Puerto Rico and the Fiscal Crisis

written by Manuel E. Melendez Lavandero | December 3, 2015

Puerto Rico is undergoing a profound fiscal crisis. Our country is besieged by the big interests of Wall Street's credit agencies and vulture funds, which as they've done in other parts of the world, such as Spain, Greece and Argentina, only seek an uncontrolled increase in their profits. These profits come at the cost of great sacrifices to working people, which include drastic cuts to social services that will have a special impact on education and health care.

In order to impose their inhumane demands, they use their powerful influence within government structures, in the courts and in the mass media to guarantee payment of the immoral and odious debt, with no concern for the deterioration of our quality of life and the elimination of hard-won labor rights. They establish, de facto, a dictatorship of oligarchic and monopoly capital over the whole of society, the working class majority stripped of the financial resources needed to insure a dignified subsistence.

Different sectors representative of the Puerto Rican diaspora in New York have come together as part of ***Call to Action on Puerto Rico*** clearly stating that the situation which Puerto Rico is undergoing is more than a mere fiscal crisis. It is a crisis of the capitalist colonial model and of the political subordination to the U.S. Congress where we are seen as a territory or possession which belongs to but is not a part of the U.S. This colonial regime was imposed upon our country following the 1898 military invasion and occupation that Puerto Rico was subjected to by the United States army.

The growing indebtedness to Wall Street occurs within the context of the cold war and the blockade against Cuba by Washington. Puerto Rico was presented as the showcase of the Caribbean, with a false economic development model, that created a fiscal paradise with tax exemptions to big North American corporations which annually generated billions of tax-free dollars in profits. The colonial government of Puerto Rico was able to maintain its façade of a model for the Caribbean region, as long as it could issue bonds and obtain loans, though with increasing interest rates and costly agreements imposed by the credit agencies.

When faced with the current fiscal crisis, the government of Puerto Rico initially stated that the debt was unpayable only to later begin a patchwork process of renegotiating the debt with the same credit agencies. Meanwhile, the credit agencies are stubbornly opposed to any process that renegotiates the debt and insist upon the implementation of austerity measures and strict compliance with the debt payments they established.

Many Puerto Ricans, from those in government to community, labor and religious organizations, who can't imagine other possibilities outside of the political subordination of the empire-colony relationship, look for the government of President Obama and the United States Congress to provide salvation from the problem of the fiscal crisis. True, in the process it's been widely recognized that our particular colonial situation puts Puerto Rico at a total disadvantage for facing the future creatively and makes it impossible for Puerto Rico to establish its decision-making power. But there are no clear political intentions to break with that historic nullification.

Surely those Puerto Ricans who seek to pressure Congress to take measures to rescue Puerto Rico

from the fiscal crisis understand that it is clearly dominated by the same conservative forces that respond to Wall Street interests. So, we ask, why do they insist that this is the only way out? Those brothers and sisters know that any type of rescue will take place within the framework of preserving the interests of the credit agencies and not the interests of the Puerto Rican people. Is that what they want for our people?

At this point, it is clear that an imminent imposition of a Federal Fiscal Board will be part of any arrangement made regarding the restructuring of or fiscal rescue from the debt. The Federal Fiscal Board will be an entity with the power to determine the management of public funds, payments or non-payments under collective bargaining agreements and the assignment or the elimination of assigned funds to government agencies, all within the context of providing the best service for paying the bondholders. It will be a Board composed of foreigners with powers above those of the governor, the legislature and the courts of Puerto Rico. It will be the dictatorship of capital, marking a historic step backward for our country where we will return to the Puerto Rico of the 30's. Are the brothers and sisters who are lobbying in Washington, aware of the historic responsibility they will have to assume if they insist on walking into the ambush that the credit agencies and representatives of big capital are setting up?

Call to Action on Puerto Rico / Llamado a la Acción por Puerto Rico and the different groups organizing along a similar basis insist:

1. That Puerto Rico's debt is unpayable.
2. That in the last 20 years alone, foreign corporations operating in Puerto Rico have reaped over 600 billion dollars in tax free profits 10 per cent of which would suffice to pay the otherwise unpayable debt.
3. That the social cost of increasing the sales tax, reducing the work day, education and health services, of eliminating labor rights gained and the dismantling of the retirement system among other recessionary measures, are a detriment to the quality of life of the people of Puerto Rico and to the strategic development of the country's economy. Thus, these measures are not a solution.
4. That as a colony of the United States, Puerto Rico's position of political subordination cuts across the problem and independence would break the stalemate and create the possibilities of a solution benefiting our country.
5. That the proposals from the financial institutions are the same ones which generated the neo liberal policies that are based on the uncontrolled increase in profits by the few at great sacrifices to the many. Some of our Latin American countries have now freed themselves from this neoliberal model by developing independent economic policies which place collective social wellbeing over the greedy profits of corporate and finance capital.
6. That the root of the problem is the colonial status of Puerto Rico as echoed in the UN Decolonization committee resolution on Puerto Rico adopted on June 22, 2015 which states "the condition of political subordination prevents Puerto Rico from taking sovereign decisions to attend to its serious economic and social problems including unemployment, marginalization and poverty."

It is for these reasons that ***Call to Action on Puerto Rico*** understands that this is a unique historical moment that offers the opportunity to educate, denounce, and advance the cause of independence and social justice for Puerto Rico. We strive to deepen the work we have begun so that we can broaden and give continuity to a step-by-step plan of struggle in that direction.

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