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Puerto Rico

# Program and tasks for reconstruction

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**In our previous articles on the impact of Hurricane Maria we talked about the lessons of the hurricane and some bases for reconstruction.** [1] Now we must summarize the ideas in a brief program for reconstruction, both the reconstruction posed by the passage of the hurricane, certainly, and the reconstruction that was already needed before the hurricane. [2] As we have indicated, the hurricane has accentuated the triple crisis of debt, economy and energy that we already lived through before September 20-21, as well as highlighting serious problems of inequality (between classes and also between regions). Nothing guarantees that we achieve what we need, but how much we achieve will depend, to begin with, with a clear formulation of what we consider to be just and adequate. This program includes:

### **1. Immediate emphasis on rescue and initial stabilization**

(provision of water, medical services, transportation, fuel and so on) in the interior of the island, where the impact of the hurricane has been greater for reasons both natural (because trajectory of the hurricane) and social (higher levels of poverty in these municipalities).

### **2. Suspension of any blockage to the assistance Puerto Rico may receive**

We have heard denunciations (which we have not been able to confirm) that the arrival of support from Venezuela in particular is being impeded, perhaps from other countries as well. Any aid blockade must cease. Puerto Rico needs and should receive all available solidarity assistance.

### **3. Cancellation and repudiation of the debt because of force majeure, significant change of situation and state of necessity**

It is necessary to complete a citizens' audit of the debt to determine which part is illegal, unconstitutional or illegitimate. [3] But the proposal to renegotiate the remaining part according to the priorities of protecting pensions, essential services and the means necessary for economic recovery should now be replaced by the proposal for repudiation and cancellation of the debt due to force majeure, circumstance and state of necessity. [4] The passage of the hurricane has begun to force discussion of cancellation of debt onto the agenda. The government of Puerto Rico must act now with the audacity and decision that it lacked when it had to recognize that the debt was unsustainable (at the beginning of 2014, at the latest) and when it had to declare a moratorium (June 2015). Enough submission and passivity! [5]

### **4. A significant federal contribution to reconstruction**

The impact of the hurricane has opened the discussion about a federal contribution to reconstruction (which we had raised long ago). There is talk of amounts that were previously said to be impossible (\$ 7 to \$ 10 billion, or about \$ 30 billion that Federal Emergency Management Agency would distribute between different states and territories), but are inadequate in the case of Puerto Rico. If Congress can contribute the amounts that have been mentioned this or next year, without causing it major budget crises, we must demand a reconstruction fund of at least \$5 billion annually. This is neither charity nor increasing dependence. It should be seen as compensation and reparation for the impact of a colonial relationship perpetuated by Congress, whose economic impact (poverty, permanent mass unemployment, over-indebtedness and so on) that colonial authority is, at least in part, responsible for. [6] Much of

the product of work done in Puerto Rico has year after year left Puerto Rico. That has been the fate of the country, which, after each growth period, finds itself repeatedly dispossessed, de-capitalized and left without the means to boost its economic development: this is typical of the colonial condition. [7]

It is time to recover some of that wealth for our reconstruction. As a recent study by the Center for Economic Policy states: "There is a substantial case for federal aid to Puerto Rico as well as sufficient debt cancellation to allow for speedy economic recovery." [8] Likewise, it should be pointed out that the current economic disaster costs the working people of the United States, through the federal funds necessary to mitigate it: it is convenient for both the people of Puerto Rico and the people of the United States to equip the island with a healthy and sustainable economy, that does not need such compensations for levels of poverty and unemployment.

There is the precedent of the draft bill for decolonization introduced by Congressman Vito Marcantonio in 1936, which provided for this type of compensation. At present the draft submitted by Senator Bernie Sanders in 2016 "Puerto Rico Humanitarian Relief and Reconstruction Act" can be taken as a starting point (to be improved and amended). [9] Stop bailing out Wall Street and leaving the peoples to their fate!

### **5. The previous proposals involve the revocation of PROMESA as a narrow, inadequate and unfair framework to deal with the debt crisis.**

The law provides no mechanism for economic recovery, as recognized by the president of the Fiscal Control Board created by the said law. It only provides for the application of austerity measures that are socially unjust and economically counterproductive. The approved fiscal plan does not foresee economic growth until 2024: another lost decade for Puerto Rico. The application of austerity measures that were previously unjust and counterproductive would be, after the hurricane, simply criminal.

### **6. No further measures against the working and impoverished people.**

We cannot afford to use the current emergency or reconstruction work (as in New Orleans with Hurricane Katrina) to impose community displacement agendas (gentrification or embourgeoisement), privatization (of schools, for example, with the model of charter schools) or elimination of labor rights and protections. No more closures of schools without the active and informed participation of the affected communities and workers!

### **7. We should not confuse, as employers' organizations do systematically, productivity with exploitation.**

Puerto Rico needs more productivity, no more exploitation of its workers: it needs greater labor participation in the income and organization of work and services. Anti-worker measures must be stopped and those that have already been approved should be reversed, starting with the meager labor reform that brutally attacks private sector workers. Without these actions any mention of "unity of purpose" in the face of the crisis is pure hypocrisy that hides the existing terrible inequalities and policies that accentuate them.

### **8. No use of the crisis to impose employers' agendas.**

We should make sure that large companies that have insurance for these operations pass on payroll benefits to workers, something that some companies have been trying to evade in the tourism sector. In the same way, it is necessary to reject and denounce attempts by employers such as GFR media, who, while raising editorial chants to unity of purpose, seek to remove from their employees the protections of their union contract, under threat of dismissal, and reduce their conditions of employment (overtime payment, holidays and so on) to those of the

pernicious labor counter-reform. This use of the crisis to strip more workers of their rights is really outrageous.

### 9. **Suspension of the Sales and Use Tax and progressive tax reform.**

The crisis has caused the temporary suspension of the SUT. This should be a stimulus for a tax reform that reduces regressive taxes, such as the SUT (which affect more those who have less) and to recover for the country the extraordinary amount of wealth that today accumulates in a few hands and is dedicated to speculative and unproductive purposes.

### 10. **A one-off tax contribution should be considered for recovery from the largest companies operating in Puerto Rico** (a turnover or profit level can be designated to determine which ones it applies to).

### 11. **Governmental reform with labor and citizen participation**

We cannot confuse efficiency and privatization. The crisis provoked by the hurricane has shown the need for universal health insurance and the gradual rebuilding of a public health system that is planned and comprehensive, as well as genuine public transport systems. Overcoming the waste and inefficiency existing in public services demands their democratization with labor and consumer participation, not the delivery of the public to the logic of the private gain of a few.

### 12. **A plan of economic reconstruction**

based on the funds released or recovered by the cancellation of the debt, the federal contributions, the reinvestment in Puerto Rico of the profits that are generated here (either by mutual agreement with the companies or by way of contributions), tax reform that recuperates unproductively monopolized funds and new foreign investment subject to well-designed priorities and conditions that are conducive to the country's development. It is useless to receive contributions and recuperate resources if we do not dedicate them to the creation of a self-sustaining, socially just and ecologically responsible economy.

### 13. **Cabotage laws.**

The hurricane has caused action to be taken that has been needed for a long time without action by the federal government: the temporary suspension of cabotage laws. This action must be a preamble for their elimination, as a limit to the economic recovery of Puerto Rico. [\[10\]](#) At the same time, land-based jobs must be guaranteed to workers who are now performing these tasks and residing in Puerto Rico.

14. **The demands and proposals that we formulate in Puerto Rico** (cancellation of debt, federal contribution for reconstruction, universal health insurance, programs of creation of employment, renewable energy and so on) coincide with the demands and proposals that are also posed by movements in the United States, and that correspond to the interests of the working people in that country: proposals for taxes on large corporations and capital, projects to renovate infrastructure and create employment, cancel student debt and relieve indebted families, universal health, single-payer, insurance, reduction of military spending in favor of social spending, against oil pipelines and for renewable energy, rights for racially discriminated communities and immigrants.

We have to link our demands to these movements, to make our program, including our need for decolonization and self-determination as a people, a part of their program. Proposals for development linked as closely as possible to local consumption, rich countries' contribution to the transition to renewable energy in the poorest or least-resource

countries coincide with those of the climate change movement. [\[11\]](#)

**15. We must take advantage of the international interest in the situation in Puerto Rico** as a result of the hurricane to alert public opinion to the situation here: that Puerto Rico has been a colony of the United States since 1898; which remains a colony in the 21st century; that Congress has never allowed the people of Puerto Rico to vote for different status options in a binding process; that under the existing relationship the economy of Puerto Rico has been dominated by foreign capital; that under such domination its economy has always been both unilateral and incapable of providing jobs for much of its workforce; that Puerto Rico currently has a labor force participation rate of 40%, more than 45% of its population below the poverty level, a per capita income of about half that of the poorest states in the United States and a stagnant economy for a decade.

None of this is a result of limitation but of the unimpeded movement of money, commodities, and capital between metropolis and colony [\[12\]](#); that the abyss between the two, after closing slightly during the postwar expansion has remained the same or has grown in recent times, that, therefore, emigration, massive in some epochs, increasing at present, has been a constant aspect of the colonial reality; that this also explains the magnitude of the informal economy, including (also thanks to wrongful prohibitionist policies) drug trafficking, with its violent consequences; that its working people have been subjected to austerity measures such as the SUT (regressive tax) in 2006, law 7 (dismissal of public employees) in 2009, law 66 (reduction of conditions and public labor rights) in 2014 and counter-labor reform (elimination of labor rights in the private sector) in 2016, among others; that Congress removed the insufficient mechanism of tax incentives (Section 936) without providing alternative mechanisms; that in spite of the stagnation and crisis the external corporations that operate in the island generate or declare profits of around \$ 35 billion annually, equivalent to about 35% of the GDP; that instead of recognizing its responsibility or co-responsibility for the economic crisis and the debt, Congress approved the law known as PROMESA that accentuates the colonial character of the existing relationship, does not provide measures or funds for economic development and that implements ever more severe measures of austerity (such as the drastic reduction of the budget of the public university) that are socially unjust and economically counterproductive; that Puerto Rico needs a reconstruction plan, the necessary powers to implement it, and the international allies necessary to overcome the impositions of big capital and the biggest creditors; that, like other impoverished countries, Puerto Rico does not have the means to complete the accelerated transition to renewable energy that humanity needs to address the threat of climate change and therefore needs, like other countries in a similar situation, both debt relief and support from rich countries. [\[13\]](#)

All this should be explained with concrete data, arguments and examples, calmly but firmly, not as a result of the malevolent actions of the "Americans", a generalization without foundation, but of structures and policies that respond to the interests of the privileged classes that predominate in Congress, and who find allies in Puerto Rico, interests that are also opposed to those of the majority of American working people.

**16. This solidarity and mutual support between peoples of different territories** must occur between populations of the same country or nation and also between populations of different countries and nations, under the same political jurisdiction or under different jurisdictions: therefore, it does not depend on the status of Puerto Rico now or in the future. By collaborating with our allies outside of Puerto Rico we can build the democratic, solidary-based, sustainable Puerto Rico that we need, whatever the status we choose. [\[14\]](#)

**17. In order to resolve the colonial problem**, it is necessary to convene, when conditions permit, a constitutional assembly on status, according to the model developed by the Puerto Rico Bar Association. Such a body must formulate non-colonial status options, negotiate with Congress on those options that require it, and submit to the people those options to choose between non-colonial alternatives. Taking into account the current emergency, the assembly could be approved in 2018 to be convened in 2019.

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[1] See [Some Lessons of the Hurricane](#) and [Open Letter to the People of the United States—from Puerto Rico, a month after Hurricane MarÃ-a](#) .

[2] When the leading bodies of the PPT meet, they may correct, amend, modify and expand what is tentatively proposed here.

[3] The preliminary study by the Commission for Debt Audit created by Law 97 of 2015, recently dissolved by the present administration, has already indicated that a substantial part of the debt is likely to be illegal due to violations of constitutional provisions of balanced budgets, borrowing margin and duration of debt, and violation of the rules of the Securities Exchange Commission.

[4] Force majeure and a change of situation exist when "a government or public body finds itself, due to external circumstances beyond its control, unable to fulfill its international obligations, including repayment of a debt." The state of necessity exists when payment of the debt would prevent the government from guaranteeing the needs of the population. It is not, Toussaint and Millet explain, that the government is "absolutely prevented from fulfilling international obligations but of recognizing that to do so would necessitate sacrifices on the part of the population that go beyond what is reasonable. The state of necessity may justify repudiating the debt, since it implies establishing priorities among the different obligations of the state." (Eric Toussaint, Damien Millet, *Debt, the IMF and the World Bank*, New York: Monthly Review, 2010, pgs. 246-47) These descriptions apply clearly to our case.

[5] Since January 2014 the PPT has said that the debt was unsustainable and default was inevitable and that it was necessary to declare a moratorium on debt repayment. We were told that this was wrong and inappropriate. But in June 2015 it was recognized that debt was unsustainable and in early 2016 a moratorium law was passed, in both cases with a delay that weakened the country in relation to the creditors and opened the way to measures such as PROMESA. See <https://www.theatlantic.com/business...> for further information on the latter.

[6] This is recognized and pointed out by the current ruling party, the PNP, as can be seen in the preamble to Law 51 of 2016 (the plebiscite law).

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[9] The project establishes parity of Medicare and Medicaid funds and provides funding for areas such as roads, renewable energy, airports, potable water, rural services, ferries and ferry docks, disaster preparedness and response, broadband, housing, and community development.

One of the flaws of the project is that it channels funds through existing federal programs, instead of agencies under our control, created to address the situation of Puerto Rico in a comprehensive manner. The total amounts are also insufficient: about \$9 billion in 10 years, if we add different provisions, according to our calculations.

[10] <https://qz.com/1087325/what-is-the-...>

[11] See on this my article "El capitalismo fósil" in *80 grados*, a review of the book *This Changes Everything* by Naomi Klein.

[12] Contrary to what is affirmed by the dogmas of neoliberalism and market fundamentalism, these are the results that can be expected. As the economist Anwar Shaikh puts it: "Simply opening up the markets of a developing country exposes its businesses to powerful international competition, whether or not they are internationally competitive. And if they are not, they will lose out on a large scale. This can be offset to some extent by foreign investment..."

But... the unemployment created by the displaced domestic industries need not be absorbed by any new production by foreign firms, for the latter will generally be far less labor intensive... Without the intervention by appropriate institutions that counter these tendencies of free trade, the

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problems will tend to be chronic." *Globalization and the Myth of Free Trade*, (London/New York: Routledge, 2007), 63-64.

[13] See on this the book by Naomi Klein referred to above.

[14] The PPT includes defenders of all status options, in agreement on this perspective. This writer is a pro-independence socialist and therefore defends independence from an internationalist perspective.