barely earn the legal minimum, there will be little hiring of trainees at that rate. It denies employers the opportunity to teach and workers the opening to learn, which may condemn the latter to remain unskilled for the rest of their lives.

For many Puerto Ricans the movement to the continental United States, where labor productivity is substantially higher, offers the only escape from a life of idleness and despair. The federal labor legislation is thus redistributing the working people over all fifty states. In Puerto Rico itself the federal mandates have depopulated whole areas and caused major cities to decline. During the 1950s, a decade of unprecedented population explosion, of the eleven largest cities, seven declined in population. Mayaguez, once a center of the needlework industry, lost 14.9 percent, Bayamon 25.1 percent, Fajardo 19.1 percent, Aguadilla 12.8 percent, Caguas 5.2 percent.[6] In search of better economic opportunities many residents of these old cities probably found their way to Brooklyn, New York.

The aggregate effect of the U.S. minimum wage on Puerto Rico is one of incredible devastation and humiliation. Some 25 percent of the working population are presently unemployed, 10 to 15 percent are underemployed, some 10 percent are subsisting in self-employment or primitive farming, 18 percent no longer participate in the labor market, and 5 percent subsist on public assistance. Altogether, it is a gruesome picture of the consequences of mischievous labor legislation.

Intent and Design

If labor legislation has such dire consequences in Puerto Rico, why does the U.S. Congress in its collective wisdom impose such mandates?

There are the representatives of infinite political power who deny all cause-and-effect relationships in economic life, but instead believe in raw political power. They are convinced that the coercive apparatus of government can accomplish anything its managers set out to accomplish. If they conclude that wage rates and living conditions should be improved in Puerto Rico they blithely proceed to introduce legislation that will enforce the desired improvements.

A great many champions of government coercion consider themselves noble humanitarians. They are motivated by a laudable intention to improve the conditions of poor people everywhere. Guided by a comfort-and-decency standard of life, which they calculate in dollars and cents, they proceed to legislate it. If economic conditions should get worse they usually add more legislation and, with humanitarian zeal and dedication, apply more police force.

Labor unions are organizations of

workers that serve a single purpose: to secure for their members wages and benefits that are higher than those allocated to them by the voluntary production process. Only one policy can bring this about: collective force. Labor unions preach and live by force which may be purely economic, such as strikes or the threat of strikes, or openly political, through labor legislation that favors their members at the expense of others. Only such a force applied consistently and fervently throughout the decades can explain the great evil that is wrought daily on Puerto Rico.

Labor union leaders in the U.S. are the most vocal promoters of ever higher minimum wage rates. In the name of "fair competition" they seek to repress all labor and production that is performed at rates lower than union rates. Such repression usually allocates more work and income to them. By depriving Puerto Ricans of employment opportunities and by reducing the supply of goods manufactured in Puerto Rico they aim to generate more employment for mainland workers at union rates. To the degree that they are successful through federal labor legislation they are enriching their members while impoverishing the Puerto Rican people as workers and the American people as consumers.

But even such evil political designs have their economic limitations as the production restrictions imposed by minimum wage legislation bring forth rising imports from Hong Kong, Korea, and other countries that are free from U.S. labor jurisdiction. Imports take the place of goods not produced in Puerto Rico.[7] In the end, neither Puerto Rican workers nor unionized mainland workers are manufacturing labor-intensive products, but foreign workers all over the globe.

It is a well-established principle of interventionism that a government restriction makes matters worse and leads to more and more restrictions until every detail of economic activity is controlled by government. But it is also true that radical intervention aims at many contradictory objectives that clash with each other and seek to counteract and offset each other. In Puerto Rico the U.S. Congress and the Department of Labor endeavor to suppress economic activity below a minimum scale, which lays waste to the island economy. But the Department of Health and Human Resources then rushes to the rescue of Puerto Ricans with massive financial benefits that probably make the island the most expensive territorial possession in the world.[8]

San Juan Worse than Washington

It would be a grievous mistake and an injustice to lay the blame for Puerto Rican stagnation and poverty on Washington politicians and bureaucrats alone. After all, the fed-