health officers, property registration clerks, and personnel technicians. Also several individuals were sent to the mainland for training in punch-card accounting.\textsuperscript{63}

A parallel development of some significance was the establishment of the "Public Administration Program" at the university. In a message to the legislature in October 1941, Tugwell had proposed a "School of Public Administration" and had given specific recommendations on appropriations, physical plant, and even course offerings.\textsuperscript{64} The request was immediately complied with in the form of Act No. 26, which created a "College of Public Administration" at the university and provided ample funds.\textsuperscript{65} Although the statute directed university authorities to "proceed within the shortest possible time to the organization and installation of the College," almost four years passed before the institution began operation. It was not until June 1944 that preliminary plans for the school had been worked out by a professor from Northwestern University, Augustus R. Hatton.\textsuperscript{66} After a considerable search, Chancellor Jaime Benítez named James R. Watson, regional director of the National Labor Relations Board in Puerto Rico, as the school's first director.\textsuperscript{67} Its doors opened in August 1945.

In accord with Professor Hatton's recommendations, most courses in the program were scheduled for the late afternoon or evening to accommodate persons having full-time jobs. It
The University of Puerto Rico became a center of training in public administration in 1945.
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was Director Watson's belief that "in this program we must be prepared to make a direct appeal to the government employee. He is not looking for a liberal education." In line with this viewpoint the curriculum was quite practical in orientation, including such subjects as personnel classification, government accounting, and departmental management, although broader courses were offered too. A few years later a shift was made to a somewhat more academic curriculum, after the institution became the "School of Public Administration" within the university's regular social-sciences faculty and offered the Master of Public Administration degree. Today the school is probably the oldest continuously operating institution of its kind in the Latin American area.

AN ESTABLISHED MERIT SYSTEM

If the political forces of the island were resistant to the merit principle at the beginning of the Tugwell administration, they were giving it complete support at the end. After years of hostility the legislature was helping to build a true merit system by enacting compensation plans, providing special reform statutes, and appropriating funds for training. Appropriations for the commission itself, always a good index of legislative opinion, were $235,000 in 1945, more than triple the amount of the year before. Its chairman, Guillermo Nigaglioni, who had needed a gun and bodyguard for protection earlier in his crusade, was citing publicly "the excellent attitude we have found everywhere, the cordial reception given to our plans." In 1946 the legislature even passed a special bill raising the chairman's salary by 20 per cent.

The most dramatic legislative endorsement of the merit concept, however, was Act No. 345, approved May 12, 1947. It consolidated the reforms of 1944-1946, and, in addition, it embodied Tugwell's reorganization proposal of 1942. This
The Civil Service comprehensive and basic statute replaced the 1931 law and became the new legal foundation of Puerto Rican personnel administration.

The original draft of Act No. 345—subsequently amended somewhat—was prepared in 1946 by the staff of the Public Administration Service in accord with the model personnel act advocated by the National Civil Service League ("Reform" by now had been dropped from the organization's name).73 Structurally the new law abolished the old Civil Service Commission and substituted in its place an Office of Personnel, together with a Personnel Board. The head of the office was designated the Director of Personnel, and was appointed freely by the governor with Senate confirmation. He administered the system, whereas the Personnel Board approved operating rules and acted in an advisory, investigatory, and appeals capacity. The statute also provided for competitive examinations as the basis for entrance to and promotion within the "competitive service," and it called for classification plans, compensation schedules, performance ratings, and other features of a merit system. Although it was enacted during the administration of Governor Jesús T. Piñero, the groundwork for this statute had been laid at the end of the Tugwell regime, with subsequent passage—because of the changed political climate—a certainty.

In late 1946, Nigaglioni had resigned from the chairmanship of the Civil Service Commission to enter private business. In his final annual report, dated September 24 of that year, he expressed appreciation for the "sponsorship, guidance, unlimited cooperation, and inspiration" given his work by Tugwell, and the "efforts and support" afforded it by Muñoz. Also he noted: "The achievements made in the pursuit of sound personnel administration have been many and far above expectations. The progress that has been made...is very satisfactory. Public opinion is reacting positively...
the more difficult steps have already been taken. Reform should keep on.”

It has kept on, at least in the context of standards of the public personnel profession in the United States. The Office of Personnel has often been criticized for excessive proceduralism, inflexibility, and slowness, but in professional personnel circles—where attributes such as these are sometimes interpreted differently—the Puerto Rican merit system has gained an excellent reputation. In 1962, James R. Watson, who in 1945 saw personnel weaknesses as a “first big hurdle” for Puerto Rican administration, said on behalf of the National Civil Service League, “I am particularly happy to be in a position to state without reservation that the Puerto Rico personnel system is one of the best programs in North America. In terms of standards of merit and substantive results produced in government programs, Puerto Rico is well ahead of most other jurisdictions.”

Of course the real test of this merit system will come at some future time, when a change of party or some other major political shift occurs in Puerto Rico. Once more a political need for patronage may conflict with the administrative need for competence, and civil service administration will be under a strain it does not suffer from today. But at that time, unlike the early nineteen-forties, there will be in existence a strong merit tradition, which presumably will act as a counterbalance to political demands.
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Another administrative obstacle to the Puerto Rican revolution was chaos in the process of public spending. As a result of unsatisfactory leadership in the executive branch and political maneuvering in the legislative branch, the expenditure process of the insular government was characterized by extreme fragmentation and rigidity. The system was so complex and inflexible that it was practically useless from the standpoint of formulating and implementing broad policy. Also, in the words of the Puerto Rican Chamber of Commerce, it was “a complete mystery to almost everyone,” including “almost all of the employees of the Government itself.”

THE FAILURE OF GOVERNORS TO LEAD

The intention of the Jones Act of 1917 was that the governor should lead the insular spending process. That law gave him two relevant powers that the Foraker Act of 1900 had not provided. One, of a positive nature, required that he submit annually to the legislature “a budget of receipts and expenditures.” The other, a negative power designed to complement the first, authorized him to reduce or strike individual appropriation items from any bill passed by the legislature containing more than one such item. Puerto Rican political leaders, realizing the potential significance of granting the governor
the budget and the item veto in combination, strongly protested the change when it was under consideration in 1916.\textsuperscript{2} The provisions represented, it should be noted, a concept of executive financial leadership not yet recognized in the federal government at that time.\textsuperscript{3}

Ostensibly the executive budget and the item veto enabled the governor to exercise forceful leadership over insular spending. Supposedly he could have presented a coherent expenditure program in the form of the budget and then he could have enforced its acceptance in the legislature by vigorously wielding the item veto to cut overinflated appropriations to desired levels (frequently the legislature was more generous with funds than the governor).

It turned out, however, that most of the governors possessing these powers failed to use them effectively. In 1926, Governor Horace Towner, a former member of Congress, in effect relinquished the budgetary power, and it was not to be effectively regained by the chief executive for many years. By administrative order Towner delegated all budgetary responsibilities to the insular Auditor, a presidential appointee like the governor himself. This official was entitled "Director of the Budget" and was put in charge of reviewing agency budget estimates, preparing the annual "budget report," and drafting the general appropriation bill.\textsuperscript{4} True, each year the governor made a formal review of the Auditor's budget, but his actual influence on budgeting was enormously reduced.

Meanwhile the item veto was scarcely used. According to a report on Puerto Rico published in 1930 by the Brookings Institution, "the Governor failed to exercise adequate control" by means of the item veto.\textsuperscript{5} A recent student of Puerto Rican government has written that the item veto, with slight exception, "was of no importance to the Governors and they were reluctant to make use of it."\textsuperscript{6} When the veto actually was used, apparently the Auditor strongly influenced its exercise;
one holder of the office stated, "It has been the custom of the Governors to accept the advice of the auditor's office on financial matters, especially appropriation bills." 7

THE AUDITOR AND THE LEGISLATURE

The Auditor of Puerto Rico occupied an ambiguous position in the politics of insular administration. On the one hand he was a central figure of colonial control. Congress, in a characteristically negative interpretation of colonial government, placed great emphasis on avoidance of waste and corruption in territorial administration. The Auditor was viewed as an essential "watchdog of the treasury" and accordingly was armed with ample authority. The Jones Act put him in charge of all government accounting, granted him the function of auditing all accounts (thus he audited the very accounts he was responsible for), and assigned him the duty of bringing "to the attention of the proper administrative officer expenditures of funds or property which, in his opinion, are extravagant, excessive, unnecessary, or irregular." Congress always insisted that the Auditor be appointed by Washington rather than San Juan, even after every cabinet officer was locally appointed and the governor locally elected. Moreover no Islanders were appointed to the post until 1943 when Tugwell overcame opposition within the Interior Department and arranged for Rafael de J. Cordero to be named to the position.

Yet on the other hand, strangely enough, the Auditor received substantial support from the insular legislature, the focal point for anticolonial feeling. From time to time the legislature passed laws expanding the Auditor's powers substantially beyond those granted by the organic law. A 1929 statute, for example, authorized him to apportion agency spending through the fiscal year, to obtain data from agency heads "in order to exercise due control over public expendi-
tures,” and to “prevent or stop” excessive expenditures (not just report them). Although the legislature did not always follow up these new grants of authority with suitable appropriation increases, the Auditor was allowed to build up a fairly large organization. The Office of the Auditor, interestingly enough, was always much bigger than the Office of the Governor. To illustrate, in 1941 the Auditor had a budget of over $230,000 and an authorized staff of 120. By comparison, the Office of the Governor was appropriated around $100,000 and authorized a staff of six.

The explanation for this apparent contradiction in the position of the Auditor lies in the relationship of this official to the governor. Both Congress and the insular legislature seemed to look upon the Auditor as a useful counterbalance to the governor. Even though Congress stipulated in the Jones Act that “The office of the auditor shall be under the general supervision of the governor,” it prescribed in the same statute that this official shall “have like authority as that conferred by law upon the Comptroller General of the United States.” As the U.S. Comptroller General is responsible to Congress and not the president, this provision was directly counter to the concept of supervision by the governor. The Auditor himself often cited the analogy between his role and that of the Comptroller General, and Puerto Rican legislators seemed to accept this idea. Senate President Muñoz Marín observed in 1943, “The Auditor, as I understand, is to some extent a representative of the Legislature to hold a check on the Governor.”

With his statutory powers, legislative support, and presidential appointment, the Auditor was a powerful official in Puerto Rican government. Indeed his position was so strong that some occupants of the post were encouraged to take a frankly expansionist attitude toward their functions. One of the earliest, George Cabot Ward, stated in his annual report for 1909, “This office has continued to take the most advanced
view of its powers." In the same report Ward advocated that bureaus of two departments be transferred to his office, that "a complete statistical bureau" be created within it, and that the budget function be given to him. 11 The incumbent Auditor when Tugwell arrived, Patrick J. Fitzsimmons, had a similarly aggressive attitude. Three months after Tugwell's inauguration Fitzsimmons notified the new governor that the Controller-General-like position of the Auditor "obviously implies a constructive function of the office including matters beyond the sphere of audit, control or strictly fiscal." 12 In the proposed budget for fiscal year 1942-1943, which Fitzsimmons was preparing about this time, he reduced markedly the budgets of all agencies of the government except his own, for which he proposed an increase of 58 per cent. 13
By Fitzsimmons' time the Auditor could exercise broad influence within the government in several ways. He prepared the budget and made recommendations to the governor with respect to the item veto, as already mentioned. Another particularly significant power was the seemingly technical act of entering approved appropriations on the government books. Although ordinarily this would be a mere ministerial act, beginning in 1918 the Auditor reserved the right to refuse to open appropriation accounts on his own authority, ostensibly on grounds that it was sometimes necessary to avoid an unbalanced budget. A final duty of importance was the Auditor's power to review, or "pre-audit," expenditures prior to the actual issuance of checks. This procedure, begun in 1907, was not limited to a legal or arithmetical check, but at times constituted a passing of judgment on the substantive merits of expenditures. In fact Fitzsimmons once stated that he had never questioned the legality of an expenditure, but that "I have questioned the necessity and whether they were extravagant and whether savings could not be made." 

Thus the Auditor was in a position to exercise important, albeit negative, influence at several steps in the process of formulating and determining spending policy; in addition to being a bookkeeper and "watchdog of the treasury" he was, by 1941, a powerful policy official.

Yet the Auditor's expansionist activities had not rendered the legislature helpless in the spending process. On the contrary, the legislature, rather than abdicating to the Auditor as the governor had done, entered into a relationship of cooperation with him that was of benefit to both parties. From this relationship the Auditor gained the favorable legislation and appropriations that helped him to expand his influence. In return the legislature gained the Auditor's assistance in devising a fiscal system that maximized the opportunities for partisan exploitation of spending.

120.
The Auditor's assistance to the legislature took several forms. One was to agree to an arrangement whereby millions of dollars worth of politically useful appropriations—such as for public works—were enacted by the legislature with the prior understanding that the Auditor would not enter them on the books. Until they were transferred to an expendable account they remained what Tugwell called "phantom appropriations." Very neatly, they won votes from the politically unsophisticated without drawing on the treasury.\(^{17}\)

Also the Auditor cooperated in the design of the budget and general appropriation bill. The "budget report" was in reality not a budget at all but merely a collection of printed forms upon which figures were typewritten, accompanied by various statements and tables submitted by the departments, and topped off by a cover letter from the Auditor. There were two kinds of typed forms, one which listed "General Expenses" such as printing, books, and postage for each office and bureau, and another called "Detail of Salaries" which listed each job and its corresponding salary—on an *individual* basis—for the entire government. This collection of documents was a classic example of what is known as the "line item budget," i.e., a budget that lists expenditures for objects rather than purposes and in great detail rather than general groupings.\(^{18}\)

The general appropriations act, also drafted by the Auditor, had exactly the same format as that of the budget. It listed each employee's salary and expenses for such insignificant items as "care of horses for internal-revenue agents." This made the act extremely lengthy even though it appropriated only a few millions of dollars; the act for fiscal year 1940–1941, for example, appropriated only $14.3 million and yet ran to one hundred and fifty printed pages.\(^{19}\)

But this design was favorable to partisan manipulation. The individual listing of salaries permitted the majority party of the legislature to determine the salaries of each of the party
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faithful and each personal friend and relative working for the government. This was done by having the several majority legislators prepare amendments to cover the salaries in which they had an interest; in the process of enacting the general appropriation bill these amendments—numbering in the hundreds—would be circulated among the members and adopted in logrolling fashion. The procedure helps to explain why the pre-Nigaglioni Civil Service Commission had never worked out satisfactory classification and compensation plans for executive employees.

Rather than attempting to protect the budget from such legislative revision, the Auditor cooperated fully with party leaders. With regard to salary manipulation he did not recommend tough use of the item veto to eliminate it. With regard to agency budgets in general he did not take the position that he should stand between the bureaucracy and legislature in a meaningful review capacity; he submitted the agencies' explanatory material to the legislature without modifying or supplementing it in any way, and he transmitted the agencies' original budget requests as well as his own proposals. The Auditor's cover letter to the 1939–1940 budget stated, "It is left at the discretion of the Legislature to introduce those changes which they may deem proper and indispensable for the best of the service embodied." This approach to budgeting had several specific results. One was that the only government-wide budget review that took place (outside the Economy Commission) was performed in the "Budgets Division" of the Auditor's office, which consisted of a supervisor, two accountants, and clerical help. Another result was that the agencies were placed in a spending strait jacket by the extremely detailed nature of the appropriations act, necessitating frequent resort to a cumbersome transfer procedure. Yet another consequence was that the
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broad policy implications of the budget were incomprehensible; the maze of individual items and salaries obscured completely the amounts being spent for health, education, or other broad purposes. Louis Sturcke discussed the confusion with the Bell committee in the following words:

For one thing the budget was never set up in any real classified form; that is, you would have the board of elections next to the department of education and then you would have interior right after that, or you would have some hospital weaved in, so that no legislature could really tell what the purposes of the budget were as a whole; that is, if you could remember that there was this other agency of the same category, why it might give you a picture, but you would have to treat each agency separately.23

But, despite a comfortable working relationship with the Auditor, the legislature sought ways of controlling the spending process that would not require dependence upon officials from the mainland. It was always possible, of course, that a new Auditor would not cooperate with the party leaders or that a governor would become stubborn about exercising his item veto. To guard against such an eventuality, the legislators created methods of bypassing the budget and the general appropriation act. These were two: the permanent appropriation and the special fund. The importance of these devices is indicated by the fact that no less than 70 per cent of government disbursements in fiscal year 1940–1941 were made by means of them.24

The permanent appropriation was enacted like any other appropriation—it drew upon the general fund (general, non-earmarked government receipts) and was subject to the item veto at the time of enactment. It differed from regular appropriations, however, in that instead of authorizing a given expenditure on a one-time basis only, it authorized repeated expenditure of the given amount each year. In other words, the
appropriation was automatically self-renewing, without the necessity of additional legislative action, without being subject to budget review, and without crossing the governor's desk again for possible veto. As the years went by the permanent appropriations gradually accumulated; by fiscal year 1940–1941, $1.5 million was being obligated by them. Examples of such appropriations are $6,000 annually for the Boy Scouts, $4,000 for the Girl Scouts, $15,000 for scholarships to poor students, and $30,000 for eradication of the cattle tick.

The special fund was a far more important device for bypassing the budget. Like the permanent appropriation it caused a set amount to be obligated each year for a certain purpose, on an automatically continuing basis. But instead of drawing from the general fund it possessed its own source of income, such as an earmarked tax. The income was automatically channeled into the fund, without budgetary review of any kind, and was fully available for the specified, predetermined purposes of the fund. Since it did not involve an appropriations act at any time, it was never subject to the item veto. For some reason this arrangement became known in Puerto Rico as a “trust” fund, but the term is inapplicable in most cases since usually the government owned the fund and was not holding it in trust for another party.

The special-fund device was used to a remarkable extent. By 1930 the legislature had created about fifty of them, and by the nineteen-forties more than five hundred. There were so many that it was impossible to keep track of them all. Even in the detailed annual reports of the Auditor and Treasurer they were not fully listed; after a lengthy enumeration of the more important ones, a large “miscellaneous” category would be added. The total amount of money passing through the funds was huge; in the 1940–1941 fiscal year their income was $32.4 million and their disbursements $32.2 million. By comparison, income of the general fund for that year was $20.7
million and disbursements from it amounted to $16.1 million. Transactions in the special funds, in short, far outstripped operations in the general fund.\textsuperscript{29}

Some use of the special fund can be justified on rational grounds. It is, for instance, a convenient way to link related receipts and expenditures. Gasoline taxes were spent on roads, a coffee tax was used to develop the coffee industry, a tobacco tax the tobacco industry, and so on.\textsuperscript{30} But, in many of the funds, there was no discernible relationship between income and outgo. For example, the proceeds from a famous salt tax sponsored by the Coalition in 1937 were designated for promoting tourism and constructing municipal waterworks.\textsuperscript{31}

The reason, of course, why so many special funds existed was that they served several political purposes simultaneously: protecting the legislature's control of spending, guaranteeing funds for favored administrative programs, and demonstrating to constituents that popular projects were being soundly backed. From the standpoint of constituent appeal the very names of some of the funds are of interest. A law passed in 1941 placed all proceeds of a tax on molasses into a "Fund to Combat Malaria and Uncinariaisis, and to Assist the Insolvent Mothers and Abandoned Children who Constitute a Social Problem in this Island."\textsuperscript{32}

Yet the special funds and permanent appropriations together meant that more than two thirds of the government's spending was being frozen into a set pattern that could not be changed easily and was not subject to periodic reconsideration. As spending needs rose or fell, the funds would either run dry or accumulate unusable reserves. Changes in spending policy would not be reflected in an over-all reallocation of resources but simply by the addition of new indefinite arrangements. As the Brookings Institution summarized in 1930, the system "makes every form of planning and control unnecessarily difficult."\textsuperscript{33}
UNDOING THE STATUS QUO

In the fall of 1941 the stage was set for reorganizing this chaotic spending process. Tugwell, unlike most governors, was prepared to assert leadership in public finance. From his experiences in Washington and New York he was well acquainted with technical aspects of the subject, and, more importantly, he appreciated the direct connection between public spending and public policy. Moreover, he was not the type of man or the type of chief executive to submit quietly to the aggressions of an auditor; in the Department of Agriculture he had battled the U.S. Comptroller General on many occasions, and by comparison the Puerto Rican Auditor was no great challenge. In the 1943 sessions of the President’s Advisory Committee, Tugwell did not disguise his irritation over Patrick Fitzsimmons’ presumptions of power: “The Auditor has felt that he has the power to determine fiscal policies.” “He thinks he was given general duties as fiscal advisor and maker of policies.”

Muñoz too was ready for change. For a Puerto Rican politician, he had unprecedented attitudes toward government spending. Although as Senate president he was hesitant to lose important legislative prerogatives or political advantages inherent in the existing system, his mind was not closed to innovation. As soon as he had become dominant in the legislature, in fact, he had ended the long-standing practice of legislative manipulation of individual executive-branch salaries; to him the practice wasted the legislature’s valuable time and therefore had to be eliminated. With regard to the Auditor, Muñoz’ attitude was a total departure from the past spirit of cooperation between the legislature and Auditor’s office. Instead of allying himself with this official against the governor, Muñoz agreed with Tugwell that Fitzsimmons had to be put in his place. In the President’s Advisory Committee, Muñoz said on this subject, “I don’t understand much about the
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technique of the thing, but the way it functions today it isn’t
good because he really has the veto power there, in many
cases.” With respect to Fitzsimmons’ use of the pre-audit to
block unwanted expenditures, Muñoz commented: “The usual
provision is that you don’t want to lock the barn after the mule
has been stolen; but what very often happens is that you
have your mule in the barn and you cannot use it because
somebody locks it in the barn.”

With these new attitudes in La Fortaleza and El Capitolio
the basis was laid for undoing the status quo in the field of
spending. The first step was to remove the budget from the
hands of the Auditor. This was done without much difficulty
a few weeks after Tugwell’s inauguration. Tugwell simply in-
formed Fitzsimmons that the budget he had prepared for
fiscal year 1942-1943 was being discarded, and that it was to
be revised in the Office of the Governor. There the project was
turned over to Sturcke and others around La Fortaleza, and,
by working long hours and borrowing staff, they prepared a
new budget in time to submit to the 1942 regular session of
the legislature. The revised budget called for a general appro-
priation bill of $21 million, which represented a substantial in-
crease over Fitzsimmons’ budget but seemed reasonable in
light of the Treasurer’s estimate that general-fund receipts for
the year would be $28 million. Although the Auditor accepted
the revision officially, he told the press that a $15 million
budget was “enough,” since the Treasurer’s estimate of
receipts was probably excessive. As it turned out, general-fund
income for the year was $43 million.

The next step in setting aside the old system was to end the
Auditor’s influence over exercise of the item veto. After the
general appropriation act for fiscal year 1942-1943 was passed
by the legislature and was on the governor’s desk for approval,
Tugwell called Fitzsimmons into his office for a conference;
but instead of asking the Auditor’s opinion of specific items
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Tugwell invited only his general observations regarding the bill. Specific recommendations on use of the veto were obtained from La Fortaleza staff.\textsuperscript{39}

The final step in ending the status quo was the departure of the man who personified it, Fitzsimmons. This elderly official, who was an accountant and banker by profession and who had spent most of his life outside the United States, became increasingly bitter as his position eroded under the new regime. Upon losing his support in the legislature he sought it in other quarters. He went to anti-Tugwell congressional committees in Washington and anti-Muñoz newspapers in San Juan with accusations that the government had become incredibly wasteful and that the legislature was approving dozens of statutes that were contrary to the Jones Act or were “unnecessary at this time.”\textsuperscript{40} These actions, however, did Fitzsimmons little good in the places that mattered. In December 1942, Secretary of the Interior Ickes sent a memorandum to Under Secretary Fortas which warned, “Unless there are extenuating circumstances, we ought to crack down good and hard on the auditor this time. I am pretty well fed up.”\textsuperscript{41} Outright dismissal of the official was prevented only by his voluntary resignation, which was finally submitted May 27, 1943.

This marked the end of an era in the insular spending process. With the governor’s spending powers recaptured and Fitzsimmons out of the way, the positive phase of financial reorganization could begin.

In the field of auditing this reorganization was under the leadership of the new Auditor, Rafael de J. Cordero. The fact that Cordero was a Puerto Rican, a political independent, and a professor of economics breathed new life into the Office of the Auditor. It no longer had a colonial aura, it was no longer aligned with one branch of government against another, and the thinking within it was no longer restricted to a negative and conservative outlook.
After taking office Cordero immediately and deliberately withdrew from the policy role of his predecessors. The budget-ary and item-veto functions had, by this time, already been removed from his jurisdiction, and this he did not question. As for discretionary power in entering appropriations on the books, Cordero interpreted this as a purely ministerial function. Regarding the pre-audit, the new Auditor continued to perform this duty (until it was transferred to the Treasurer in 1952), but he limited his payment exceptions to matters of legality and propriety only, and not questions of policy.42

Cordero then proceeded to do some fundamental overhauling. The accounting system of the insular government had been established in 1911, without much subsequent revision. With the help of the Public Administration Service and a special planning division created within the Auditor's office, Cordero revamped the system completely. A general ledger was established, the hundreds of special funds were identified and grouped into logical categories, and the various types of revenues and expenditures were analyzed and classified. Also an encumbrance procedure was introduced to keep track of obligations, and property accounting was reorganized. In addition Cordero installed punch-card accounting to make the new system efficient.43

A principal auditing innovation was the "post-audit" of public corporations. Fitzsimmons had always insisted that these new agencies, such as the Transportation Authority, Communications Authority, and Development Company, be subject to the pre-audit like regular departments. Cordero dropped this demand, and instead reviewed corporate expenditures on an after-the-fact and selective basis. He organized post-audit teams which included many of his former students at the university and instructed them to avoid a negative, policeman-like attitude when examining the corporations' books.44 Whether the work of these teams interfered exces-
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sively in the operational freedom of the corporations is a point that will be raised in Chapter 7. In any case this approach to auditing was a revolutionary one for the Puerto Rican government, and undoubtedly it would have been impossible under previous Auditors.

BUREAU OF THE BUDGET

In the budgeting field the positive phase of reorganization was heralded by creation of the Bureau of the Budget. This agency, which was to form the most important staff unit within the newly institutionalized Office of the Governor, was established by insular Act No. 213, approved May 12, 1942, and effective August 10 of that year. This statute—the most important administrative reform law passed in the Tugwell administration—also created the Planning Board.

Two days after Act No. 213 took effect, Tugwell designated his principal financial technician, Louis Sturcke, Jr., as head of the Bureau of the Budget. In this position he assumed the title “Director of the Budget,” which had formerly been claimed by the Auditor. For Assistant Director of the Budget, Tugwell chose Guillermo Nigaglioni, who later became chairman of the Civil Service Commission. For the time being, the rest of the bureau’s personnel consisted of a single professional employee and secretarial help.45

Despite the fact that the new agency consisted of only three men it was immediately attacked for its cost and dangerous influence. Fitzsimmons expressed the opinion, before his departure, that its creation was wasteful and duplicatory.46 Senator José Balseiro of the Coalition charged that “Tugwell’s habit of extravagant expenditures and his decision to establish on the Island a centralized and absolute form of government have obtained new force under the new budget bureau.”47 Attorney General George Malcolm even suggested that estab-
lishment of the bureau probably violated the Jones Act, since this law provided that the governor was to submit the annual budget.\textsuperscript{48}

These arguments were, of course, ridiculous. The new agency would undoubtedly save money rather than waste it, and its creation was merely an attempt to implement the governor's spending powers that had been legally his for years but had been little used. The innovation was only doing for the insular government what had been done in the federal government two decades before and was common practice in advanced governments everywhere. As Tugwell wrote in his budget message of 1942, "There is no need to argue the case for a carefully prepared executive budget. Every government has to have one." \textsuperscript{49}

Because of conditions that had grown up over the years in insular finance, the work facing the infant Bureau of the Budget was staggering. Many urgent tasks needed to be done at once to obtain control of the situation. One of the initial undertakings, which was in a sense preparatory to all the others, was to attempt to gain an understanding of the unbelievably complex tangle of accounts, appropriations, funds, and revenues. While Cordero's Office of the Auditor was endeavoring to straighten out this situation from the accounting standpoint, the Bureau of the Budget set out to do so from a budgeting point of view.

Sturcke had already got an insight into the enormity of the task through his work with the National Resources Planning Board. The board's Region XI, in Puerto Rico, had received funds from another New Deal agency, the National Youth Administration, to finance the hiring of several college students for a study of the special-fund structure. Their examination of some two hundred funds indicated to Sturcke the scope of the matter. He concluded, as he told the Bell committee in 1943: "The whole picture . . . is not understood, nor has it ever
been understood by the Puerto Ricans. Now the first problem then as I saw the Bureau of the Budget was to see if some of this sort of hazy part around the outline could not be brought into clearer view.”

The instrument for obtaining a clearer view was a voluminous document prepared by the Bureau of the Budget in conjunction with the Office of Statistics. Initially issued in October 1943, the document was formally entitled “Report on the Finances of the Insular Government of Puerto Rico”; informally, however, it was known as “La Biblia” (the Bible). Essentially what the report did was to analyze in an organized and comprehensive way the insular fiscal activity of the previous four years. All appropriations, regardless of whether they were general or special, were listed in terms of a functional classification that had been worked out by the U.S. Bureau of the Census. One breakdown of this classification was “operating expenses,” “public debt,” “capital improvements,” and so on; within these categories, figures for each branch of government were presented; then a still finer breakdown was by program groupings such as “general administration,” “public safety and correction,” and “highways and public works.” The same classification was used to analyze all disbursements, whether from the general fund or special funds. The report also classified all revenues carefully, and comprehensive studies of cash balances and public indebtedness were included. By making an orderly analysis of past conditions, La Biblia provided the factual understanding necessary for reform.

With La Biblia in hand, Sturcke and Nigaglioni moved from the stage of study to that of action. One area of activity was the permanent appropriations and special funds. The aim was to finance, to the extent possible, the activities they represented through the general fund. This would subject these transactions to the annual budget process, and thereby permit
periodic control and scrutiny of them. Among the hundreds of funds, likely candidates for elimination were selected. Some of the more obscure funds could be located only after Cordero had got his punch-card accounting machines into operation to trace them down. Legislative bills were then drafted to repeal the appropriate statutory provisions, and room was made in the forthcoming budget to finance the programs, temporarily at least, at prevailing levels.52

At first success was not complete, but it was substantial. Some of the funds and appropriations had too much political backing to be eliminated, such as vocational education monies, certain university funds, and the Girl Scouts subsidy. Yet, of forty-three appropriation repeal bills introduced in the first year, about thirty-seven were approved.53 As the repeal movement gathered speed, a greater and greater proportion of government fiscal activity began to take place in the regular budgetary channels. Between fiscal years 1940–1941 and 1945–1946 the percentage of revenues that entered the general fund increased from 39 to 63. Similarly, whereas in fiscal 1940–1941 about 33 per cent of total disbursements came out of the general fund, five years later it was 64 per cent.54 It was soon no longer possible to say that most of the government’s financial operations took place through the special-fund system.

With the budget process becoming more inclusive, efforts were made by the Bureau of the Budget to improve the quality of budget review. In the past there had been a tendency for agency officials to look upon the review process lightly, since final budget decisions of importance were always made later in consultation with political leaders of the legislature. But Sturcke and Nigaglioni took the review process seriously and set out to make it as meaningful as possible. They organized formal budget hearings and demanded that agency heads appear and submit detailed supporting information, including statistics on past and projected workloads.55 At first the de-
partment heads were astounded and incensed to learn of these new requirements; some dismissed the hearings as ridiculous and others deliberately submitted inaccurate information. Also they complained to Tugwell; but he, as might be expected, backed the bureau completely. Then they appealed to Muñoz; but the Senate president told them not only to follow the new procedures but to submit honest and tight budgets. When puzzled administrators questioned Muñoz about loss of budgetary “fat” needed for political purposes, he replied that it was he, not them, who was to worry about that.56

Meanwhile steps were being taken to refashion the format of the budget document itself. The bureau’s first budget—for fiscal year 1943-1944—was the first one in history to be a unified, understandable statement. Instead of consisting merely of a collection of filled-in forms and miscellaneous agency commentaries, it was an organized and meaningful report. The design followed the classification of La Biblia, and coverage was comprehensive to the point of incorporating numerous special appropriations as well as those to be included in the general appropriations act. Finally, the document was duplicated rather than typewritten. Although crude and incomplete, it was a product that represented enormous change in budgeting.57

Theoretically, of course, the new budget—or “Model Budget” as it became known—was a proposal for spending policy. To make the budget meaningful in terms of policy implementation as well as policy initiation, the reformers turned to the governor’s second fiscal power, the item veto.

The first budget submitted by Tugwell, the 1942-1943 budget initially prepared by Fitzsimmons but subsequently revised, was greatly increased by the legislature in the process of enactment. The governor’s answer to this was to slash mercilessly with his veto the various items that had been in-
creased. Literally hundreds of them were reduced, and even the numbers and titles of some salaried positions were changed. Although there is no evidence that Muñoz was disturbed by this unprecedented use of the item veto, Auditor Fitzsimmons and Attorney General Malcolm expressed great alarm, and they immediately notified Washington that it was possibly illegal.58

In the following years the Bureau of the Budget, like the Office of the Auditor in the past, performed the staff work connected with exercise of the item veto. Tugwell, with his habit of extreme delegation of authority to subordinates, almost always followed the bureau’s advice on pruning appropriation bills. This added to the prestige of the bureau, and the rigor with which the veto was administered added to the prestige of the budget itself. To illustrate use of the item veto, the budget for 1945-1946 proposed a general appropriation bill of $35,546,000. The legislature proceeded to enact about $1,175,000 over the advocated amount; but after gubernatorial action on the bill it was back down to within $80,000 of the original figure.59

REFINEMENT AND CONTINUED CHANGE

Sturcke resigned as budget director in 1945. Under his successor, Roberto de Jesús Toro, who served from 1945 to 1951, innovations made during the first three years of budget reform were refined and added changes were made. Almost inevitably one phase of continued advance was growth of the budget agency itself. Whereas the staff numbered three at the beginning, by 1945 it had risen to over twenty. With transfer of the Office of Statistics to the bureau in 1946, personnel strength came close to thirty.60 Greater size made specialization possible; in late 1945 de Jesús reported that the bureau’s Division of Budget Examiners consisted of six head examiners, each
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responsible for reviewing separate program sectors of the government.\textsuperscript{61}

The fact that de Jesus was a Puerto Rican and an intimate member of Muñoz' circle enabled him to employ tactics Sturcke could not. For example, he continued the program of repealing permanent appropriations and special funds by lobbying personally at El Capitolio, particularly in the office of Senator Muñoz.\textsuperscript{62} Whereas in 1945 some 643 special funds remained, by 1949 the number was down to 195.\textsuperscript{63} The number of permanent appropriations had been reduced to twelve by that year.\textsuperscript{64}

With respect to the budget document, which now began to be prepared in Spanish, moves were made to change from the line-item design to that referred to as "lump sum." By the end of the Tugwell administration not a great deal of success had been met with in this, but a beginning had been made. General expense items were far more general and uniform than in earlier budgets, and although many individual salaries were still listed they were geared into the Civil Service Commission's new compensation plan. In addition the appropriations for about a dozen agencies—for example the Insular Police, Insular Fire Service, and Public Recreation and Park Commission—were given in a single amount. It is significant that the general appropriation act passed for fiscal year 1946–1947 authorized the expenditure of more than three times as much as the act for 1940–1941, and yet it was printed on forty fewer pages.\textsuperscript{65}

Many more changes were to be made in future years: increasing the inclusiveness and informativeness of the budget; inaugurating a "performance budget" concept; introducing a system of budget priorities; establishing an Organization and Methods Division in the Bureau of the Budget; launching useful legislative appropriation hearings, and so on.\textsuperscript{66} And yet the basic groundwork for the determination and carrying out of
Puerto Rican rum, the source of a welcome tax windfall during the war (photograph in 1946)

government spending in an integrated and controlled way had been done, and it was the Bureau of the Budget that had made the crucial institutional contribution to this development.

During the war, because of increased rum consumption on the mainland, rebated federal revenues on Puerto Rican rum brought an unexpected windfall of about $160 million to the insular government. At the same time the unavailability of construction materials for nonmilitary purposes resulted in unanticipated reserves of unspent funds. On top of this was a steep rise of revenues due to increased income-tax rates and
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improved revenue administration; income-tax receipts jumped no less than tenfold from 1941 to 1948.

It seems possible that, without careful control, these bountiful resources would have been frittered away by the insular government with piecemeal spending on unimportant projects and short-range programs. Instead, the funds were used in a deliberate and coordinated manner. At the end of the nineteen-forties badly needed government services were, in dollar terms, tripled over levels at the beginning of the decade. During roughly the same period a quarter of a billion dollars was sunk into expanding the island's economic base—i.e., spent on permanent public works or invested in the new public corporations; in addition during these years the insular net public debt was cut to less than a third of its earlier size. One may ask whether these achievements would have been possible without this reorganization of the spending process.
The Planning Process

Whereas the island’s spending process was reorganized in the nineteen-forties, its planning process was created. Reform in spending constituted, by and large, a revision of previously existing procedures; reform in planning, however, was mainly building from scratch. Therefore planning in Puerto Rican public administration particularly lent itself to innovation. Also, as it happened, planning was a field in which Governor Tugwell was a leading theorist and practitioner.

There had been previous planning efforts on the island but, for various reasons, they had not been of great consequence.

It is true that under Spanish rule a certain tradition of governmental planning had been established, at least in a formal sense. The sixteenth-century Laws of the Indies laid down precise instructions on the building of Spain’s New World cities—for instance streets were to be of a particular width (depending on the climate) and the town plaza was to be of certain proportions. Late in the eighteenth century a “municipal public decoration commission” officially regulated urban construction in Puerto Rico, and early in the nineteenth century a governmental board was formed to work out routes for insular roadways and canals.¹

The succeeding American colonial rule, predictably enough, was not so planning-conscious as the Spanish. Because of the disorganized nature of American territorial government and
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development, there were no planning efforts by U.S. officials in Puerto Rico for over thirty years. Finally, in 1932, Governor James Beverley brought the U.S. architect Harland Bartholomew to the island to study the planning needs of San Juan. In 1935 the New Deal established the Puerto Rico Reconstruction Administration (P.R.R.A.), and one of its components was a planning division. This unit, led by Rafael González and Earl Parker Hanson, formulated numerous plans to promote economic growth, but most of them were soon shelved as P.R.R.A. atrophied in the late nineteen-thirties. The division's work was not a total loss, however, since some of its schemes could later be revived and also since it gave early training in planning to future Puerto Rican administrators such as Picó, Descartes, and Cordero.

The insular government of Puerto Rico, meanwhile, had no effective planning program in operation. The Department of Health ostensibly issued zoning regulations and granted building permits in the public interest, but the physical impact of these activities was not apparent. The legislature itself intervened in the planning of public works, but its approach was decidedly partisan rather than technical. For example, a plan for road construction adopted by statute in 1937, which was obviously based on legislators' needs for votes rather than the island's need for roads, was absurdly unrealistic in its proportions. In 1934, Commissioner of the Interior Francisco Pons lamented, "It has always been impossible to make our people understand the value of long distance planning."

TUGWELL'S PLANNING BACKGROUND

To tell the story of how this planning vacuum was filled in the nineteen-forties, it is necessary to trace the planning background of the man most responsible for developments in this
field. Tugwell's first association with public planning was purely theoretical and it was in the realm of economics. As mentioned earlier, when Tugwell was a professor of economics at Columbia prior to entering the Roosevelt administration he argued that the conditions of modern technology and industrial organization required a renunciation of laissez faire in favor of the planned economy. In his eyes the "scientific management" concepts of Frederick Winslow Taylor had to be extended beyond the factory to the economy as a whole. In a book published in 1933, The Industrial Discipline and the Governmental Arts, Tugwell proposed that joint government-industry "integration associations" be formed to regulate investment, prices, wages, and working conditions, with a "United States Industrial Integration Board" to be placed at the apex of this planning structure.6

In 1938, after he had left the New Deal, Tugwell was appointed to the position that turned his attention to city planning, the chairmanship of the New York City Planning Commission. In that job he served for three years under Mayor Fiorello H. La Guardia. New York had adopted a reform city charter in 1936, and its planning provisions were the most advanced in the United States. As the first permanent chairman of the commission, Tugwell had the task of converting these statutory provisions into a functioning institution.

The unique feature of the commission was its comprehensiveness of jurisdiction. It was, in the first place, empowered to guide both private and public development. Its zoning authority and ability to control the creation of new subdivisions gave it jurisdiction in the private sector, and its custody of the "official map," which designated present and future street locations, concerned public growth as well as private. Secondly, the commission planned in more than one dimension—not only the spatial dimension as in the cases of zoning and street layout, but the temporal and financial dimensions as
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well. It prepared annually a "budget and program," which constituted both a one-year capital budget that city departments were compelled to follow and a five-year, nonobligatory program of capital expenses that projected the one-year budget. Finally the agency, in addition to regulating immediate growth, also planned on a long-term basis; this work was embodied in the "master plan," a series of documents setting forth future goals in various subject-matter areas.7

Tugwell's experience in New York set him to thinking about the ideal planning arrangement. He was pleased with the comprehensive sweep of authority possessed by the commission, but he concluded that the agency was not sufficiently autonomous. Even though its regulations took effect automatically unless vetoed by a two-thirds or, in some cases, three-fourths vote of the New York City Board of Estimate (also this body could not amend the proposals), Tugwell complained that the commission did not have a guaranteed budget and that its chairman was a member of the mayor's cabinet like any other department head.8

The theoretical basis of these judgments was a concept that Tugwell began to advance during this period in various academic articles. This was that the planning function of society should be entrusted to an institution that is separate from the legislative, executive, and judicial branches of government. Referring to this institution as the "directive" power or the "fourth power," he cited two reasons for its independence: first, planning involves not merely legislating, executing, or adjudicating, but all three functions; second, ideal planning must be above local, short-term, and specialized influences, and association with any of the traditional branches would make this impossible. In an organic interpretation of society Tugwell defined planning in the broadest sense—the determination of the appropriate "direction" in which society should grow, and then the devising of means to allow this to

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occurred. He was careful to stop short of denying fundamental democracy, however, making it clear that the "fourth power" should ultimately be subordinate to the political branches of government.9

Suddenly Tugwell got the chance to experiment with these ideas and also to improve upon the New York planning model. Upon acceding to the governorship of Puerto Rico, he found himself in a position of authority in a society that was undergoing rapid change and did not have an adequate planning apparatus to guide it. In his own words, "I had just come from being Chairman of the Planning Commission in New York City; and I thought I knew just what kind of a device would meet the upcoming need. That was a planning agency of the kind I had said to myself, as a result of my New York experience, I would some day try to see set up somewhere. This was my opportunity."10

ESTABLISHING THE PLANNING BOARD

Within days of his inauguration in September 1941, Tugwell was laying the groundwork for creation of a Puerto Rican planning organization. The first step was to seek help from the National Resources Planning Board (N.R.P.B.) in Washington, many officials of which Tugwell knew personally. Its chairman, Frederic A. Delano, had in fact been one of the creators of the New York City Planning Commission. When, at Tugwell's request, the N.R.P.B. established a field office on the island (designated Region XI), one of the principal advantages of the action was that it enabled Tugwell to bring to Puerto Rico his chief lieutenant in New York, Frederic P. Bartlett. Bartlett had been administrator of the Department of City Planning under Tugwell, and thus he was in a position to be of great assistance in working out the details of the planning institution Tugwell had in mind.
Within a few weeks a survey of Puerto Rico's planning needs was arranged. The N.R.P.B. sent to the island a team of three planning experts, Tracy Augur, Elbert Peets, and Hale Walker. Two years before, Peets had conducted a study of San Juan's planning needs under sponsorship of the U.S. Housing Authority. In December 1941, just after the attack on Pearl Harbor, the team submitted a report calling for immediate establishment of an island-wide planning organization. "The advent of war...should not be the occasion for postponing Insular planning," they said, "but on the contrary should dispel any doubt that might otherwise remain about its need and urgency. An Insular Planning Board set up in this emergency and completely staffed can do the Island double service by helping to avoid the mistakes to which emergencies too frequently give birth, and by helping to direct the public work of war into forms of lasting usefulness."  

Even before this report was filed, the N.R.P.B. sent to the island the nation's leading authority on planning legislation, Alfred Bettman. A lawyer as well as planner, Bettman had been chairman of the Cincinnati Planning Commission for many years. His assignment in Puerto Rico was to draft a statute that would create a planning organization.  

In the late fall of 1941 Bettman drafted a planning bill, with assistance from a lawyer in Attorney General Malcolm's office and in consultation with Fernós Isern, Commissioner of Health. Their product was distinctly in the tradition of conventional city planning. It contemplated separate planning units for each of the island's seventy-seven municipalities, and giving them power to regulate land use but not to prepare fiscal plans. As in most U.S. city planning boards other than New York's planning commission, each important decision of these agencies was to be subject to ratification and amendment by legislative action prior to taking effect.  

Tugwell did not like the Bettman draft, and in his charac-
teristically forthright way he rejected it outright. Bettman naturally was not pleased, but the governor did not mind; he knew what he wanted—a “Puerto Rico Planning Commission” which would have island-wide jurisdiction and powers at least as comprehensive as those in New York. Tugwell considered municipal government in Puerto Rico an anachronism and was unwilling to entrust it with planning. He felt it essential that public planning include long-range budgetary programming as well as regulation of land use. Also he wanted to separate the planning agency from the executive branch and to make it as free as possible from legislative interference—in short, to aim, apparently, in the direction of establishing a “fourth power” in Puerto Rico.

Thus, in January 1942, Tugwell and his long-time associate Bartlett set out to rewrite the Bettman draft. Without consulting anyone outside La Fortaleza they produced a radically different bill. It called for the creation of one central planning agency, with island-wide jurisdiction. The institution was to have authority to plan for and regulate the use of all land, both in the cities and rural areas. Like the New York commission it was to have a fiscal role, that is, to budget for six years ahead. Yet its “budget and program” departed from the New York counterpart in two ways. Instead of covering capital expenditures only, it included current expenses; and the first year’s budget, instead of being compulsory, was made advisory. This last change was made to avoid complications with the Jones Act, which required that the governor submit the budget. Tugwell and Bartlett included in their draft a section which would create, in addition to a planning organization, a Bureau of the Budget. But, whereas the drafters placed this bureau in the Office of the Governor, they wanted the planning organization to be definitely detached from the governorship.

In locating the new planning institution organizationally, Tugwell and Bartlett were anxious to observe the fourth-
power principle. Again the organic law created problems; it not only stipulated tripartite government, but named executive departments and prohibited creation of new ones. In his draft Bettman had gone to elaborate lengths to avoid violations of these provisions of the Jones Act. Tugwell and Bartlett were willing to recognize that the organic law created certain limitations, but they were determined to eliminate Bettman's legal complexities and yet make the new agency as independent as possible. Tugwell felt there were numerous precedents to justify creation of new agencies not called "departments"—indeed many "boards," "commissions," and so on had been established outside the departments for years, and Congress had never objected. Also Tugwell believed that a precedent existed for placing an administrative organization entirely outside the executive branch; Congress itself had created the insular Public Service Commission in the Jones Act of 1917, and the pertinent statutory provision was located under the heading "Legislative Department" and not "Executive Department." 16

The Tugwell-Bartlett draft ended up without placing the planning agency anywhere, organizationally. It simply created a three-man board without mention of the branches of government. Provisions were included to give the board protection from either executive or legislative interference. For protection from the chief executive, board members were given staggered, six-year terms, and the agency's own budget was made immune from gubernatorial alteration before transmittal to the legislature. For independence from legislative control, the draft provided that a fixed percentage of the budget would automatically be appropriated to the planning organization. Also its regulations would become automatically enforceable unless reversed by a majority vote of the legislature—the New York provision for a two-thirds or three-fourths veto was, it was decided, contrary to the organic law.
“We were not overly proud of the finished product,” the drafters admitted, “but at least it represented the ideas we believed to be those we ought to incorporate in it; and it would do for a beginning.”17 Bettman, meanwhile, asked to be formally dissociated from the document.18

The new draft was introduced in the legislature as S. 181 at the beginning of the 1942 regular session. The measure received Muñoz’ general blessing, which meant that it would probably be enacted in some form; yet, as illustrated by the fate of the civil service bill of 1942, the legislature was capable of making drastic changes in Tugwell’s pet legislation.

As usual the conservatives greeted the bill with broadside attacks. The Puerto Rico chamber of commerce observed that the proposed agency would be costly, and that it was probably illegal because of the Jones Act ban on new departments.19 Attorney General Malcolm announced that the Bettman draft, prepared with the assistance of one of his subordinates, had been “mutilated” by “someone inexperienced in legal matters”; among other defects the new bill granted excessive legislative power to the board, he said.20 Auditor Fitzsimmons pointed out that whereas planners on the state level in the U.S. received salaries in the range of three and four thousand dollars, the insular board members were to get $6,000—the compensation of a department head—with the chairman receiving $2,000 extra. Also he noted that the average state planning budget in the U.S. was about $15,000 per year, whereas the proposed expenditure for the new institution was $100,000 annually.21 Senator Balseiro of the Coalition warned that the planning bill “implies a fascist system of government, and, if approved, would completely belie the democratic system on which is based the life of the United States and for which the nation and Puerto Ricans are determined to fight to the last drop of blood.”22 In Senate debate on the measure he charged: “We know very well who drafted this bill; it was drafted by
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one of the innumerable specialists and experimenters favored by Dr. Tugwell. It was not drafted by any of the men of the majority in the Senate. That is why, this afternoon, nobody here could explain either the scope, the spirit, or the words of this bill; because the gentlemen of the majority do not know them. They accept and revere.”

Although it was true that Muñoz and his Senate followers had not drafted S. 181, they certainly did not “accept and revere” it. In fact they amended it very considerably. A three-man “Puerto Rico Planning, Urbanizing and Zoning Board” was provided for, with substantially the same planning and regulatory powers as Tugwell had desired. The board’s jurisdiction, however, was sharply reduced—all “rural and agricultural areas” were expressly exempted from compulsory functions such as zoning and subdivision control. In another amendment the legislature authorized eventual creation of individual municipal planning commissions to supplement the central board, although their actions were to be subject to board review.

A third area of change had to do with the board’s independence. The legislators were not willing to go as far in restricting themselves from controlling the new agency as Tugwell had wanted. They struck the draft provision for a guaranteed, budget-percentage appropriation, although they did give the board a permanent appropriation of $100,000. More importantly, they omitted the legislative veto concept entirely; the board’s regulations and maps, instead of automatically becoming valid unless disapproved by the legislature, were made to depend upon positive, majority-vote approval, not only by the legislature but by the Executive Council as well. Moreover, either body could amend board proposals.

Tugwell was extremely disappointed by these amendments, particularly those reducing the board’s jurisdiction and independence. In fact he was so disturbed that he sat up most
of one night writing a caustic veto message for the bill. He later changed his mind, however, as he realized that despite the modifications "the law as it emerged was, for the area it covered, a fairly modern one." Actually the results could have been far worse, of course, and Tugwell frankly credited Muñoz for the fact that they had not been:

The difference in this instance between what might normally be expected, and what actually happened, was made by the President of the Puerto Rican Senate—Mr. Muñoz Marín. His attitude illustrates how a sense of responsibility and the exercise of leadership can reverse expectations. We were adopting a whole new program for Puerto Rico; he came to regard the Bureau of the Budget and the Planning Board as necessary instruments, along with others, of that program. And he saw to it that the enabling act was passed, even if not exactly as we wanted it.

ORGANIZATION AND EARLY ACTIVITY

The enactment of S. 181 into Act No. 213 was of course only a beginning. The long and arduous task of transforming the bare statute into a functioning organization lay ahead. This job was given to Rafael Picó, the 29-year-old geography professor. Just as it had been Tugwell's role to translate the planning provisions of the New York City charter into action, the comparable responsibility in Puerto Rico was now Picó's.

The "Planning Board," as it was commonly known from the beginning, came into existence August 10, 1942. In addition to obtaining physical quarters—found in an old nurses' residence—the first task was to select the two board members to accompany Picó, and also to recruit the professional staff. It was Tugwell's view, and presumably Picó's too, that board members should not be "technical planners, but simply men of good judgment, of intellectual quality, and devotion to the public interest." In accord with these criteria, Santiago
Iglesias, Jr., an architect and labor leader, and Antonio Texidor, an agronomist and farmer, were eventually selected. As for the professional staff, competent, or potentially competent, technicians were of course necessary, and it took several months to recruit even a skeletal force. By January 1943 some fifteen professional personnel had been hired. Although the senior staff member, Frank T. Martocci, was a New Yorker, the rest were Puerto Ricans.29

With some exceptions all personnel, from Pico on down, had had little or no planning experience. All realized that help was needed in setting up the board, and several consultants were turned to. Probably the most important of these was Frederic Bartlett, who provided a continual flow of detailed advice from the first stages of organization until 1943, when the National Resources Planning Board was disbanded and he had to leave the island. In November 1942 two other consultants were briefly on hand for advice, Ladislas Segoe and Carlos Contreras. In this period another visiting expert—who has periodically acted as consultant to the board up to the present day—was Lawrence Orton, for years a member of the New York City Planning Commission.30

As part of a general training effort, many board personnel visited planning institutions in the United States in these early years. One of Picó's first acts was to go to N.R.P.B. headquarters in Washington, where, in his own words, he received an "introduction to planning."31 Also the young chairman carefully developed contacts with the American Society of Planning Officials; its director, Walter H. Blucher, was to provide much help in the coming years. Making sure that other members of the board were receiving a similar orientation, Pico sent Iglesias and Texidor to the mainland in the spring of 1943 to visit the planning agencies of New York and Miami and the Washington headquarters of the N.R.P.B. and Federal Works Administration. Also he did not neglect the training of
the professional staff, several of whom he sent to U.S. universities for summers of study in city planning.\textsuperscript{32}

Pico immediately plunged the Planning Board into substantive work. One of the earliest activities was simply to collect information. Just as \textit{La Biblia} had to be written as a preliminary step to spending reform, basic research had to precede the introduction of modern planning. This did not mean that the board's operations were delayed until such data were collected, but the lack of certain basic information was an additional obstacle to getting started.

Surprisingly little was known, for instance, about such a fundamental matter as the precise condition of the island's road system. Thus one of the first tasks of the board's Mapping Division was to make an inventory of the some three thousand kilometers of roads, compiling precise data as to location, width, and surface.\textsuperscript{33} Another problem was a lack of civil boundary maps; this included many of the municipalities and practically all of the thousands of barrios (small neighborhood or community areas). As a result, another early project of the Mapping Division was to correct this deficiency; the mapping task took years to complete, but it yielded invaluable information for census, electoral, and property registration purposes, as well as for rural planning.\textsuperscript{34} With respect to urban planning, basic information had to be collected regarding the existing use of land in the cities—the location and nature of buildings, for example, the size of lots, and the location of open spaces. In 1943 the Urban Development Division conducted a detailed land-use survey of the city of Ponce; a few months later, on the basis of experience obtained from this pilot effort, the division surveyed the entire San Juan metropolitan area, using a team of over fifty men provided with federal funds. The resulting information was used to prepare land-use maps, the informational foundation of modern city planning.\textsuperscript{35}

Besides gathering information, the board had, of course,
many planning and regulating responsibilities. In discussing how these were fulfilled, it is important to distinguish between the agency’s relationship to development in the private sector on the one hand and its effect upon development in the public sector on the other.

Planning in the private sector was done according to advanced techniques of city planning, such as those that had been developed in New York City. Although the board’s jurisdiction in this realm was largely limited to urban areas, it included all urban areas of the island, and thus represented a greater degree of planning centralization than that found in U.S. cities and states. With its zoning powers the board controlled general land use, designating commercial, industrial, residential, and public zones. Zoning policies, which affected all new private construction, were expressed in zoning maps and a set of zoning regulations, officially adopted May 1, 1946. By means of land-subdivision regulations, adopted by the board on June 16, 1944, developers of new subdivisions were required to follow certain standards with respect to lot size, utility services, sidewalk and street specifications, and recreational facilities. As a consequence, residential areas that were developed after the war took on a far more agreeable look than older areas. Still another planning instrument was the official map, which designated the existing and projected layout of streets; this permitted the board to plan future urban growth and to reserve street rights of way without actually acquiring the land. The administration of these regulations and maps, i.e., applying them to individual private construction projects, was assigned to the office of the Urbanizing Permit Commissioner, an agency created in the insular Department of the Interior. In 1946 this unit was replaced by the Bureau of Permits, which became part of the Planning Board itself in 1950.

To protect the public from the board’s considerable power in the private sector, Act No. 213 provided procedural safe-
guards. As already mentioned, board decisions had to be approved by the Executive Council and legislature. In addition, before the board could adopt any regulation or plan, due notice had to be given and a public hearing held. Picó, rather than interpreting these requirements as mere "window dressing," assiduously complied with them; in fact his public hearings were so well conducted that they served not only to democratize planning, but to build support for it as well. Still another safeguard of private rights was a three-man Board of Planning, Urbanizing and Zoning Appeals which, until 1950, operated under jurisdiction of the Interior Department. Appeal to the courts could follow appeal to this board, and by 1946 about a dozen lawsuits were pending on planning matters. The Planning Board did not win all of these cases, incidentally—a fact hardly compatible with the idea that "a fascist system of government" had been established on the island.

PLANNING IN THE PUBLIC SECTOR

The techniques employed by the board in the private sector were up-to-date in that they were in accord with the most advanced city planning, that of New York. Techniques in the public sector, however, went beyond New York practice; rural areas as well as urban areas were affected, and current-expense budgeting as well as capital budgeting was incorporated into the planning process. Also the design of particular construction projects was integrated into public planning.

The most illuminating way to discuss these arrangements is to show how new capital construction was dealt with on the part of government agencies at various stages of development. These stages are long-range planning, financial programming, final project review, and detailed design.

Long-range planning was done in terms of the island's ex-
pected needs for the next twenty-five to fifty years. This was undertaken in the name of the somewhat abstract concept of a “Master Plan for the Development of Puerto Rico”—but in practice this amounted, as in the case of the New York “master plan,” to a series of separate long-range plans on different subjects. By the end of the Tugwell administration in June 1946 four such plans had been officially adopted by the board: a San Juan thoroughfare plan, prepared by the Urban Development Division; a rural road plan, devised by the Mapping Division; and a district hospital plan and an insular airport plan, both prepared by the Insular Industries and Services Division. Several other segments of the master plan had been drafted but not formally adopted.40

As planning over such a long span of time was entirely new on the island, it is not surprising that some controversy surrounded these early documents. The first one to be disclosed to the public was the San Juan thoroughfare plan, which proposed that a system of six-lane, limited-access expressways and other roads eventually be constructed for the island’s capital. By 1970, the Planning Board estimated, San Juan’s population would reach half a million and its vehicle registration would amount to 50,000. At a public hearing the plan was sharply challenged from several points of view, including the reasonableness of the statistical projections. Why, it was asked, would such an ambitious road system ever be needed for a city of less than 250,000 people?41 Today every driver in congested San Juan knows that the fault of this planning lay not in overambitiousness but conservatism; by 1960 San Juan’s population had already reached more than 450,000, and its vehicle registration amounted to 98,000.42

Long-range objectives as expressed in segments of the master plan were translated into definite financing schedules by means of the six-year financial program. This planning device was prepared annually by the Planning Board’s Finan-
cial Division. In effect it was a tentative six-year budget for the insular government, to be submitted to the legislature not for the purpose of enactment but to provide a comprehensive understanding of fiscal needs and resources as appropriations for the coming year were being passed. It was prepared in a manner similar to the budget process (although it underwent a public hearing), and, like the budget, it projected government expenditures, revenues, and debt—although for six years instead of one.43

Preparing the first six-year program was an enormous task. It fell to young Roberto de Jesús Toro, who was appointed the first head of the Financial Division. In fact, de Jesús was the Financial Division in 1943, as he had no staff under him. Lawrence Orton was in Puerto Rico several times that year, however, and de Jesús leaned heavily upon him for advice on how to proceed.44

The use of this new planning instrument posed many problems. One was the long-standing economic uncertainty of Puerto Rico. Future rum revenues and federal programs were impossible to foresee with accuracy, and the future constitutional status of the island was in doubt. Another area of difficulty was securing cooperation from agency heads. When the youthful de Jesús asked them to project their budgets in detail from 1944 to 1950, they either remained incredulously silent or frankly replied that they would spend whatever they could get.45 “Perhaps the most surprising thing about this first financial program,” the preface to the completed document commented, “is not that it is imperfect but that it could be prepared at all.”46

The fact that the first year of the financial program coincided with the coming budget year meant that the work of the Planning Board and the Bureau of the Budget, also created by Act. No. 213, overlapped. This act required that the final version of the financial program be in agreement with the
Administration of a Revolution

budget, but at the same time it opened the door to an independent line on the part of the board. The law specifically authorized the planning agency to make separate recommendations on the budget and to submit them to the legislature as part of the budget itself. Although the Planning Board took advantage of this provision in only one budget season of the Tugwell administration (1946), this did not mean that harmony always prevailed with respect to spending policy. Tugwell himself twice publicly criticized the financial program for not emphasizing greater expenditure on behalf of promotion of economic growth.\(^47\) For some years Sturcke of the Bureau of the Budget and Picó of the Planning Board jostled amiably over spending priorities, with Sturcke urging comparatively more current spending and Picó more capital spending.\(^48\) Gradually a *modus vivendi* was worked out whereby Picó would accept Sturcke’s views on current outlays and Sturcke would follow Picó’s lead in capital costs; eventually this division of labor hardened, so that in the end the primary function of the six-year program was to schedule capital improvements. By 1949, de Jesús—now himself the budget director—could note, “The relationships between the Bureau of the Budget and the Planning Board have been very close.”\(^49\)

Meanwhile the opinions of outsiders on the six-year financial program varied. On the one hand the chamber of commerce dismissed it as “an unorthodox program whose principal aim is the intensification of the Class Struggle.”\(^50\) On the other hand the New York architect Simon Breines observed, “From a purely professional point of view, the Puerto Rico Program is the finest example of its kind that has been produced in this hemisphere.”\(^51\)

In addition to planning ahead and scheduling public improvements, the Planning Board reviewed specific project proposals prior to their implementation. This gave the agency opportunity to check public works projects decided upon by
the legislature and departments against pertinent sections of the master plan. Legally no construction could be undertaken by the government—or even land purchased—without the board's approval, although its decisions could be overridden on appeal by the Executive Council. This did not often happen, however, and the power to pass upon "master plan referrals," as the review function was called, constituted an effective means of seeing to it that plans were carried out and not simply filed away and forgotten.

It should be noted that in the first few months of the Planning Board's existence practically its only substantive work was to review public-works projects. A "war emergency program" had been created by the legislature in November 1942 to create employment through new public works, and the board was temporarily designated to screen project proposals. Working day and night to create badly needed jobs as fast as possible, board personnel reviewed a thousand projects in seven months.⁵² When the war emergency program was later organized on a permanent basis the board began normal project review, with the activity located in its Division of Insular Industries and Services. During the first five years of this operation almost $100 million worth of public improvements was approved, while the expenditure of some $16 million was rejected; this calculation prompted the boast in an annual report that the Planning Board had saved the taxpayers "more than 23 times" its own cost of operation in this function alone.⁵³

An organization whose work forms part of the general picture of planning in the public sector is the Committee on Design of Public Works. This agency, which existed from 1943 to 1948, was separate from the Planning Board although it was linked to it by the fact that the board's chairman was by law chairman of the committee. Also sitting on the committee was Santiago Iglesias, Jr., of the Planning Board. Other mem-
part of the professional planning fraternity was, generally speaking, very favorable. Walter H. Blucher of the American Society of Planning Officials commented on the agency’s tenth anniversary, “I would be hard put to name any planning agency in the United States which is doing a more effective job than the Puerto Rico Planning Board... I know of no other planning board which plays as important part as does the Puerto Rico Planning Board in the everyday and long term governmental and development activities of your area.”

Again, however, general acceptance did not mean complete approval. In 1944, Oswald Garrison Villard wrote in the Reader’s Digest that the Planning Board was not giving enough attention to elimination of San Juan slums. In 1945, Philip C. Newman, a visiting professor at the University of Puerto Rico, expressed the opinion that “the Puerto Rico Planning Board is now so buried in the operational and political aspects of its job that it simply lacks personnel for long range planning.” Others criticized the board for procedural slowness, excessive emphasis on physical planning, and over-centralization—the first municipal planning commission was not organized until 1954.

Still another aspect of Puerto Rican planning that was criticized was the organizational location of the Planning Board. Although it was assumed—rightly or wrongly—that the board was within the executive branch, many felt that the agency’s practical power and political security would be permanently enhanced if it were transferred to the Office of the Governor.

When Muñoz became governor in 1949 a bill was introduced to effect this transfer. Picó happened to mention it in a letter to Tugwell, by now a professor of political science at the University of Chicago. Soon the former governor was protesting to Picó:
If you put the whole planning operation in the Office of the Governor, you may as well abolish the Bureau of the Budget because you will have obliterated the distinction between the six-year and the one-year budgets. You ought also to reduce the Board to a Director, take away its power to make regulations (which is legislative), and in all ways identify the Board with the short-term intentions of the four-year executive.

It was to induce long-run views, to increase objectivity, to reduce the influence of political log-rolling, etc., that such independence both from executive and legislative as we could contrive under the Organic Act was put into the Act. All this you sacrifice.65

When the transfer bill came before Muñoz for signature a few weeks later he did not sign it, possibly because Picó had shown him Tugwell’s protesting correspondence.66 In 1950, however, upon the recommendation of the Commission for Reorganization chaired by James H. Rowe, the transfer was effected as part of Reorganization Plan No. 11.67 This act represented, of course, the final blow to the Planning Board’s autonomy. As Muñoz and his fellow legislators had eliminated the board’s independence from legislative control in 1942, its independence from executive control, now that Muñoz was chief executive, was also being sacrificed. Although Tugwell succeeded in transplanting the comprehensiveness of New York planning to Puerto Rico, he was unable to create an autonomous “fourth power” there.
Public Enterprise

Adequate public administration is an essential underpinning for all aspects of a social revolution. But it is for the aspect of economic development, perhaps, that the importance of administration is most obvious. Here the problem of administration is made dramatically acute because of the great complexity of the process of economic development and because of the inevitably intimate role government must play in it. Yet the scope of the problem varies sharply from country to country, depending on—among other things—the relative proportions of public and private enterprise that are used for achieving development. In Puerto Rico, as it turned out, these proportions were somewhat unusual.

THE PROSPECTS FOR PUBLIC ENTERPRISE

Since the turn of the century there had been a certain tradition of public enterprise in some territorial possessions of the United States. The first modern public corporation to be established under the U.S. flag was the Panama Railroad Company, which was acquired in 1904. Ten years later the Alaska Railroad, which is part of the U.S. Department of the Interior, was authorized by Congress. At about this same time great experimentation was underway with public enterprise in the Philippines; during the administration of Governor
Francis Burton Harrison (1913–1921) the Philippine legislature created a government railroad, bank, coal company, petroleum company, cement company, iron works, and development company.¹

In Puerto Rico, however, only a limited public-enterprise tradition existed. Telegraph service was always in public hands, and in the early decades of the century the insular government undertook various irrigation and hydroelectric projects. Waterworks and sewer systems, to the extent they existed, were operated by municipal governments. The only government-owned manufacturing enterprise, however, was the Puerto Rico Cement Corporation, which was established in 1938 by the Puerto Rico Reconstruction Administration, a federal agency. The presence of socialism on the island, in other words, was quite limited prior to the nineteen-forties; unlike some other U.S. territories, Puerto Rico had a mixture of private and public ownership that was about the same as that of the mainland.

Part of the explanation for this seems to lie in the nature of Puerto Rican politics. For decades Puerto Ricans had been preoccupied with one political issue: whether the island should become independent or a U.S. state. Because the question of a basic constitutional framework had not been settled, comparatively lesser issues of public policy were largely ignored. Political parties were organized around the status alternatives rather than such issues as business versus labor or the role of government in the economy. Although a “Socialist” party was in existence for many years, by the nineteen-thirties it was a highly conservative institution that supported statehood.²

A second factor was the economic conservatism of those who decided economic policy in the absence of militant party action in this realm. The sugar men, both local and absentee, were in favor of large sugar quotas and other benefits of government action, but of course they were not receptive to governmental
programs that would threaten their interests. Wealthy businessmen also accepted government assistance—in promoting tourism, for example—but any competition from government enterprise would be opposed. In Washington the powerful territory committees of Congress always seemed to have a conservative bias, and many American officials on the island had a similar predisposition. In 1933, Governor James Beverley told San Juan businessmen:

My personal belief is that the business men and business interests should look after their own affairs with the cooperation of the Government but not with the primary initiative and burden on the Government ...

I am satisfied from experience that things the Government does are done with more trouble and more expense.

I have frequently thought as a result of personal experience that the Government never does anything right. It seems to me many times that it costs us more to do things and we get less efficient results than if they were done by private individuals.3

In 1941, however, the environment of Puerto Rican economic policy suddenly changed. Both of the factors that had led to a conservative orientation in earlier years were largely reversed. For the first time in the history of Puerto Rican politics a party platform was adopted which ignored the status issue for the time being and instead concerned itself with economic and social questions. The leader of this party, Luis Muñoz Marín, soon replaced the elite of the "better element" as possessor of political power. The Senate president was not, of course, an economic conservative, but rather a proponent of vigorous government action on behalf of social welfare and economic development. In fact Muñoz, in his youth, had been an outright Fabian socialist among literary intellectuals of New York. In the 1924 presidential campaign in the United States he had worked for the Progressive candidate, Robert M. LaFollette.
Moreover the new governor of Puerto Rico, Tugwell, had the reputation of being a radical economist, a left-wing New Dealer, and a champion of government planning. When the U.S. Senate was debating confirmation of his appointment, Senator Robert Taft objected, "He looks with the greatest sympathy on the program of communism in Russia. He is in favor of the redistribution of wealth and the totalitarian state." Apropos of these sentiments Tugwell was known in conservative circles as "Rex the Red."

With this new emphasis on economics in Puerto Rico, and with a former socialist and a radical New Dealer in charge of the government, many persons must have wondered what the economic philosophy of the island would become. After decades of conservatism would Puerto Rico now take a sharp turn to the left?

PUBLIC-UTILITY BATTLES

In the field of public utilities alone there was considerable opportunity for socialism. Water service, a municipal responsibility, was pitifully inadequate. Electric power was public over most of the island, although in San Juan and Mayagüez private franchises were still in effect. Telephone service, almost all of it rendered by one private firm, was extremely poor. Public opinion strongly backed the expansion of public enterprise in these areas, and the reform government was prepared to respond to this demand.

With respect to water service the issue was not socialization, strictly, but "insularization." Water supply and sewer service were already in public hands, but, unfortunately, incompetent ones; the scores of tiny municipal governments had neither the tax revenue nor the administrative ability to operate something as complex as a waterworks. Commissioner of Health Fernós Isern informed the Chavez committee that a
primary reason for the high incidence of diarrhea and enteritis was that 30 per cent of the water in urban areas was contaminated, and in rural areas 100 per cent. The cause was quite simple: in sixty-one of the seventy-seven municipalities the water was not treated (in three others there was no public water service at all).

The municipality of San Juan had a water system, and it was larger and more sophisticated than most. But it too was unreliable and often unsafe. When Tugwell was preparing to go on his mission to Puerto Rico in the spring of 1941, Roosevelt told him as he was leaving the White House, “Tell me whether we have got rid of the slums; and whether there is any place on the island to get a safe drink of water.” Tugwell’s conclusion on San Juan’s water was formed the moment he arrived at his hotel. In the lobby he was informed, “The water’s filthy,” and in his room he stepped into the shower only to find the pressure zero. “I had a dry rub with a towel; but I began then and there to have unkindly thoughts about the city government of San Juan which would not be dissipated for a long time to come.”

After returning to Washington, Tugwell—soon aware of his impending governorship—looked around for funds that could be used to rehabilitate the San Juan waterworks. The head of the Public Works Administration, Colonel Maurice E. Gilmore, personally favored the idea of a federal grant, with one proviso: that the insular government take possession of the system. Gilmore said that he had found on the basis of past experience that the city administration was not sufficiently competent to work with in such a project. The city at this time was under Coalition control, with Resident Commissioner Bolívar Pagán unofficially in charge.

Accordingly, Tugwell called a special session of the legislature a month after his inauguration in September 1941 and proposed that the recently created Water Resources Authority
be authorized to take over all municipal water systems.9 This was immediately done, with specific mention of the San Juan system in the authorizing statute. At the same time the legislature created a new public corporation, the Insular Sewerage Service, which was put in charge of all municipal sewer systems, again specifically including that of San Juan. The following spring (1942) another law was enacted clarifying these centralization powers, and soon a corporate subsidiary of the Water Resources Authority—the Puerto Rico Aqueduct Service—was organized to assume control of insularized waterworks.10

The centralization of water service and sanitation proceeded smoothly under these arrangements in the small towns of the island, but in San Juan the program met stiff political opposition. Commissioner Pagan did not want to lose the profit that the San Juan waterworks was making for the city, and more importantly, he did not want to lose control of the patronage it entailed. Pagan visited President Roosevelt to complain that the action was “not democratic” and “will be the start of tyranny in Puerto Rico.” 11 The San Juan city manager, Gonzalo Diago, cabled Secretary of the Interior Ickes that the take-over was “an open violation of our rights as citizens of this city.” 12 Not content with verbal blasts, the city sued in San Juan district court, arguing that “private” or “proprietary” property was being seized without due compensation and the action was thus contrary to the organic law. A local judge agreed with the city’s contention, which meant that Pagan’s patronage remained intact pending the outcome of litigation.13

Meanwhile the San Juan city government was actually taking steps to improve its water system. At the same time that Tugwell was seeking federal funds for a San Juan water project, the city government was doing the same. Thus the Federal Works Agency—which included Gilmore’s Public
Works Administration and allocated federal funds for such purposes—was caught in the middle of a battle between two governmental jurisdictions and two political groups. Also the agency was being pressed by two rival plans. Whereas the city's engineers and consultants proposed to draw more heavily on the existing source of water, the Bayamón river, the insular engineers planned to tap a new source, the Luquillo rain forest.\(^\text{14}\)

In October 1942, much to the disgust of Tugwell and others on the insular side, the F.W.A. announced that the city government would receive $4.3 million to carry out the Bayamón river program. The explanation given later by the agency was that the municipal proposal would require less critical materials (an earthen dam was called for, among other things), and that insularization of the system would likely be delayed some time. This action prompted two Popular members of the insular House, Elmer Ellsworth and Jesús T. Piñero (later governor) to protest to Secretary Ickes that the city's plan was definitely inferior to the Luquillo proposal. "It appears to be a quick but temporary alleviation of the water shortage rather than an effective measure of permanency," they said.\(^\text{15}\) Two years later Tugwell was to write the F.W.A. head, General Philip B. Fleming, concerning the decision, "I felt that, after considerable trouble, your Agency had definitely let us down. And no one was able to assign any but a political reason for it." \(^\text{16}\)

In April 1944 the Supreme Court of Puerto Rico settled the legal question by affirming the obvious, that the waterworks was "public" property and the city was a creature of the insular government. In December the San Juan system was formally transferred to the Puerto Rico Aqueduct Service, under the direction of Sergio Cuevas Bustamante. At this time the Bayamón improvements were 70 per cent complete; so there was no choice but to finish them. But the project to tap Luquillo's water was initiated too.
When the Bayamón project was finally completed in 1946, the reservations held by many concerning the competence of Pagan's city administration were unfortunately confirmed. The new dam and reservoir, costing more than $5 million, produced few tangible benefits. Cuevas informed the F.W.A. that very little water was being obtained from the new facilities, although costs of operating them were very high. Governor Piñero even demanded a congressional investigation of the affair, "before the people of Puerto Rico are made to pay for mistakes of the engineers who designed what apparently is a white elephant." "

It was only after some years of insular administration, when the Luquillo project and other improvements were carried out, that San Juan was blessed with a clean and plentiful water supply—a priceless asset to the city's residents and visitors.

Meanwhile another long row had taken place over another public utility, electric power. A public power movement can be traced back to 1908 in Puerto Rico, when the insular Department of the Interior embarked on an irrigation program for sugar cane along the south coast. In connection with this project a small hydroelectric plant was planned, which began operating in 1915. The resulting electrical service compared very favorably with that offered by the several private utilities, and this kindled a popular appreciation of public power. As the years went by, new units were added and public enthusiasm for government activity in the field continued to grow. By the middle nineteen-twenties the legislature was ready to declare maximum development of public, hydroelectric power as an official objective. To reach this goal a special property tax was levied to provide funds, and a power system was created in the insular Interior Department known as Utilization of Water Resources.

The guiding spirit behind this movement was Antonio Lucchetti, a brilliant Puerto Rican civil engineer and administrator. Born in Ponce in 1888 and graduated in engineering
Antonio Lucchetti, manager of the Water Resources Authority, pictured in 1946.

Jesus T. Piñero, the last appointed governor, who served from 1946 to 1949.

from Cornell in 1910, Lucchetti devoted almost his entire life to realizing a dream that possessed him: construction of a modern, ample, integrated, and government-owned electric power grid for Puerto Rico.

Lucchetti directed the Utilization of Water Resources throughout its existence, and under his leadership its service expanded over a large portion of the island. With assistance from the Puerto Rico Reconstruction Administration, several new hydroelectric and other facilities were built. Lucchetti's emphasis was always upon hydroelectric sources for power rather than thermoelectric because of the abundance of rainfall on the island and the absence of coal and oil deposits. In the spring of 1941, after years of ill-fated effort, Lucchetti succeeded in getting the legislature's approval of a statute drafted by him which transformed the Utilization into a
public corporation, the Puerto Rico Water Resources Authority. This agency, under Lucchetti’s direction, continued the power program with even greater effectiveness, and today it stands as one of the most prestigious and efficient components of the insular government. In 1951—a year before Lucchetti’s death—Governor Muñoz paid homage to him as “one of the best public servants in America.”

But at the beginning of the Tugwell administration Lucchetti’s power grid was only about three-fourths complete. Essentially one step remained to make it cover the entire island: acquisition of the two remaining private utilities, the Porto Rico Railway, Light, & Power Company, and the Mayagüez Power, Light, & Ice Company. Porto Rico Railway, which was owned by Canadian interests and Lord Beaverbrook, served San Juan and the surrounding area; Mayagüez Power, a much smaller utility owned by a prominent local family, had a franchise for the western end of the island. For years there had been public clamor for government take-over of these two systems, and in 1939 even the Coalition-controlled legislature had authorized purchase of the Canadian firm. The sale was not consummated, however, because the Utilization did not feel that it could float the necessary bonds to underwrite the transaction while condemnation proceedings were in court.

In the spring of 1941, at the same time the Water Resources Authority was created, the legislature voted for acquisition of both private power systems. Yet when the United States entered the war in December of that year the matter was still hanging fire. Tugwell felt that Beaverbrook and his fellow investors had no intention of selling the utility, and he decided to try a new way of completing the public system. He went to Washington and persuaded President Roosevelt to order the Federal Works Agency to seize Porto Rico Railway under the president’s wartime powers—on grounds that the military...
establishment needed reliable power and that precious fuel oil had to be conserved. F.D.R. accommodated by signing on the spot a letter to General Fleming of the Federal Works Agency that had been previously drafted. Upon returning to Puerto Rico, Tugwell coolly informed the astonished utility officials that their firm had been federalized and that Lucchetti’s Water Resources Authority had been appointed its administrator for the time being. When the Authority assumed control of Porto Rico Railway in July 1942, the public power system was—except for the island’s west end—operationally complete.

The seized company contested the order, charging that the action had nothing to do with the wartime emergency but was an act of “conspiracy” on the part of Tugwell, Lucchetti, and Ickes. In U.S. Circuit Court (Boston) this charge was ignored, but nevertheless the action was annulled on grounds that Roosevelt’s order was not sufficiently specific and that the statute used to support the order—the Lanham Act—could not be so construed. Immediately attorneys for the Federal Works Agency took new action, however, and re-seized the utility by means of the First War Powers Act. In December 1943, before the courts rendered judgment on this action, an out-of-court settlement was reached whereby Porto Rico Railway and Mayagüez Power were purchased by the Water Resources Authority for the sum of slightly under $13 million (by this time bonds could be sold to obtain the funds). Although in an operational sense Lucchetti’s grid had been about complete for a year and a half, it was now permanently and entirely complete.

A few minutes after the electric-utility purchase was arranged, Tugwell and James Curry, an attorney at La Fortaleza, toasted the victory with champagne in the governor’s office. “Telephones next?” asked Curry. “You bet,” replied Tugwell.
Tugwell had thought that acquisition of the private telephone utility of the island, the Porto Rico Telephone Company, would be much simpler than the power fight. The telephone-using public, sorely irritated by years of inferior service, thoroughly backed the move. Muñoz and his party were also in complete support of it. In the spring of 1942 a public corporation, the Puerto Rico Communications Authority, was created to operate the acquired system, and a statute was passed declaring the government’s intent to purchase.27 The following year a bank loan of $5 million was arranged to help finance the transaction, and a committee of appraisers was appointed to set a reasonable price. It issued a report in due time which recommended a figure of about $7 million, a sum that could easily be afforded by the government. In short, all was in readiness for the take-over.

But it never took place.

The Porto Rico Telephone Company was organized in 1914 by Hernand and Sosthenes Behn, two Virgin Islanders who later made history in the communications industry by founding the International Telephone & Telegraph Corporation and extending their operation to many Latin American countries. The franchise in Puerto Rico—one of their first—including most of the island’s internal telephone service and all service abroad. It was to be valid for thirty years, after which the government of Puerto Rico could exercise an option to buy. The option would come up again every ten years.28

The thirty-year period would end on September 4, 1944. If all arrangements for the purchase were not complete by that day the option could not be exercised for another decade. The above-mentioned preparations for the transaction had been in progress for two years, however, and the deadline did not seem to present a problem. In the spring of 1944 the legislature took up a bill which would have confirmed the arrangements and opened the way to final signing of papers. This bill passed the
Senate unanimously, but in the House—where the Liberals were then revolting against the Populars—Rafael Rodríguez Pacheco, a Liberal, suddenly switched his vote and the bill was killed. The House then established an ad hoc committee to study the fairness of the appraisal value of $7 million, and the data of its first meeting was set suspiciously close to the September 4 deadline. The committee did not report in time, and the opportunity to exercise the option passed by.29

In the elections of that fall the Popular Democrats obtained overwhelming control of the legislature, but of course by then it was too late to purchase the company by means of the option. In 1946, as an alternative method of taking the company, the Puerto Rico Communications Authority took steps to expropriate a considerable part of the firm’s property by right of eminent domain; this action was stopped, however, by a temporary restraining order. In 1950 and 1951 a permanent injunction was denied by federal courts, opening the way to expropriation. But, despite the fact that public complaints of poor telephone service continued, the government did not then proceed to insularize the company.30 Also when the purchase option was again open in 1954 no action was taken. Apparently, even though Muñoz had advocated taking the telephones when Tugwell was in La Fortaleza, he decided against it when he himself was installed there.

THE DEVELOPMENT AGENCIES

The efforts of the Puerto Rican government to take over water, electric power, and telephones were, in economists' terms, attempts to strengthen the "infrastructure" of the Puerto Rican economy—the basic supporting facilities, sometimes called "social overhead capital." Such strengthening is usually necessary as a prelude to economic development. But to bring actual expansion and diversification of economic pro-
duction, additional government action is almost always required. And frequently underdeveloped countries turn to publicly owned commercial and manufacturing operations as a means of stimulating economic growth.

In Puerto Rico in the nineteen-forties this type of activity was undertaken by three development agencies:


2. The Puerto Rico Development Company, also established in 1942 (later renamed Puerto Rico Industrial Development Company).


It is illustrative of the extremely innovative character of Puerto Rican government in the early nineteen-forties that the Development Bank was formally established long before the need was felt to use it much, and long before the decision was made on what really to use it for. For two or three years it was a skeletal organization, with a full-time management consisting of a single official. Even in 1945, when its operations began to amount to something, the staff numbered only eight. The brief statute that created it in 1942 said almost nothing about what it was to do, except for “engaging in general banking business.” Its first charter, designed to cover every possible type of activity its directors might later wish to undertake, authorized it “to manufacture, purchase, or otherwise acquire for cash or credit, hold, own, mortgage, encumber, sell, assign, transfer, or otherwise dispose of, to invest, trade, deal in, deal with goods, wares, and merchandise, real and personal property of every class and description.”

As the functions of the bank evolved, they did not, however, include manufacturing or merchandising. Gradually the institution assumed two roles. First, it acted something like a central bank by holding government funds, negotiating gov-
ernment bond sales in the continental U.S., and serving as clearing agent for checks passing through Puerto Rico. Second, it performed in the role of an investment bank, specializing in projects that would assist economic development; it made long-term loans to private builders, government corporations, and especially to industrialists who were starting or expanding operations on the island. In extending this credit the bank meticulously avoided high-risk investments, being determined to maintain itself as a “sound” financial institution. In general its policy was to invest in projects that the private Puerto Rican banks traditionally did not lend money for, with the idea that once private capital had accepted the new field of investment the government would withdraw.34

The Development Company, unlike the Development Bank, was not created prematurely. It began operations immediately in the fall of 1942, with Teodoro Moscoso, Jr., as general manager. Its organic statute is long and detailed, reflecting the amount of previous thought and planning that had gone into it.35 The drafters of the law kept in mind a Chilean agency, the Corporación de Fomento de la Producción (“corporation for stimulation of production”), which had been established three years earlier and which is considered the prototype of the general development authority found in many developing countries today. The Puerto Rican “Fomento” departed significantly from the Chilean model, however, in that it sought industrial development alone and not agricultural, and also in that it was not the center of economic planning; in other words it was not really a general development authority.36

The original statutory powers of the Development Company were to undertake research with respect to natural resources, marketing, and new products; to make loans to industrial or commercial enterprises, with priority given to governmental or cooperative undertakings; to promote private investment in new industries by “residents of Puerto
Rico" so as "to avoid the evils of absentee ownership"; and, finally, to establish public manufacturing enterprises.

In the first half of the nineteen-forties, use of the manufacturing authority formed the principal element of the Fomento program (or "Operation Bootstrap," as it was called in English). Five industries owned and operated by the government were associated with the Development Company, all of them organized as corporate subsidiaries of it. These were the Cement Corporation, started by the federal Puerto Rico Reconstruction Administration but wholly owned by the company by the fall of 1943; the Puerto Rico Glass Corporation, launched by the company to produce bottles for local rum; the Puerto Rico Pulp and Paper Corporation, created to manufacture paperboard for packaging the rum; the Puerto Rico Clay Products Corporation, intended to manufacture clay tile and sanitary ware; and the Puerto Rico Shoe and Leather Corporation, a shoe factory. All of these industries made products that were sorely needed on the island, and all of them except the shoe plant could depend on local raw materials such as silica sands, clay, and bagasse (the residue of sugar cane after extraction of the juice). The bottle and paperboard factories specifically serviced the rum industry, which was booming during the war and bringing the government millions in extra revenue at that time.37

With one exception, however, the government's manufacturing ventures were failures. The cement company was a fine success, but the other four industries lost enough money to absorb most of its high profits. Because of incompetent personnel and an inability to compete with mainland products, the clay-products and shoe factories ended up as fiascoes. As for the bottle and paperboard plants, the rum boom ended before they were in production, thus removing their raison d'être.38

In the middle nineteen-forties a fundamental reassessment of the Fomento program was undertaken. It was realized that
the industrialization strategy to this point was producing wholly unsatisfactory results; in addition to begetting several embarrassing failures it was creating new jobs very expensively and slowly. Only a thousand or so men had been given work by Fomento operations, and the cost of each new position was about $10,000 of capital. An army of unemployed numbering 125,000 remained to be taken care of, and the inflated rum revenues that had provided the government extra capital were now back to normal.39

In the face of this critical situation it was gradually decided to shift Operation Bootstrap from primarily a socialistic pro-
gram to one with a strongly capitalistic orientation. The only feasible way to industrialize Puerto Rico, it was felt, was to turn to the enormous financial resources and entrepreneurial skills of private U.S. businessmen. The shift was signaled by an "aids-to-industry" program that was established in 1945. According to this the Development Company built factories and leased them under liberal terms to American firms that wished to come to Puerto Rico. In 1947 the attractiveness of investment in Puerto Rico was greatly increased by passage of a tax bill which exempted new industries from all insular taxes for a lengthy period. Soon other devices for luring mainland industries were developed, such as market studies, training programs, and special loans. As a result of this treatment (and also low Puerto Rican wages) U.S. industrialists could quadruple, on the average, their mainland profits—which explains why they began to establish plants in Puerto Rico by the hundreds in the nineteen-fifties.

In 1950 the socialistic phase of the development program was officially ended by sale of all government plants to private owners. The shoe factory was sold to a California firm, and the four others—including the profitable cement plant—were sold as a package to the Ferré family of Ponce. The price of the Ferré sale was an attractive $10.5 million, and the transaction was assisted by a generous loan from the Development Bank.

Thus the Fomento program was entirely different at the end of the nineteen-forties from what it was at the beginning. It had switched from an approach emphasizing public enterprise to one intensely favorable to and entirely dependent upon private enterprise. Also it had changed from a program designed to favor Puerto Rican investors to one primarily aimed at U.S. businessmen. Finally, its organization was altered; in 1950 a new agency, the Economic Development Administration, was superimposed over the Development Company. Over-all developmental planning, meanwhile, was
made a responsibility of the Economic Division of the Planning Board, also created in 1950.42

Although Tugwell agreed with Muñoz, Moscoso, and others that industrialization was the key to Puerto Rican economic development, the governor retained a particular interest—probably left over from his academic and New Deal days—in agriculture. A manifestation of this interest was his proposal, made in February 1945, that the legislature create a special "Fomento" for agriculture. The existing Fomento and its directors, Tugwell remarked, "are intent on industrialization, and this concentration has made it impossible to interest them hitherto in the neglected possibilities of agriculture." 43

Tugwell had got the idea for an agricultural Fomento from the short-lived Société Haitien-Américaine de Développement Agricole, which the Export-Import Bank of Washington had financed in Haiti.44 The legislature obligingly created a new public corporation, the Puerto Rico Agricultural Company, and provided it some $12 million in working capital.45 Thomas Fennell, former director of the Haitian organization, was appointed the company's manager. It was the general expectation that the Agricultural Company would proceed to do for agriculture what the Development Company was doing for industry.

The Agricultural Company's aims were to experiment with new crops and strains of livestock, to demonstrate the profitability of new methods of production, processing, and marketing, and to rehabilitate the economy of Vieques, a small island off Puerto Rico. To accomplish these objectives the company established a large number of public enterprises. It organized several farms on which were raised cattle, swine, poultry, sugar cane, vegetables, pineapple, and other items. It set up a model dairy, a candy and jelly plant, and a cigar factory. As a demonstration project six supermarkets were opened in the
San Juan area, and to investigate Caribbean fishing potentials a large fishing trawler, *La Reina del Caribe*, was specially built.¹⁶

Although a few of these ventures had a measure of success, such as the model dairy, the remaining ones failed. The farms did not bring innovation or increased production to Puerto Rican agriculture but succeeded only in losing money. The cigar factory put such poor tobacco in its cigars that they were unsmokable, and the supermarkets had to be closed because of poor management, pilfering, and other problems. *La Reina del*
Caribe could not find fish in commercial quantity and eventually had to be disposed of at a tremendous loss. Attempts to improve conditions in Vieques failed because of transportation and labor problems, and because the U.S. navy took over much of that island’s territory. Soon it became obvious to legislators and the public in general that millions were being spent with infinitesimal results and that the program as a whole was a failure.47

The explanation for this is complex. Agricultural problems were and are enormous in Puerto Rico, and even an effective Agricultural Company could not have really “solved” them to the extent of bringing agricultural production up to a level that could support adequately the huge rural population. But the company succeeded in doing very little even to improve agriculture. One problem was that the corporation was expected to serve in a welfare capacity on Vieques; thus pressure was on it to keep investing in enterprises there despite heavy losses. Another problem was the company’s manager. Thomas Fennell was a most unusual public administrator in that instead of being too cautious and unimaginative he possessed the very opposite characteristics, and to an extreme degree. It is reported that he rushed into projects without preliminary planning, that he ordered large inventories of goods without ascertaining precise needs, and that he embarked on new experimental programs without bothering to consult pertinent research that had been completed years before. Encouraged by strong backing from Tugwell and considerable legislative generosity with funds, Fennell simply tried to do too many things too quickly.48

In 1953 the Agricultural Company was liquidated in disgrace; it was the one major government agency created in the Tugwell period that, instead of prospering and becoming a permanent part of Puerto Rican administrative life, died an early death.

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THE PUBLIC CORPORATION

All of the public enterprises established in the Tugwell administration were organized as public corporations; that is, they were legally incorporated, financially self-sufficient (theoretically), and administratively apart from the regular departments and agencies of the bureaucracy. No less than fourteen of them were established during the period 1941–1946. Collectively the corporations represented a substantial proportion of the insular government; in 1945 their total work force numbered almost 4,000, or about 17 per cent of the insular total. By the 1946–1947 fiscal year they were receiving 9 per cent of the income of the central government and were responsible for 14 per cent of its disbursements. It was during the early nineteen-forties that the public corporation—today an extraordinarily popular administrative device in Puerto Rico—first became an important feature of the insular scene.

The main reason for so many public corporations was that numerous public enterprises were being launched and the corporate device was the administrative form commonly used for such activity in the United States and elsewhere. As General Manager Sánchez Vilella of the Transportation Authority explained regarding the use of the corporate form in running San Juan's buses:

In choosing the device of the public corporation the legislature followed the experience of the Federal Government and many States, which have found that type of organization most suitable to governmentally operated business enterprises. It was felt that the red tape and political intervention that often hinders governmental activity could best be avoided by a corporation having its own board of directors, able to finance its expenditures from its income, make its own purchases, with power to borrow for capital needs, in short possessing the legal powers and flexibility of a private corporation yet subject to control on matters of policy by the legislature.
But also there were supplementary advantages of the public corporation when used in Puerto Rico. It could be employed to some extent as a device for escaping colonial control—to avoid, for instance, a rather restrictive debt limit Congress had imposed on island governments. The Jones Act of 1917 limited the borrowing authority of the central government and the three largest municipalities to 10 per cent of assessed property valuation. An infrastructure could not be built nor an economy stimulated without large amounts of capital, which in many cases would involve government borrowing. Hence, beginning with the statute creating the Water Resources Authority, a provision was included in each corporation's organic act whereby it could issue bonds that "shall not be a debt of The People of Puerto Rico or any of its municipalities." Although the legality of such an escape hatch to the debt limit was often questioned, this did not keep it from being used; on June 30, 1945, for example, the corporations had a collective debt of $28.2 million, as compared to $11 million for the central government. At that moment the debt capacity of the insular government was estimated at $36.8 million, or $2.4 million less than the corporate and insular debt combined.

Another anticolonial advantage of the corporation device was that it helped to keep the American governor from interfering with programs under corporate jurisdiction. The Puerto Rican legislature had been ingenious over the years in withholding administrative power from the governor; and although Tugwell in the nineteen-forties partially succeeded in reasserting it, his success did not apply in the field of economic development. Muñoz and his followers kept firm control of efforts in this area, and they did so by designing the developmental corporations so that they were quite outside the governor's orbit. To illustrate, all developmental corporations existing in 1945 were set up so that: (1) they were located outside depart-
ments rather than linked to them; (2) their boards of directors were appointed by a group and not the governor alone (with exception of the Agricultural Company, considered Tugwell’s “baby”); and (3) their managers were appointed by the boards of directors rather than the governor.55

No one was being fooled by these arrangements; Tugwell and Muñoz frankly acknowledged them. In the 1943 meetings of the President’s Advisory Committee in Washington, Tugwell noted, “We have gone to some pains in Puerto Rico not to have the Governor responsible for development companies.” Muñoz replied, “You know the argument for that, the appointive governor. You never know who it is going to be the next day. That argument would not apply to the elective governor.”56

In contrast to the situation prior to 1945, however, a trend is observable in the latter half of the nineteen-forties in which the public corporations were more closely integrated with the regular bureaucracy. Several newly created corporations were placed in departments rather than outside them. The governor was given increasing appointive power with respect to their officials. And gradually the corporations were made subject to more and more central staff controls—they were required to submit business-type budgets to the Bureau of the Budget, to undergo post-auditing by the Auditor’s office, and to deposit their funds with and sell their bonds through the Development Bank.57

There were, no doubt, many reasons for this integrating trend. One was probably the presence of numerous U.S. public-administration experts associated with the Public Administration Service and the 1949 Reorganization Commission; their thinking reflected a similar integrative trend then taking place in the federal government.58 Another was the success and growth of the staff institutions started or inspired by Tugwell, that is, the Bureau of the Budget, Planning Board,
and Office of Personnel. It was perhaps inevitable that, as these units developed, they would embrace the corporations as they had the departments. The final reason, and unquestionably the most important, was the appointment and then election of Puerto Ricans to the governorship; now there was no fear of giving the chief executive control of economic development, since it was no longer possible for a reactionary North American to appear suddenly in La Fortaleza and sabotage the program.

But apparently not all administrators of the public corporations were pleased with the integrating trend. Post-auditing by Auditor Cordero was sometimes a cause of contention, for example. Although the Auditor always believed he was charting an appropriate middle way between noninterference with corporate freedom and the safeguarding of public funds, the corporations’ management did not always agree. Moscoso, whose industrial managers had at times been criticized by Cordero for distributing generous incentive bonuses and undertaking other businesslike practices, wrote the Auditor rather testily in 1948:

Someday someone in this government will have to decide this question of basic policy: are the business enterprises which the Government has embarked on to be run as government bureaus or as private business enterprises? We are not trying to defend bad management practices or inefficient administrative procedures... We have no quarrel with the desirability of maintaining proper administrative standards in government and also in business; our apparent lack of agreement with your Public Corporations Audit Division and with your office seems to be on the question of the use of certain business practices commonly followed by private enterprise to stimulate its executives, expedite its business, and keep itself ahead of its competitors. Apparently government-in-competitive-business simply does not work in a democracy; the morale of managers, supervisory personnel and even labor is extremely hard to maintain in an industrial enterprise created within a political framework. Copies of your Public Corporations Audit Division’s re-
ports go to all our managers and invariably the result is a considerable reduction in the initiative and willingness to take normal business risks. They begin to think in terms of covering themselves, of keeping their records clean rather than in terms of making a success out of their business in competition with competitors who are not tied down by the fetters of government bureaucracy.\textsuperscript{59}

\textbf{CRITICISM FROM THE RIGHT}

Criticism of Puerto Rican public enterprise was, of course, almost inevitable. Several influential interests were suffering real or potential losses: Bolívar Pagán was losing his waterworks, the Canadian utility group was being divested of its power franchise in San Juan, and the Porto Rico Telephone Company was being threatened with expropriation. But more fundamentally, the government was abandoning its pre-1940 role of limited participation in the economy in favor of a distinctly interventionist role. In administration this change was being made manifest by the appearance of numerous new public corporations. To advocates of laissez faire these developments must have seemed alarming.

The critics employed various tactics against the expansion of public enterprise. One was to fight it on legal grounds, as illustrated by the court battles connected with the various utility struggles. Attorney General George Malcolm, who opposed the reform program and Tugwell so vehemently that he was discharged by President Roosevelt in 1942, argued that the new public corporations themselves were of doubtful constitutionality. They violated, he said, the Jones Act prohibition against the creation of new departments, and also they did not meet that statute's requirements that the governor control all agencies and that the Auditor pre-audit them. In addition Malcolm considered these new agencies wasteful; on the day he was fired he told the combined service clubs of San Juan, "Where I take direct issue is with an executive who would
dump a whole series of half-baked projects onto a people in wartime, to divide and confuse them and to divert time, energy, and money from what should be our sole object—to win the war." 

In addition, the public-enterprise experiments were attacked on ideological grounds. In 1946, Congressman W. Sterling Cole of New York inserted in the Congressional Record an editorial from El Mundo which lamented that while the nation was moving toward postwar reconversion to private enterprise, Puerto Rico was going in the opposite direction, to "obligatory socialism." Early in 1942, the Puerto Rico World Journal (San Juan) printed a chart entitled, "Structural Diagram Showing Governmental Dominance of Economic Life in Puerto Rico." It contained boxes and lines showing how "banking" was being dominated by the Development Bank, "transportation" by the Transportation Authority, and so on. The text below explained:

The diagram shows in as clear a way as had been yet devised, just how far the Insular government, under Governor Rexford G. Tugwell, has gone in order to establish what Congressmen in Washington are now describing as a "socialistic" type of control over almost every conceivable phase of life and activity in Puerto Rico . . .

These agencies are now in process of gradually taking over every important private industrial, commercial, and agricultural enterprise on the island . . .

In the foreground of the entire diagram stands the Governor, making appointments, and like a super-magician, pulling the strings that manipulate this most unwieldly of bureaucratic marionettes.

Also, curiously enough, Puerto Rican public enterprise, like the reform program in general, was denounced not only as left-wing but right-wing. Bolívar Pagán, who as head of the "Socialist" party could hardly attack anyone for socialism, argued that the creation of so many public corporations indicated the government had a "fascist mentality" suggestive
of contemporary Italy and Germany. The Bell committee seized upon this theme for the final report on its investigation of Puerto Rico. In addition to reproducing the diagram just mentioned, the report contained a chart entitled “Interlocking Control of Puerto Rico Governmental Agencies.” This was designed to prove that a single small elite was controlling all of the public corporations by means of overlapping membership on boards and corporate bodies. The committee then commented, “It requires only a brief and cursory study of the pattern created by this new control through authorities and governmental agencies to understand that it is quite comparable to the pattern used by the Fascists in Italy to control every avenue of business life.”

The critics were not entirely wrong. There were probably some valid incompatibilities between the Jones Act and the public corporation, although most of the possible violations of law had been practiced for decades in the past. Also there were some “half-baked projects,” to use the Attorney General Malcolm’s term; the Communications Authority never realized its potential because of failure of the telephone take-over, and the Agricultural Company and most of Fomento’s industries were debacles.

But, in contrast to these failures, there were several unquestionable successes. The Water Resources Authority, Aqueduct and Sewer Service (the separate aqueduct and sewer services had merged in 1945), and Transportation Authority (later Metropolitan Bus Authority) magnificently carried out their assigned tasks, and thereby added greatly to the infrastructure of Puerto Rico’s economy. The Development Bank, whose original assignment was vague, was nevertheless eminently successful in performing the roles later set for it. Fomento’s program of attracting private industry was amazingly fruitful, as is well known. Whereas the island’s per capita income was $121 in 1940, it was $279 by 1950 and $565 by 1960. In these
years production increased, in terms of constant 1954 dollars, from $499 million to $863 million and then to $1,415 million. Although at the beginning of the nineteen-forties the Puerto Rican economy was stagnant, at the end of the decade it was well into W. W. Rostow’s “take-off” stage.

The critics’ arguments on legality and waste may have occasionally struck home, but their ideological denunciations were wide of the mark. Puerto Rican public enterprise was no more “fascist” than the Tennessee Valley Authority. The cry of socialism was, at least, logical; but obviously not “every important private industrial, commercial, and agricultural enterprise” was taken over by the government, as the *World Journal* maintained.

The government’s philosophical position with regard to public ownership swerved substantially to the left in the early nineteen-forties, but in the late forties it shifted back quite far to the right. The private telephone system was not seized, despite continuing public clamor for expropriation; the government bank was leaning over backward to avoid competition with private bankers; all of the government’s industries were sold; and the industrialization program had turned to very favorable treatment of American capitalism as the primary means of stimulating economic growth. Among students of economic development Puerto Rico was becoming known as the outstanding case of induced growth by almost exclusively private investment, rather than in conjunction with liberal amounts of public investment.

Thus we find that despite the presence of the supposedly radical Tugwell and Muñoz the revolution turned out to be ideologically mild. Tugwell inspired creation of the Agricultural Company and assisted in the utility take-overs, but in the realm of industrialization his views—substantially to the left of those of Muñoz and Moscoso—had little influence. Muñoz, despite his socialist youth, had become a hard-headed
pragmatist who was willing to take whatever ideological course would most benefit his people. When it was realized that utilization of U.S. capital and markets was the only way to provide for the material well-being of the greatly over-crowded island, the ideological consequences of this decision became irrelevant.

With regard to public administration, the fact that public enterprise did not become a major theme of the revolution meant that the tasks of administration would be reduced—there were no giant state industries and corresponding control apparatus to operate. This was perhaps fortunate in view of the failures of Fomento's industries. But government was given the function of stimulating, planning, and directing all phases of Puerto Rico's growth, and this meant that the role of public administration would still be great in economic development.
An Evaluation

At the inauguration ceremony of Governor Jesús T. Piñero in 1946, former Governor Tugwell spoke briefly concerning the previous five years in Puerto Rico. He remarked, “There has, indeed, been an outpouring of energy in the public service such as few periods in American history can show. And we are, I think, all of us, now willing to have the record read.” ¹ Let us read this record with regard to the development of public administration.

THE PROBLEM OF STANDARDS

Certainly the bureaucracy expanded during the Tugwell administration. The number of personnel in the insular executive branch increased from 15,579 to 21,100, an expansion of 35 per cent.² The disbursements of Puerto Rican government agencies jumped dramatically, from $47 million to $112.9 million—an increase of 140 per cent.³ Also a surprising number of new authorities, boards, commissions, and so on were created between 1941 and 1946. Despite Attorney General George Malcolm’s warning that it was illegal to create new organizations outside the departments, no less than forty-one new agencies were established during this period.⁴

But, of course, bureaucratic expansion in itself does not represent administrative “development.” It may, in fact,
sometimes mean the opposite. To decide whether administrative "development" occurred in the Tugwell administration—and to evaluate it if it did—we must examine the changes described in this book in light of appropriate standards of good administrative performance.

But what are "appropriate" standards of "good" public administration? Too often analyses of this kind ignore or gloss over this question. In the rapidly growing literature on comparative public administration the question of norms is being confronted more critically than perhaps ever before. As students of administration turn their attention from the administrative experience of the United States and Western Europe to that of the underdeveloped countries (particularly outside the "West"), they encounter an enormous variety of practice and attitude that was not considered earlier. To establish frames of reference to facilitate study of this great multiplicity, many theorists have worked out complex "ideal-types" or "models" of non-Western administration.\(^5\) Often these models are then contrasted with the classic model of Western public administration, that constructed by the German sociologist Max Weber for his system of "legal-rational" authority.\(^6\) Although the Weberian model and presumably many of the newer models are essentially descriptive and not normative, some scholars of administration have taken the next logical step, that of questioning whether Weberian characteristics of bureaucracy are always "good" for the underdeveloped or non-Western countries.?\(^7\)

The problem of classifying and evaluating public administration in Puerto Rico is not nearly as difficult as it is for the countries of Asia, say, or Africa. Puerto Rico is completely "Western" in the broad cultural sense as is most of Latin America, and moreover it has been substantially Americanized since 1898. In the nineteen-forties it was, however, definitely an underdeveloped country.
Administration of a Revolution

Edward W. Weidner of the University of Hawaii's East-West Center has suggested that types of administrative systems might be worked out on the basis of primary goals of governments. As examples he offers governments that are "production-oriented," "consumption-oriented," "defense-oriented," and "law and order-oriented."8 Within this classification Puerto Rico of the nineteen-forties would obviously fit in the "production-oriented" category. Despite the early redistributionist orientation of Muñoz' program (land reform, minimum wages, tax reform, etc.), and also despite features whose aim was increased consumption (such as a cooperative movement), the essential objective of the revolution was to expand and diversify economic production. (The Coalitionist regime of the nineteen-thirties, by contrast, would be classified as "law and order-oriented" in Weidner's scheme.)

What are appropriate standards by which to evaluate the bureaucracy of a "production-oriented" government? In answering this question we must feel free to select standards outside the Weberian tradition since it represents, essentially, the orthodox administrative values of the developed countries (perhaps those which are "consumption-oriented"). Also, however, we must not feel obligated to reject Weberian characteristics either; they may be extremely useful or even indispensable in the drive for production.

If anything has been learned about induced economic development in the past decades, it is that the process of economic growth is multifactor. That is, it does not depend on credit or trade policies alone but also on policies in the fields of taxation, transportation, education, and numerous other areas. For development to succeed, these policies—which are largely policies of government—must be closely interrelated. This means that in the production-oriented government the nature of public administration must be such that internal policy integration can be achieved.
Secondly, administration that is pursuing the goal of increased production must possess technical competence. It is called upon to undertake many highly complex tasks, such as economic planning, scientific research, and probably the management of public enterprise. Hence the economists, scientists, managers, and so on must be objectively qualified. Expertise must be found not only on the working level of administration but the supervisory level as well, although here “competence” constitutes a less specialized understanding.

Thirdly, a production-oriented government must be innovative. The whole concept of increasing production denotes change—in the society, the economy, and the government itself. Hence administration must be, above all, change-oriented. It must not be characterized by cautiousness and worship of precedent, but by willingness to take calculated risks and to venture into the unknown. Primarily, this means obtaining leaders for administration who have creativity, imagination, and vision. It also means achieving an administrative setting that stimulates these qualities rather than suppresses them.

Three standards, therefore, suggest themselves for public administration in a production-oriented government: the presence of means to integrate policy, the use of technically competent personnel, and the existence of an innovative atmosphere (i.e., change-facilitating leadership and setting). These attributes are undoubtedly “good” for any bureaucracy; but, for the bureaucracy that is sponsoring economic development, they are more than “good”—they are cardinal requirements. A consumption-oriented government may be able to put less emphasis on integration, because in this case private rather than public decision making usually assumes more importance. Similarly, a “law and order-oriented” government may succeed without great competence, since not such complex tasks are undertaken. Finally, a defense-oriented
government may not need to be highly innovative (at least in civil administration), because its mission is protection from external threat rather than internal reform.

Two of these standards, it should be noted, are clearly within the Weberian tradition: integration and competence. Orthodox theory of public administration strongly emphasizes the concept of unified hierarchy, which is one method of attaining integration. Also the concept of technical specialization is a part of this tradition, and so is the idea of proven merit as the basis for personnel actions. The innovation standard, however, may not always be in agreement with the orthodox principles. The Weberian tradition does not, of course, deny creative administrative activity, but it may, in the process of seeking a tight hierarchy and orderly organization, restrict the innovative freedom of administrators.

AN EVALUATION

With these three standards in hand for guidance, we may proceed to an evaluation of Puerto Rican administrative change of the nineteen-forties.

With respect to the first value, policy integration, substantial improvement is discernible. The government’s ability to achieve policy integration was increased in two ways: by strengthening hierarchical control and by providing new devices for assuring integration.

Hierarchical control was strengthened by reducing legislative interference in administration and, correspondingly, by augmenting the governor’s influence over administration. Although Tugwell was not able to effect this change to a degree that would comply with normal separation-of-powers theory or with the governor’s legal authority, he did succeed to the extent that the nature of insular public administration was fundamentally transformed. Administration was no longer the
exclusive tool of the majority party within the legislature; in- stead it was an instrument whose direction was shared by the top leadership of El Capitolio and La Fortaleza. This in itself created a pattern of dual leadership that had not existed before, but the net result was more unified control of administration because the influence of scores of individual legislators and party functionaries over the details of administration was sharply reduced.

This basic change in legislative-executive relations was achieved by efforts of both a negative and a positive character. Negatively, legislative interference was reduced by substituting bilateral negotiation for unilateral dictation in the appointment of agency heads, by replacing some commissions by single-headed agencies, by making the construction of statutes less detailed, by terminating the practice of legislative determination of civil servants’ salaries, by abolishing the policy role of the Auditor, and by repealing a large number of permanent appropriations and special funds. Positively, gubernatorial influence was increased by expansion and institutionalization of the Office of the Governor. The Coordinators, Office of Information, Office of Statistics, and—most important—the Bureau of the Budget provided the chief executive with the information and staff assistance that is essential for any kind of control.

Policy integration was facilitated, in addition, by several new devices of administration. One was the budget. Although a budget had always existed, it was a meaningless document and was, moreover, under the Auditor’s control. To transform the budget into a useful device of integration, the governor recaptured it, made it much more comprehensive and flexible, and enforced it by vigorous exercise of the item veto. The Planning Board’s functions within government represented a whole group of devices for achieving integration: the master plan, six-year financial program, project review, and Com-
Administration of a Revolution

mittee on Design of Public Works; none of these had existed previously. And, of course, another powerful integrating device was the administrative group; this small body of key administrators, men of similar age and background, was an ideal coordinating mechanism. It met continually, was uninhibited in discussing subjects of mutual concern, and was composed of the key individuals in all essential program and staff areas, including industrial promotion, finance, planning, budgeting, and the civil service.

As for technical competence, achievement was somewhat irregular. The war created a special problem, by diverting younger manpower from the government to the armed forces. A more general problem was overcoming the deficiencies created by educational lacks and by an entrenched patronage system of many decades' standing. Training programs were launched for public servants, but they would take time to show results. Placing the patronage system under control also was to take time; in fact it was a task that was only begun in the Tugwell administration. And yet, after two years of failure, substantial progress was made between 1944 and 1946 in introducing the merit concept to insular personnel administration. The first classification and compensation plans were formulated and adopted, civil service examinations were improved and more widely used, and the thousands of temporary employees were screened. At the end of the period a new personnel law was well on its way to adoption.

The temporary gap in technical competence created by war, poor education, and politics was partially filled by imported experts, the most important being Frederic P. Bartlett and Louis Sturcke, Jr. Yet the North Americans, with the exception of a few, were in advisory positions only. The men with direct administrative responsibility were almost entirely Puerto Ricans. It is they, of course, who really administered the revolution. Many of the agency heads and other important
officials were, at their time of appointment, completely incompetent in the sense that they were without comparable experience or specialized training; a large percentage of them became, however, highly qualified administrators—by the harsh but effective means of sudden exposure to big responsibilities. Perhaps the shortage of prepared and suitable administrators was, in this sense, a good thing.

But if the attainment of policy integration was somewhat incomplete and the achievement of technical competence was somewhat slow, the presence of an innovative atmosphere was unmistakable.

Without doubt the top leadership in insular administration was extraordinarily creative. Muñoz was a political creator who had taught Puerto Ricans how to conduct an election, how to build a popularly based political party, and how to give appropriate attention to economic and social issues instead of concentrating totally on the question of status.

As Muñoz was creative in politics, Tugwell was creative in administration. By the time he came to Puerto Rico he was practically a specialist in administrative innovation; in Washington he had reorganized much of the Department of Agriculture and created the Resettlement Administration, and in New York he had guided the City Planning Commission through its earliest years. And his subsequent creativity in Puerto Rico is well understood by the reader of this book.

Finally the young administrators were creative men. Their youth, broad education, cosmopolitan outlook, and enthusiastic dedication were perfect raw material, it would seem, for fashioning highly innovative leaders. Benítez’ achievements at the university, Moscoso’s at Fomento, and Pico’s at the Planning Board, for example, would testify to this.

Whatever innovative potentiality the young administrators had was cultivated by the relaxed supervision they received. Although Muñoz gave them direction on an informal basis this
supervision was not systematic because the Senate president was not, at that time, particularly concerned with administration. His interests were primarily with high policy and legislation. As an astute politician he was not above intervening in administrative matters that carried particular political significance; but even then he was often not dictatorial or inflexible. At this time Muñoz was a relatively young man and was almost unknown outside Puerto Rico; and the administrators and others did not hesitate to argue with him openly and heatedly. Usually he responded to differing views with an open mind and strong respect for the logical argument based on fact, and this made possible healthy give-and-take in resolving the inevitable conflicts between political and administrative considerations.9

Tugwell was the formal supervisor of the administrators. Although he had a perfect right to direct their activities systematically and closely, he did not do so, partly because of the pressure of his duties and partly because this was his personal habit. Despite his firm opinions and strong will, and despite his general effort to expand gubernatorial power, Tugwell chose to inspire agency heads rather than supervise, to be available for consultation rather than to intervene actively in their programs.

A final factor that contributed to an innovative atmosphere was organizational pluralism. Contrary to the orthodox public-administration principles regarding departmentalization and span of control, scores of independent administrative units existed outside the departments. The writers of the 1949 report of the Commission for Reorganization decried this situation as disorderly, confusing, and ruinous to supervision.10 Yet it may have contributed to innovation by freeing administrators from an additional layer of red tape and the conservative influence of the established departmental bureaucracies. The public corporations were a particularly important part of
the pluralism; they had direct responsibility for economic development and were also especially autonomous. But the high point of administrative pluralism was the Planning Board; it was not only very powerful but was located outside the governor’s office, given a permanent appropriation, and permitted to disagree in public with the governor’s budget.

In sum, “development” of public administration did, indeed, occur in Puerto Rico. When administrative change of the period is judged by the three standards of policy integration, technical competence, and innovative atmosphere, one cannot help concluding that great advance was made.

The improvement is underscored by comparing, with respect to each of the three standards, the situation of 1940 with that of 1946. As for integration, the legislature controlled administration completely in 1940, the spending process was useless as a tool of policy at that time, and almost no planning existed. By 1946, however, the governor had gained unprecedented influence over administration, spending had become largely controllable, and comprehensive planning was well established. Regarding the standard of competence, in 1940 the bureaucracy was honest but incompetent, an amazingly complete patronage system was in operation, and a shortage of prepared and potential administrators existed. By 1946, on the other hand, training programs were underway for government employees, substantial progress had been made in introducing a merit system, and a strong tradition of the public service had been created. Finally with respect to innovation, in 1940 the bureaucracy was little more than an extension of the conservative Coalition, and thus was itself characterized by a stagnant outlook. Yet by 1946 the bureaucracy was transforming the society; it was led by creative men and was directed and organized in such a manner that key administrators were free to innovate.

Puerto Rico’s administrative development contained some
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interesting paradoxes. On the one hand, the governorship was strengthened as an institution, but on the other hand the governor's supervision of agency heads was exceedingly loose. Whereas budgeting became, for the first time, an instrument of executive integration, numerous public corporations were created which— theoretically—financed themselves in a way somewhat analogous to the old special funds. Also a paradox of sorts is found in planning; a Planning Board was created and given broad powers to plan and control public works on a government-wide basis, but the new agency was located outside rather than atop the main governmental hierarchy. In short, at the same time that moves were made to tighten central control of administration, steps were also taken to loosen it.

The contradictions are explained by two temporary factors. One was a partial separation of political power and administrative power. Whereas the two were largely united at El Capitolio before 1941 and definitely at La Fortaleza between 1949 and 1965, in the period covered by this book they were divided between Muñoz and Tugwell. The men were fundamentally allies, however, and therefore much political support was given for administrative reform. But the very dependency of the administrative leadership on the political meant that support for particular reform policies was not necessarily consistent. Thus, amidst general organizational integration, the paradox is found of numerous semi-autonomous public corporations; their work was simply too vital to the revolution to entrust to quasi-colonial supervision. After Tugwell had left the governorship and Piñero and then Muñoz were residing at La Fortaleza, it was politically safe and desirable to integrate the corporations more into the regular bureaucracy, and this was done.

The second temporary factor was the personal style and views of the man who was governor between 1941 and 1946.
From his experiences in Washington and New York, Tugwell was strongly biased against interference by legislators or auditors in administration. Hence he fought this by attempting to strengthen gubernatorial control. But his habits of supervision were such that he gave his subordinates great freedom; in effect, he resisted interference in administration by himself as well as others. The concept of administrative autonomy was emphasized most of all in planning; here Tugwell advocated particularly comprehensive powers for administration, and, at the same time, particularly great independence.

These two temporary factors were short-lived, but while they existed they were enormously beneficial to insular public administration. They contributed to attainment of all three standards. Integration and competence were made possible by Muñoz' willingness to permit Tugwell to take substantial responsibility for administration, and by Tugwell's awareness of the need for improvement with respect to these standards. At the same time the innovative atmosphere was enhanced by freedom from close gubernatorial supervision and by a measure of organizational independence. A balance was attained between administrative orthodoxy and a sensible lack of it.

THE SITUATION IN LATER YEARS

After Luis Muñoz Marín became governor in 1949, political leadership and administrative authority were completely united for the first time in Puerto Rican history, and a man with different personal inclinations was in La Fortaleza. Thus it was inevitable that insular public administration of 1949–1965 would be unlike that of 1941–1946.

Under Muñoz, administration continued to "develop" according to two of the aforementioned standards: policy integration and technical competence. The executive hierarchy
was tightened and made more orderly; budgeting and planning were made more comprehensive; more central control was exerted over the public corporations and Planning Board; and the merit system was made more complete. Muñoz was convinced, apparently, of the inherent value of these refinements, and moreover they were in perfect agreement with the realities of sharply unified leadership and a ruling political party with superabundant power.

But, unfortunately, “development” did not continue with respect to the innovative standard. Deterioration, in fact, may well have occurred. Competent observers of Puerto Rican government during Muñoz’ incumbency indicate that, in comparison to the nineteen-forties, administration was later characterized by unnecessary congestion, excessive proceduralization, and a general stiffening of the bureaucratic joints. Also it has been argued that undue administrative centralization stifled initiative, and that unless Muñoz himself did not take a personal interest in programs they tended to stagnate.

Any revolutionary movement is bound to slow down, of course, as power becomes consolidated, as objectives are partially reached, and as the revolutionaries themselves grow older. In 1956 it was calculated that the average age of the most important men around Muñoz was 44.6 years; we had found that the average age of eight administrators in 1942 was 31.1, a difference almost precisely accountable by the passage of time. Muñoz himself advanced from a man in his forties to one in his fifties and sixties; of course this does not necessarily mean he became conservative, but it did mean that whereas in former years the men around him did not hesitate to argue with him frankly and ardently, they now tended to accept his opinions unquestioningly. This was done, no doubt, out of deference to his age and considerable international reputation.

Thus the paradoxes of the Tugwell administration did not
last beyond the Tugwell administration. Later trends were consistently in favor of tight, central control and opposed to pluralism and delegation within administration. In 1956, in fact, insular administration was described as amazingly consistent with orthodox principles—almost the "professional reorganizer's dream come true."\(^{15}\) In the present author's eyes such development was not entirely "good," because emphasis was placed on two of the standards postulated for administration at the expense of the third. Puerto Rico in later years was not, in some ways, as well equipped to administer a revolution as it once was.

**CODA**

Administration of the revolution was made possible by many things. The cultural homogeneity and tiny geographical size of the island were helpful. The availability of American technical knowledge and the fact that no administrative responsibility existed in the areas of defense, foreign affairs, and postal service made a large difference. A tradition of honesty in government and a stable constitutional framework assisted greatly. So did the absence of a threat of military intervention as is often found in Latin American republics.

But, obviously, the most important contribution was made by men, not conditions. The labor of experts like Bartlett and Sturcke and administrators like Cordero, Descartes, Nigaglioni, and the others was of enormous importance. Of even greater importance was the contribution of Tugwell and Muñoz. Tugwell provided the inspiration and leadership for administrative reform, and Muñoz provided—most of the time—the indispensable ingredient of political support. The Muñoz-Tugwell relationship was, in effect, a politico-administrative division of labor that is seldom found at the top leadership level of a developing country. If the generality is
applicable to Puerto Rico that the charismatic personality which can cause revolutions is often unsuited to administer them, the problem was neatly overcome.

What is the significance of the work outlined in this book? For Puerto Rico it is profound. At the very beginning of this island's great socio-economic revolution a transformation was launched within government which made implementation of the revolution possible. The revolution could be converted from hopes, promises, and statutes into concrete programs, functioning agencies, and direct action on behalf of the people—that is, it could be administered.

What is the significance of the Puerto Rican administrative experience to other developing areas? The case is unique in many respects and therefore cannot be used as a general model. Yet it may offer three lessons. First, it illustrates how administrative reform can proceed quickly if administrative foresight and political support are adequately united. Second, it suggests that a spirit of innovation as well as compliance with orthodox principles ought to be sought in the bureaucracy of a developing country. Third, it shows that a revolution of this kind, if adequately administered, can be an eminent success.
A NOTE ON SOURCES
As the sources used for writing this book are cited fully in the endnotes, I will not relist them here, but rather will offer general comments that might be of assistance to other researchers in this area.

PRIMARY SOURCES

Three singly bound volumes are indispensable. *Puerto Rican Public Papers* (San Juan: Government of Puerto Rico, 1945) is a collection of important addresses and messages of Governor Tugwell. *Documents on the Constitutional History of Puerto Rico* (Washington, D.C.: Office of Puerto Rico, n.d.) very conveniently gives the complete texts of the Foraker Act, Jones Act, Elective Governor Act, and other constitutional documents. *Puerto Rico and its Public Administration Program* (San Juan: University of Puerto Rico and Puerto Rico Civil Service Commission, n.d.) is the verbatim record (in English and Spanish) of proceedings of the conference on public administration held at the University of Puerto Rico in the fall of 1945. Since Tugwell, Muñoz, and several of the administrators spoke at the meeting, this record gives an interesting account of contemporary thinking in insular administration.

Congressional hearings are a superb source of information on Puerto Rican government of the period. Two congressional
investigations were conducted during the heart of the Tugwell administration, one by a Senate subcommittee chaired by Senator Dennis Chavez of New Mexico and the other by a House subcommittee headed by Congressman C. Jasper Bell of Missouri. These inquiries resulted in two sets of hearing records which, although filled by numerous biased opinions and irrelevant comments, are packed with valuable data. The Bell Hearings are particularly useful; they are about 2,500 pages long and contain verbatim copies of many documents. The full citations for the Chavez and Bell hearings will be found at the beginning of the endnotes, immediately following this essay.

Another hearing record that is helpful is the transcript of the President’s Advisory Committee to Revise the Organic Act of Puerto Rico (reproduced, 12 vols., 1943). This document is the verbatim record of several days’ discussion among Abe Fortas, Rexford G. Tugwell, Luis Muñoz Marín, and others concerning many subjects, including public administration and federal-insular relations; it is an unusually candid and useful picture of these men’s views in the summer of 1943. It may be found in File 9-8-68 of the Classified Files of the Division of Territories and Island Possessions, National Archives. The transcript is reprinted in U.S., Congress, Senate, Subcommittee of the Committee on Territories and Insular Affairs, Hearings, A Bill to Amend the Organic Act of Puerto Rico, 78th Cong., 1st Sess., 1943, pp. 307-605.

Regarding archival material in general, the National Archives in Washington is by far the best open depository of government documents of the period. This includes both documents originating in Washington and those prepared by the insular government in San Juan. Two Record Groups are pertinent: No. 48, which contains papers of the Office of the Secretary of the Interior, and No. 126, the files of the Division of Territories and Island Possessions as accumulated between
A Note on Sources

1907 and 1951. Record Group 126 is particularly fruitful for research in all phases of Puerto Rican life.

Unfortunately, the archival material available in Puerto Rico is poor in comparison. The General Archives of Puerto Rico contains, in usable form, records from the nineteen-forties for only two major agencies, the Planning Board and the Department of Public Works; these are known, respectively, as "Tarea 58-A4" and "Asuntos Varios." These two series are very satisfactory, however, and more use should be made of them.

Most government agencies have their own archives, and this source of information should not be overlooked. The author found those of the Office of Personnel, Bureau of the Budget, and University of Puerto Rico extremely well organized and useful.

Unfortunately a report cannot be made on what is probably the best depository of documents in Puerto Rico on the subject of this book, namely the archives of La Fortaleza. This collection apparently contains the papers of governors of Puerto Rico for many years back. Since Tugwell did not take his papers with him when he left the island in 1946, they are undoubtedly there. Moreover, according to the governor's Forty-Seventh Annual Report (for 1946-1947; see p. 8), these records have been organized by subject and placed in chronological order. And yet this apparently outstanding collection of government documents is inaccessible for most persons. In 1962 the author was refused admission to these archives despite the fact he was doing scholarly research on a period two decades past. One must hope that this policy will some day be liberalized.

The annual reports of the governor and agencies are of course poor substitutes for archival materials, but despite their official slant they contain much valuable data. They may be found at the Puerto Rican Collection of the University of
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Puerto Rico, and a partial set may be found at the library of the Caribbean Organization, which has its headquarters in San Juan. Agency libraries generally have a full set of their own reports. The Civil Service Commission’s reports may be found only in the library of the Office of Personnel.

Two sources pertaining to the legislature should be mentioned. The bound statutes—with generally one volume for each session—are extremely good for obtaining an insight into early insular administration, since the legislature intervened so fully in executive matters under American governors. Also the minutes, or Actas, of the House and Senate should be consulted. Although verbatim records of legislative debates were not kept in the nineteen-forties and earlier, the minutes of these debates contain a large amount of information in regard to the proceedings, including occasional excerpts of verbatim debate. These may be inspected at the library of El Capitolio.

A final primary source is the newspapers. An excellent file of old island newspapers is found in the Puerto Rican Collection of the university. The most important paper is El Mundo; others that are helpful for the period are La Democracia and the Puerto Rico World Journal. In addition, of course, there is always the New York Times.

SECONDARY SOURCES

By far the best secondary source for research on this subject is Tugwell’s The Stricken Land: The Story of Puerto Rico (Garden City: Doubleday, 1947). This volume is a personal memoir and hence is disorganized and onesided, but in view of the inaccessibility of Tugwell’s papers as governor it is an indispensable source of not only his own views but of detailed, factual information.

Only a few other books warrant mention here. One is
A Note on Sources

Enrique Lugo Silva’s *The Tugwell Administration in Puerto Rico, 1941–1946* (Río Piedras: Editorial Cultura, 1955); although a very meager account, this volume is useful for gaining an initial orientation. Another is Tugwell’s *The Place of Planning in Society*, 2d ed. (San Juan: Puerto Rico Planning Board, 1958); this is a collection of lectures given by Tugwell in about 1953, and the first lecture provides an insight into the formation of the Planning Board. The *Report on the Reorganization of the Executive Branch of the Government of Puerto Rico* (San Juan: Government of Puerto Rico, 1949) should also be mentioned; most of this volume is concerned with proposals for future change, but it also contains much information of an historical nature. Finally, the School of Public Administration’s *Manual of Government Agencies in Puerto Rico* (Río Piedras: University of Puerto Rico, 1950) must be indicated as a useful reference work; a duplicated government manual had been prepared in the nineteen-forties, but it is not nearly so complete as this volume.

Two articles are particularly relevant: Martin C. Clapp’s “Management Improvement in Puerto Rico,” *Public Administration Review, 12*:27–35 (1952), and Henry Wells’ “Administrative Reorganization in Puerto Rico,” *Western Political Quarterly, 9*:470–90 (1956). Both authors give a broad sketch of Puerto Rican administrative development in the nineteen-forties and early fifties, although from somewhat different viewpoints.

A final category of secondary source material is unpublished manuscripts. John C. Honey’s “Public Personnel Administration in Puerto Rico” (unpub. diss., Syracuse University, 1950) is a huge compendium on the civil service aspect, and is available in the social sciences library of the University of Puerto Rico. Three monographs that have been reproduced by the faculty of social sciences of the university are: “Executive-Legislative Relationships in the Government of Puerto Rico,”
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by Raúl Serrano Geyls; “The Budgetary System of Puerto Rico,” by Carmen R. de Santiago; and “The Office of the Controller of the Commonwealth of Puerto Rico,” by Jaime A. Santiago. Each of these essays traces development in its particular area and is thereby useful; they may be found at the university bookstore or social sciences library.
ABBREVIATED CITATIONS USED IN NOTES


DPW, GAPR, AV: Records of the Department of Public Works, General Archives of Puerto Rico (San Juan), *Asuntos Varios* series.

DTIP, NA, RG 126: Classified Files of the Division of Territories and Island Possessions, Department of the Interior, National Archives (Washington, D.C.), Record Group 126.


PB, GAPR, T 58-A4: Records of the Puerto Rico Planning Board, General Archives of Puerto Rico (San Juan), *Tarea 58-A4*.

CHAPTER ONE: THE REVOLUTION

Notes to Pages 3–10

   ✡️ Letter from Alice L. Thompson, Marina Neighborhood House, Mayagüez, Puerto Rico, to Eleanor Roosevelt, Oct. 20, 1942; File 9-8-59, DTIP, NA, RG 126.

4: Puerto Rico: Selected Indices, p. 3.


13. According to Governor Theodore Roosevelt, Jr.: “We had no colonial service and we did not develop one. Most of the men who filled executive positions in Puerto Rico went there from the United States with no previous experience whatsoever, speaking not a word of Spanish. Most of them had no conception either of Spanish culture or temperament. Most of them never learned to speak Spanish fluently, and many of them never spoke it at all.” Colonial Policies of the United States (Garden City: Doubleday, Doran, 1937), p. 99.

14. From 1900 to 1934 this office was known as the Bureau of Insular Affairs and was located in the War Department. When it was moved to the Department of Interior in 1934 the name was changed to Division of Territories and Island Possessions (which was changed to Office of Territories in 1950). With regard to the competence of the division’s staff, its director reported in 1941 that “no one in the [Puerto Rican] section knows Spanish or has ever visited Puerto Rico for more than a few days on a holiday trip.” Chavez Hearings, 1943, p. 671. Also see Joseph M. Jones, “Let’s Begin with Puerto Rico,” Fortune, May 1944.


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16. For Muñoz' relation to the New Deal and his break with the Liberal party, see Thomas G. Mathews, Puerto Rican Politics and the New Deal (Gainesville: University of Florida Press, 1960), pp. 288–300; Aitken, Poet in the Fortress, pp. 98–111; and Hanson, Puerto Rico, pp. 94–117.


18. El Mundo (San Juan), July 22, 1940.


20. Election results of 1940 from Bell Hearings, 1944, appendix, p. 96. Muñoz to Roosevelt, Nov. 28, 1940; File 9-8-82, DTIP, NA, RG 126.

22. Biographies of the North American governors of Puerto Rico are found in Roberto H. Todd, Desfile de Gobernadores de Puerto Rico, 1898 a 1943 (San Juan: Casa Baldrich, 1943).

23. These appointees were Robert H. Gore and Blanton Winship; for comment on them see Aitken, Poet in the Fortress, pp. 95–101, and Hanson, Puerto Rico, pp. 94–97, 111–113.


25. Some major works of Tugwell from this phase of his career are The Economic Basis of Public Interest (Menasha, Wisconsin: George Banta, 1922); Industry's Coming of Age (New York: Harcourt, Brace, 1927); and The Industrial Discipline and the Governmental Arts (New York: Columbia University Press, 1933).


28. For use of these phrases by Senator Arthur Vandenberg of Michigan, see Washington Post, Nov. 28, 1942.


32. Ibid., p. 228.

33. Ibid., pp. 336–337.


35. Addressed to Guy Swope, director of the Division of Territories and Island Possessions. File 9-8-59, DTIP, NA, RG 126.

36. Puerto Rico Transportation Authority, May 7; Insular Fire Service of Puerto Rico, May 9; Puerto Rico Development Company, May 11; Puerto Rico Communications Authority, Puerto Rico Planning, Urbanizing and Zoning Board, and Bureau of the Budget, all May 12; Development Bank of Puerto Rico, May 13. There has been much name-changing among these agencies.

37. Tugwell, Puerto Rican Public Papers, p. 159.

38. Puerto Rico Public Papers, p. 45.

39. La Democracia (San Juan), Feb. 11, 1942; Tugwell, The Stricken Land, pp. 296–297, 301.

40. For these statutes, see Acts of the Second Regular Session of the Fifteenth Legislature of Puerto Rico (San Juan, 1942).

41. Letter from Tugwell to Ickes, May 1, 1942; File 9-8-79, DTIP, NA, RG 126.

42. Adolfo García Veve and Cayetano Coll y Cuchí to Roosevelt, April 1941; File 9-8-82, DTIP, NA, RG 126.

43. Bell Hearings, 1943, part 4, p. 327.

44. El Mundo, Feb. 4, 1942.

45. Chavez Hearings, 1942, p. 93.

46. Ibid., p. 78.

47. See, for example, editions of Feb. 22, June 2, Nov. 18 and 20, 1942.

48. The man quoted was Manuel Gonzales Quiñones.

53. Although Tugwell and Lear were convicted of libel in San Juan Municipal Court and fined $200 each, the judgment was set aside a few days later by San Juan District Court, partially on grounds that the radio statement was true.
Also Tugwell, The Stricken Land, pp. 626-627, 648, 667, and La Democracia, Nov. 3, 1944.
59. Lugo Silva, The Tugwell Administration, pp. 77-79.
60. U.S., Congress, Senate, Subcommittee of the Committee on Territories and Insular Affairs, press release, July 16, 1943; File 9-8-59, DTIP, NA, RG 126.
66. Letter from Tugwell to Brownlow, Sept. 30, 1941; File 9-8-104, DTIP, NA, RG 126.
CHAPTER TWO: THE GOVERNORSHIP


2. Same act, secs. 12, 13, 33, 34.


5. Rexford G. Tugwell, Puerto Rican Public Papers (San Juan: Government of Puerto Rico, 1945), pp. 154-155. This statement was made before the Chavez committee in February 1943.


7. Memorandum from Rupert Emerson to Harold L. Ickes, April 12, 1941; File 9-8-2, OSI, NA, RG 48.


13. Examples are Acts No. 123 and 125, 14th Leg., 4th Reg. Sess., May 2, 1940.


15. Legislature, Act No. 21, 14th Leg., 2d Spec. Sess., June 17, 1939. A general impression of the activities of the Executive Council can be obtained from its minutes; they are in Legajo 264, DPW, GAPR, AV.


17. Economy Commission of the Legislature of Puerto Rico, Estudio del estado económico de los municipios de Puerto Rico and El grave problema de la mortalidad infantil en Puerto Rico (San Juan, 1934); Información correspondiente a la Comisión de Servicio Público, Infor-
mación correspondiente al Departamento del Interior, Negociado del Telégrafo Insular y División de Automóviles, and Información correspondiente al Departamento de Instrucción y Segundas Unidades Rurales (San Juan, 1931).


27. Legislature, Act No. 60, 14th Leg., 4th Reg. Sess., April 25, 1940.


It might be noted that the Executive Council promulgated additional lottery regulations and the Economy Commission participated in the distribution of revenues.


31. Ibid., pp. 538-539, 611-612.


33. Interview with Roberto Sánchez Vilella, April 26, 1963.

34. Administrative duties were not taken from the Executive Council until 1950.


36. Letter from Tugwell, Nov. 7, 1945; Legajo 318, DPW, GAPR, AV.

37. Tugwell, Puerto Rican Public Papers, p. 28. Message dated Nov. 21, 1941.


41. Interview with Cordero, March 27, 1963.
45. See El Mundo, July 29, 1942.
47. Derived from information in Bell Hearings, 1944, appendix, pp. 212–223.
48. Information on the size of the governor's staff is derived from the general appropriation acts for various years. These statutes give only numbers of authorized positions and not of actual personnel, and thus data taken from them are useful only to show trends. Not included in these figures are employees of the Office of the Executive Secretary, temporary consultants, or military aides.
52. Memoranda from Tugwell to agency heads, July 31 and Oct. 29, 1942; Folder 1,171, PB, GAPR, T 58-A4.
57. Letter from Tugwell to Ickes, June 16, 1944; File 9-8-2, OSI, NA, RG 48.
61. Tugwell, *Puerto Rican Public Papers*, p. 155; *Statement of
R. G. Tugwell, Governor of Puerto Rico, to the Sub-Committee of the Senate Committee on Territories and Insular Affairs, to Study the Social and Economic Conditions of Puerto Rico (Chairman, Dennis Chavez) (San Juan: Government of Puerto Rico, 1943), pp. 8–9. The Chavez committee itself did not print this statement.

62. Letter from Tugwell to Roosevelt, March 11, 1942; File 9-8-68, DTIP, NA, RG 126.


65. Transcript of President's Advisory Committee to Revise the Organic Act of Puerto Rico (reproduced, 12 vols., 1943); File 9-8-68, DTIP, NA, RG 126.


71. Ibid., vol. I, p. 46.

72. U.S., Congress, Senate, S. 1407 as reported by the Committee on Territories and Insular Affairs, 78th Cong., 2d Sess. (Feb. 2, 1944), secs. 5, 6, 7. See also accompanying report (No. 659), pp. 3–7.

73. Analysis of S. 1407 by Tugwell, Feb. 21, 1944; File 9-8-68, DTIP, NA, RG 126.


CHAPTER THREE: ADMINISTRATIVE LEADERS


5. An examination of the insular budgets ("Detail of Salaries") for the early nineteen-forties is instructive on this point. They may be found at the library of the Commonwealth Bureau of the Budget.


7. See letter from Rafael Picó to Tugwell, Sept. 19, 1945; Folder
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8. Letter from Sergio Cuevas Bustamante to Tugwell, March 26, 1943; Legajo 261, DPW, GAPR, AV.

9. Letter from Tugwell to agency heads, Sept. 24, 1945; Legajo 318, DPW, GAPR, AV.


16. El Mundo, Oct. 31, 1945. The newspaper translated the controverted phrase as "no había talento administrativo ni experiencia" (p. 10, col. 7); the translation found in Puerto Rico and Its Public Administration Program is "no había talento administrativo con experiencia" (p. 11).

17. Resolution adopted by the Colegio de Ingenieros, Arquitectos y Agrimensores de Puerto Rico, Nov. 4, 1945; found in the archives of the Colegio.


21. Office of Statistics of the Office of the Governor and the Office of the Executive Secretary, "Departments, Agencies, Boards, Commissions and Instrumentalities of the Government of Puerto Rico" (reproduced, Aug. 23, 1945). The percentage is derived from analysis of Spanish versus Anglo-Saxon names and is thus subject to some inaccuracy.

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27. Interview with Sol Luis Descartes, June 11, 1964.
30. Interview with Tugwell, Jan. 9, 1963.
34. Interview with Roberto de Jesús Toro, April 10, 1963.
35. Puerto Rico and Its Public Administration Program, p. 293.
38. Interview with Tugwell, Jan. 9, 1963.
40. Interview with Guillermo Nigaglioni, Jan. 9, 1963.
42. Interview with Rafaél Picó, March 29, 1963.
45. For example, see Tugwell, The Stricken Land, p. 473.
Notes to Pages 83–95

49. Interview with Nigaglioni, Jan. 9, 1963.
51. Interview with Tugwell, Jan. 9, 1963.
53. Interview with Descartes, June 11, 1964.
56. Interview with de Jesús, April 10, 1963.
57. Interview with Cordero, March 27, 1963.
58. Interview with Nigaglioni, Jan. 9, 1963.
60. Letter from Picó to Tugwell, Feb. 28, 1949; copy in my possession by courtesy of Dr. Picó.

CHAPTER FOUR: THE CIVIL SERVICE

5. Governor, *Fifth Annual Report*, p. 3.
9. Data obtained from general appropriation acts of various years.
10. Data obtained from general appropriation acts; hence they pertain to authorized positions only.
Notes to Pages 95-102

21. Ibid., p. 84; also interview with Roberto Sánchez Vilella, April 26, 1963.
27. Interview with Cuevas Viret, June 25, 1963.
34. Tugwell, The Stricken Land, p. 256.
37. Tugwell, Puerto Rican Public Papers, p. 188.
40. Report from Augustus R. Hatton to Jaime Benítez, June 3, 1944; in archives of the University of Puerto Rico.
41. Report from James R. Watson to Benítez, June 13, 1945; in archives of the University of Puerto Rico.
42. Tugwell, *The Stricken Land*, pp. 78, 253, 357.
46. See Governor of Puerto Rico, *Fifth Annual Report*, p. 3.
47. One day Tugwell called in Nigaglioni and Joshua Hellinger, a legal assistant at La Fortaleza, and informed them that he wanted the two to take over two agencies, the insular police and the Civil Service Commission, both of which badly needed improvement. He added that he did not care who took which agency, just so the jobs were done. Since neither man wanted either position, the decision was made by the flip of a coin—Hellinger became police chief and Nigaglioni chairman of the Civil Service Commission. Interview with Nigaglioni, Jan. 9, 1963.
63. Ibid., pp. 104-105.
64. Tugwell, Puerto Rican Public Papers, pp. 22-23.
66. The text of Hatton’s report, dated June 3, 1944, may be found in
the University of Puerto Rico archives, filed under “School of Public
Administration.”
67. Note El Mundo, Aug. 5 and 6, 1942, for comment on difficulties
in obtaining someone to organize the school.
68. Report from J. R. Watson to Benitez, June 13, 1945, found in
University of Puerto Rico archives.
69. Memorandum from Nigaglioni to agency heads, Dec. 27, 1946;
Folder 1,185, PB, GAPR, T 58-A4. See also two reports in the university
archives, “Prospectus of the School of Public Administration” (1948)
and “Public Administration Program” (n.d.).
74. Puerto Rico Civil Service Commission, Annual Report (1945-
1946).
75. Mentioned in Henry Wells, “Administrative Reorganization in
Puerto Rico,” Western Political Quarterly, 9:475 (1956); Martin C.
Clapp, “Management Improvement in Puerto Rico,” Public Adminis-

CHAPTER FIVE: THE SPENDING PROCESS

1. Chamber of Commerce of Puerto Rico, The Fiscal System of the
Insular Government: A Layman’s Profit and Loss Analysis of the
Finances of the Insular Government for the Fiscal Years 1942, 1943,
and 1944: The Flood Tide of Insular Revenues (San Juan, 1945), p. 3.
2. Liberal party leader Antonio Barceló argued that this was “con-
trary to the American principle of government that ‘taxation without
representation is tyranny.’” Coalitionist leader Cayetano Coll y Cuchi
agreed. U.S., Congress, Senate, Committee on Pacific Islands and Porto
Rico, Hearings, Government for Porto Rico, 64th Cong., 1st Sess., 1916,
pp. 48, 70.
3. The executive budget concept was not adopted by the federal
government until 1921, and the federal equivalent of the item veto—
the impounding of funds—was not asserted until 1941.
7. Chavez Hearings, 1943, p. 445. The Auditor making the statement was Patrick J. Fitzsimmons, about whom more will be said shortly.
8. Legislature, Act No. 50, 12th Leg., 1st Reg. Sess., May 2, 1929. In 1916 Antonio Barceló argued that increasing the Auditor’s authority by means of the organic law was unnecessary because this had already been done by insular statute. “Our legislative assembly has placed in the hands of this official all, or practically all, of the powers which it is proposed to give him under the pending legislation, and this restriction is therefore unnecessary, for no one is more interested than ourselves in investing with the proper authority an official whose duty it shall be to watch over the entire administrative system of the island in the matter of receipts and disbursements of funds.” Committee on Pacific Islands and Porto Rico, Government for Porto Rico, p. 47.
10. Transcript of President’s Advisory Committee to Revise the Organic Act of Puerto Rico (reproduced, 1943), vol. IV, p. 418; File 9-8-68, DTIP, NA, RG 126.
13. Memoranda (two) from Fitzsimmons to Guy Swope, director of the Division of Territories and Island Possessions, June 9, 1942; File 9-8-55, DTIP, NA, RG 126.
18. The early insular budgets are found at the library of the Commonwealth Bureau of the Budget.

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Notes to Pages 123–129

34. Transcript of President’s Advisory Committee, vol. V, p. 552.
36. Interview with Sánchez Vilella, April 26, 1963.
37. Transcript of President’s Advisory Committee, vol. IV, p. 429; vol. V, p. 545.
41. Memorandum from Harold L. Ickes to Abe Fortas, Dec. 4, 1942; File 9-8-104, DTIP, NA, RG 126.
42. Interview with Sánchez Vilella, April 26, 1963.
Notes to Pages 130–136

46. Letter from Fitzsimmons to Tugwell, May 6, 1942; File 9-8-79, DTIP, NA, RG 126.
48. Letter from George Malcolm to the Executive Secretary of Puerto Rico, May 11, 1942; File 9-8-59, DTIP, NA, RG 126.
49. Governor of Puerto Rico, Budget Message (San Juan, March 5, 1942), p. 8; File 9-8-55, DTIP, NA, RG 126.
51. La Biblia is reprinted in full in Bell Hearings, 1944, appendix, pp. 17–67.
55. See the Bureau of the Budget’s “Instructions for Call for Estimates” for fiscal year 1945–1946; Folder 1,178, PB, GAPR, T 58-A4.
56. Interview with Nigaglioni, Jan. 9, 1963.
57. A copy of this document is found in the library of the Commonwealth Bureau of the Budget.
60. Based on authorized positions indicated in general appropriation acts.

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CHAPTER SIX: THE PLANNING PROCESS


5. Memorandum from Francisco Pons to Governor Blanton Winship, March 2, 1934; Legajo 244, DPW, GAPR, AV.


15. Tugwell, The Place of Planning, pp. 8–12.
19. El Mundo, April 7, 1942.
31. Letter from Rafael Picó to Charles W. Elliot, director of the National Resources Planning Board, Sept. 16, 1942; Folder 1,113, PB, GAPR, T 58-A4.


38. To illustrate, Picó personally invited to the board’s first “master plan” hearing Angel Ramos, owner of El Mundo. The subject of the hearing was a plan for San Juan thoroughfares, and Picó knew that Ramos, who lived in a San Juan suburb, was concerned about traffic congestion in traveling to his home. At the hearing Picó stressed how congestion would be relieved by the plan. This line of argument reportedly impressed Ramos very much, a fact which did no harm to the Planning Board’s press relations. Interview with Roberto de Jesús Toro, April 10, 1963.


41. See Planning Board, “Master Plan of Major Thoroughfares for San Juan Metropolitan Area,” June 18, 1943, and “Master Plan for the Development of Puerto Rico: Major Thoroughfares for the San Juan Metropolitan Area,” March 1, 1944 (reproduced); found in Puerto Rican Collection of the University of Puerto Rico.


44. Memorandum from Rafael Picó to Tugwell, Jan. 5, 1943; Folder 1,177, PB, GAPR, T 58-A4.

45. Interview with Roberto de Jesús Toro, April 10, 1963.

46. Planning Board, “Six-Year Financial Program for the Fiscal Years 1944-45 to 1949-50,” March 17, 1944 (reproduced); found in Puerto Rican Collection of the University of Puerto Rico.

47. Tugwell, Puerto Rican Public Papers, pp. 200, 268.


49. Memorandum from de Jesús to Arnold Miles, executive director of the Commission for Reorganization, July 22, 1949; found in archives of Commonwealth Bureau of the Budget, File 000.15.


55. Interview with Louis Sturcke, Jr., Nov. 20, 1963.


60. Interview with Descartes, May 10, 1963.


62. Quoted from Carrero, Puerto Rico (note 4, above), appendix B, p. 5.


65. Letter from Tugwell to Picó, April 4, 1949; copy in author’s possession, by courtesy of Dr. Picó.

66. Letter from Picó to Tugwell, June 8, 1949; copy in author’s possession.


CHAPTER SEVEN: PUBLIC ENTERPRISE


3. Memorandum from Board of Directors of Puerto Rico Service, Inc., to Governor Blanton Winship, March 15, 1934; Legajo 244, DPW, GAPR, AV.
5. Chavez Hearings, 1943, p. 132. Puerto Rican municipios embrace both towns and surrounding rural areas.
8. Ibid., pp. 132-133.
12. Cable from Gonzalo Diago to Harold L. Ickes, April 13, 1943; File 9-8-95, DTIP, NA, RG 126.
13. For a full commentary on the legal aspects of this episode see memorandum from Fowler Harper, solicitor of the Department of the Interior, to the Under Secretary of the Interior, May 5, 1944; File 9-8-2, OSI, NA, RG 48.
15. Letter from Elmer Ellsworth and Jesús T. Piñero to Harold L. Ickes, Sept. 30, 1942; File 9-8-95, DTIP, NA, RG 126.
16. Letter from Tugwell to Fleming, March 15, 1944; File 9-8-95, DTIP, NA, RG 126.
17. Memorandum from Field to Fleming (note 14, above).
21. Legislature, Act No. 83, 15th Leg., 1st Reg. Sess., May 2, 1941. In 1938 the legislature had passed a similar bill but it was vetoed by Governor Blanton Winship. In 1940 the House Committee on Insular
Affairs in Washington held hearings on a measure (H.R. 8239) by which Congress would have established the water resources authority, but nothing came of that bill. See U.S., Congress, House, Committee on Insular Affairs, Hearings, Creating the Puerto Rico Water Resources Authority, 76th Cong., 3d Sess., 1940.


24. Interview with Tugwell, Jan. 9, 1963. See also his The Stricken Land, p. 182. For a copy of the president's letter to Fleming (dated June 8, 1942), see Porto Rico Ry. Light & Power Co. v. United States, 131 F.2d 491 (Nov. 27, 1942).


29. La Democracia, April 15, 1944. Tugwell, The Stricken Land, p. 626. Letter from Tugwell to Harold L. Ickes, April 18, 1944; File 9-8-14, OSI, NA, RG 48.


37. Hibben and Picó, Industrial Development (note 19, above), pp. 15, 18, 34, 36, 39, 43. See also Bell Hearings, 1943, part 10, pp. 839-848.


43. Tugwell, Puerto Rican Public Papers, p. 259.

44. Tugwell, The Stricken Land, pp. 131, 254, 626; Puerto Rican Public Papers, pp. 73–74.


47. Interview with Juan Labadie Eurite, Feb. 25, 1964. Sr. Labadie was the last general manager of the Agricultural Company and presided over its liquidation in 1953.


53. The reason Governor Winship vetoed a water resources bill in 1938 (see note 21 above) was that he did not think a debt escape clause was compatible with the Jones Act; Committee on Insular Affairs, *Creating the Puerto Rico Water Resources Authority*. Similarly, when Secretary Ickes testified on H.R. 8239 in 1940 (note 21 above) he cautioned, "It would be necessary to submit the matter to the Congress for action so as to remove any possible doubts regarding the power of the Legislature, under the Organic Act, to create a corporate instrumentality of the insular government and to authorize that agency to borrow money without having such debt included in the public debt of the people of Puerto Rico." See comments of the Auditor on the Transportation Authority Act, 1942; File 9-8-86, DTIP, NA, RG 126.
55. Aside from the Agricultural Company, boards of directors were formed in four ways: (1) they consisted of the governor himself and two or four department heads, all in an ex officio capacity (Water Resources Authority and Aqueduct and Sewer Service); (2) they were elected by "bodies corporate" composed of the governor and two department heads (Communications and Transportation Authorities); (3) they were elected by the Executive Council (Development Bank and Development Company); (4) they were elected by stockholders (the Development Company's subsidiaries—in each case the company itself was majority stockholder and thus named board members).
56. Transcript of President's Advisory Committee to Revise the Organic Act of Puerto Rico (reproduced, 1943), vol. IV, p. 379; File 9-8-68, DTIP, NA, RG 128.
59. Letter from Teodoro Moscoso, Jr., to Rafael de J. Cordero, March 10, 1948; File 9-8-55, DTIP, NA, RG 126.
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63. El Mundo, Sept. 6, 1943.


CHAPTER EIGHT: AN EVALUATION

1. Address by Rexford G. Tugwell, Aug. 30, 1946; File 9-8-104, DTIP. NA, RG 126.


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