The gross product of the island rose from an estimated ¾ billion dollars in 1950 to over \$2.7 billion in fiscal 1965, an increase of some 260%. Annual per capita net income rose from \$279 in 1950 to \$900 in fiscal 1965, an increase of 225%.

Physical indicators are probably more meaningful measures of economic changes than general economic indicators of growth. Some of the physical changes that have taken place on the island are impressive.

Motor vehicle registrations in Puerto Rico in 1950 were about 60,000; 15 years later the figure was approximately 319,000; a fivefold increase.

In 1950 installed electrical generating capacity in Puerto Rico totaled 140,560 KW; 15 years later the capacity was 743,920 KW.

There were 32,000 telephones in service in Puerto Rico in 1950; in 1965, the number was some 182,000.

Another relevant statistic refers to the island's external trade. In 1950, external trade amounted to less than \$600 million; in fiscal 1965, two-way trade reached \$2.5 billion. Most of this trade is with the U.S. Mainland. In 1966, shipments from the States amounted to \$1.4 billion, making Puerto Rico the Mainland's fifth largest customer—exceeded only by Canada, Japan, West Germany and the United Kingdom. We estimate that these shipments were responsible for some 180,000 jobs on the U.S. Mainland.

B. Achievement during fiscal 1966

During the past year Puerto Rico once again experienced an overall growth rate in excess of ten percent. Gross product rose by some \$317 million and per capita net income rose to \$950, a level exceeded in this hemisphere only by the United States and Canada.

During 1966 Puerto Rico can be said to have entered the third stage of its development. The year marked the coming on stream of significant new ventures in petrochemicals and formulation of plans by private firms for the creation in Puerto Rico of substantial industrial complexes.

Overall, 1966 was a year of substantial economic expansion: some 29,000 new jobs—one-third of them in the island's new and rapidly expanding industrial plants were created; 22,353 new dwelling units were constructed; 15,000 additional telephones were installed; 87.6 kilometers of new highways were constructed; 16,277 new sewer and 26,733 water customers were added to the islandwide networks; electricity was made available to 11,277 additional rural families.

Total external trade expanded by \$325 million; exports to foreign countries rose by 50 percent. An additional 117,000 persons visited the island and visitor revenue rose to \$140 million.

Accompanying these indicators of continued economic growth was an increase in the number of unemployed—the unemployment rate rose by well over a full percentage point. There was also an increase in the number of public welfare beneficiaries.

C. A look into the future (1967–73)

The employment outlook in Puerto Rico for the next five to six years calls for action. Even though net migration to the Mainland rose significantly last year—after five years of stagnation—the island's population increased by 2.2 percent. The formidable dimensions of the task force the development agencies is illuminated by consideration of the number of jobs which would have to be created to reduce unemployment to what might be termed "acceptable" levels by 1970. The Commonwealth's recent Overall Economic Development Program, prepared in response to the program requirements of the Economic Development Administration, U.S. Department of Commerce, reveals that if one assumes that the currently low Puerto Rican labor force participation rates will respond to an increasing availability of jobs, it is then foreseeable that during the second half of the decade it would be necessary to create 343,000 new jobs; some 66,000 jobs annually or slightly over twice as many as have been created annually during the 1960's to date—a period of substantial employment expansion.

The report goes on to state that the computation tends to understate the additional job requirements because no account is taken of the effects that changes in the structure of the economy, higher wages, and improved productivity will have on the number of existing jobs.

Since October 1960 industrial wages in Puerto Rico have increased at an annual rate of 5.6 percent largely as a result of legislative and administrative pressures on the wage structure. The immediate outlook is for an accelerated rate of increase, as a result of the implementation of the 1966 amendments to the Fair