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By Eva Prados

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Puerto Rico: The indebted neoliberal colony and its processes of resistance



Sources: CADTM [Image: Demonstration on Living Wages and Retirement: People Before Debt (18 February 2022) (File: Citizens' Front for Debt Audit)]

Puerto Rico is suffering. The archipelago in the Caribbean with just over three (3) million inhabitants lives the combined forces of a 120-year colonial relationship with States United and an economic crisis that led him to accumulate more than 74 billion dollars in odious, illegitimate, unsustainable and potentially unsustainable public debt illegal that exceeds 100% of our Gross National Product (GNP).

The The effects of these combined forces are currently felt through the imposition by the U.S. government of a Fiscal Control Board to restructure public *debt* which has had the effect of

dismantling its public sphere and promoting an agenda aggressive privatization and austerity in social spending to guarantee some Payment to bondholders.

After six (6) years of the largest and most expensive bankruptcy process in the U.S. municipal bond market and the impact of hurricanes, earthquakes and pandemics that have resulted in thousands of deaths and the worst emigration in decades, the people continue to be burdened by inequality, exponential increases in the cost of living and the lack of a functioning public scaffolding due to unsustainable debt repayment.



Cover of the newspaper Claridad (1973) about research that revealed influence of bondholders from the United States (EU) in the Commonwealth (ELA) of Puerto Rico. (File: Citizen Front for Debt Audit)

We will try in the next lines, along with the other voices that accompany me in the other notes on Puerto Rico, give brushstrokes of the situation that is lived on the island and its processes of social resistance.

The "promised" bankruptcy

In June of 2015 the government of Puerto Rico, after years of spending cuts public, mass layoffs and new taxes, publicly acknowledged that the Its public debt burden was unsustainable and attempted a process of moratorium and restructuring that ended up paralyzed by creditors in the courts [1].

The 30 of June 2016, U.S. President Barak Obama approved together to Congress on *Puerto Rico Oversight, Management, and Economic Stability Act* ("PROMESA") to create a procedure Special restructuring of the public debt. The "promise" would come Accompanied by more sacrifices: a fiscal control board with powers absolute in tax matters and even with the capacity to request the annulment of legislation to the United States Federal Court. In other words, the what experts have called "*a legal experiment inflicted on the Puerto Rican body politic made possible by status colonial of Puerto Rico.*" [2]

We now live in a state of exception in the typical colony of dictatorial regimes, where a Junta of Fiscal Control and a judge of the Federal Court of the United States, none Chosen by the Puerto Rican people, they make the most important decisions For Our Future: How to Use Our Taxes, What They Are or Aren't Essential public services that must be protected through their appeals "fiscal plans" and even what we can legislate on. The unelected "Board", which Its members do not live in the country, it represents us in front of the bondholders and in the Federal Court negotiating and deciding "what we can afford" in its plans of adjustment of the debt in force for the next decades.

Before the approval of PROMESA, organizations and human rights defenders we went twice to the Inter-American Commission on Human Rights to denounce the poverty and high rates of inequality that we lived in Puerto Rico [3]. We allege gross violations of the human right to work, education, health, access to justice and housing caused by austerity measures and Fiscal policies implemented, to prioritize the payment of a debt unsustainable public. The main claim was to point out the responsibility of the U.S. government in the economic crisis and debt problem of the island under his control. A moratorium on payment was requested as a remedy of the debt to begin a comprehensive audit to evaluate the legality of transactions to cancel any illegal debt or illegitimate, and point out the responsibility of public actors and the sector financial.

The approval of PROMESA generated A lot of opposition. Immediately the legislation was passed, the protests and social mobilization giving birth to what was called the Camp Against the Junta, with hundreds of protesters camped out for months, in front of the Tribunal Federal and then the collective Jornada the Promises were over, which still, Six years later, it continues to organize protests and activities of resistance against the Junta.

The Citizens' Movement for Debt Auditing



Ecumenical Vigil for Debt Audit (TBT 2017) (Archive: Citizens' Front for Debt Audit)

Following the experiences in Ecuador and Brazil, and prior to the passage of the PROMESA Act, the government of Puerto Rico had created by law the Commission for the Comprehensive Audit of the Public Credit, which in its pre-audit reports indicated that more than 60% of the public debt could be in violation of Puerto Rico's Constitution, with the consequence of declaring such debt null and void and unpayable. However, the The government eliminated the Commission following these reports and the Board has resisted Perform such an audit to look good with the financial sector and avoid be held accountable.

However, in light of the reports of the Audit Commission, a multisectoral movement called the Citizens' Front for the Audit of the Debt emerged, which included unions, professional, social, community and feminist organizations that demanded the completion of the process of comprehensive audit of the public debt initiated.



Student Demonstration in front of the Capitol (TBT 2017) (File: Citizen Front for Debt Audit

The challenge was great because the majority of the people were oblivious to the processes of indebtedness and alternatives to face it. However, from the Front they have been achieved articulate a series of mobilization campaigns including the collection of more from 140,000 signatures and multi-sectoral endorsements, to strike support UPR student of 2017, turning today the debt audit into a Claim of the people.

Similarly, after the elimination of the government commission, from the Front we created our own Citizen Commission for the Audit of Public Credit with the Purpose of showing the true face of public debt and supporting Vulnerable sectors in confronting the neoliberal narrative of the government and the Meeting.

The Plans of the Tumble: who wins in the bankrupt colony



What We Pay- (File: Citizen Front for Debt Audit)

The Board has agreed with the bondholders four (4) new plans of payment, along with terrible reforms to pension systems. These new Payment plans have been heavily criticized for failing to reduce debt in bonds to sustainable levels as expected and for their negative impact on our economic development [4].

Muchos de los inversionistas con los que la Junta negocia en el proceso de quiebra son fondos de cobertura o buitres que compraron la deuda a grandes descuentos ya que los acreedores originales vendieron ante la posibilidad de un impago [5]. Fondos buitres como BlackRock, Emso Asset Management, Mason Capital, Silver Point Capital, Aurelius Capital aumentaron dramáticamente sus compras de bonos luego del paso de los huracanes María e Irma con el objetivo de lograr un plan de pago con la Junta que duplique o triplique el valor de su inversión [6].



Launch of Build Another Agreement Campaign Claiming the Responsibility of the Banks in the Crisis (UBS Building) (File: Citizen Front for Debt Audit)

In the In the case of the Central Government's debt adjustment plan, bondholders achieved Agree to the payment of over twenty-one (21) contested bond issues judicially for being issued illegally and in violation of our Constitution, totaling \$13.500 billion or 40% of debt payable and closing more of 120 claims for the return of illegal commissions against 20 banks and Wall-Street brokerage houses for participating in the illegal scheme [7].

To fulfill your proposals Unsustainable new payment plans to bondholders have been further cut Shrinking budget of all agencies, closed more than 567 schools public, reduced by fifty percent (50%) the budget of the University of Puerto Rico, reformed the pension system by reducing by more than one sixty percent (60%) future pensions of the teachers and judiciary and eliminated labor rights even in the private sector.

The protests were not long in coming, from the Citizen Front for the Debt Audit we join the Center for Popular Democracy and the Feminist Collective in Construction in the campaign "Let's Build Another Agreement" which sought to organize public sector workers and pensioners to avoid cutting their pensions [8]. Equally. way, to address the impact of public debt repayment beyond the current pensions, we collaborate with Open Spaces, the Union Puerto Rican Workers, the Broad Front for the Defense of Education Public and the university community in the Day No to the Plan of the Tumble that sought to mobilize against the confirmation of the debt adjustment plan of the Central Government [9].

The fight for a dignified retirement

Since The government began its austerity measures due to the fiscal crisis, the Future pensions of the public system have been aggressively reformed and the *benefit* of pension reduced by more than 60%. The Board, for its part, proposed reforming the public pension systems for teachers and the judiciary that had been the least affected by the government, in addition to an 8.5% cut in the current pensions and eliminate any adjustment in these by the increase in the cost of living for at least 10 years, reducing the value of pensions by 40%. [10]

Para evitar el recorte de las pensiones distintas organizaciones nos unimos en la campaña Construyamos otro Acuerdo que logró organizar a miles de pensionados por toda la isla opuestos a los recortes de sus pensiones y junto al Capítulo de Pensionados de la Federación de Maestros y Maestras, UNETE, Federación de Jubilados y Pensionados de la Central Puertorriqueña de Trabajadores y la Asociación de Gerenciales del ELA creamos el Frente en Defensa de las Pensiones. Desde el Frente se convocó la 1era Asamblea Nacional por Un Retiro Digno donde más de mil pensionados aprobaron un plan de trabajo para evitar el recorte del 8.5%. [11]

Fueron múltiples las estrategias que se llevaron para evitar el recorte de las pensiones, incluyendo marchas, protestas y cabildeo con la presentación de la Ley por Un Retiro Digno, redactada y presentada por el Frente en Defensa de las Pensiones a la Asamblea Legislativa haciéndola comprometerse en que no apoyarían ningún plan de ajuste de la deuda que incluyera el recorte de un 8.5%. La Ley fue aprobada y firmada por el gobernador. Por primera vez en todo el proceso de quiebra el gobierno se alineó, aunque temporalmente, con la clase pensionada en enfrentar a la Junta y su propuesta de recorte a las pensiones.

La Ley por un Retiro Digno fue anulada por el Tribunal Federal a pedido de la Junta, pero el tranque con el gobierno, junto a las protestas, logró que la Junta desistiera del recorte del 8.5%, una importante victoria no sólo para la clase pensionada sino para la lucha en contra de las políticas neoliberales demostrando que la resistencia y trabajo de los sectores sociales organizados da resultados.

Much remains ahead

By way of closure, although it remains little for the completion of the special judicial bankruptcy process under PROMESA, the The neoliberal colony's debt problem is far from over. The Forecast of many experts in the field is that the island will not have the Ability to comply with these new payment plans to bondholders and the Economic crisis continues.

Debt restructuring remains to be restructured of the Electric Power Authority where the Board proposes to pass the payment of These bondholders to the citizens with new increases in the electricity bill, the privatization of the public corporation and the dismantling of the Employee withdrawal. There the workers organized under the UTIER and the The environmental sector is leading the fight.

That said, the demobilization and exhaustion of social sectors is a constant challenge, given the power of the Junta provided by the government of the The United States, the prioritization in the payment to vulture bondholders, the Government corruption and the weakening of institutions under the neoliberal recipe.

We see a social renaissance in the mass protests against the privatization of services in the energy issue and a revival of the union sector that came out as Never before to the street to demand decent wages and retirements after the Confirmation of public debt adjustment plans. Undoubtedly, An awakening to new modes of struggle and resistance to the new scenario is urgently needed Post-judicial bankruptcy and austerity in the indebted neoliberal colony.

Notes:

[1] *"Federal Supreme Court Rules Against Puerto Rico in Bankruptcy Case Creole"* MICROJURIS (13/6/2016). Available

in <https://aldia.microjuris.com/2016/06/13/supremo-federal-falla-contra-puerto-rico-en-caso-de-queiebra-criolla/#:~:text=Supremo%20federal%20falla%20contra%20Puerto%20Rico%20en%20caso%20de%20queiebra%20criolla,-por%20Ed.&text=El%20Tribunal%20Supremo%20de%20los,Franklin%20California%20Tax%20DFree%20Trust.>

[2] CNE, "PROMISE: A failed colonial experiment?" (2021) Available in <https://grupocne.org/2021/06/29/promesa-un-experimento-colonial-fallido/>

[3] Report "Public Debt, Fiscal Policy and Poverty in Puerto Rico" (2016): <https://noticiasmicrojuris.files.wordpress.com/2016/04/final-informe-audiencia-pucc81blica-pr-4-de-abril-2016-2.pdf>

[4] Spaces Open: <https://espaciosabiertos.org/en/el-dilema-de-la-deuda-de-puerto-rico/>; <https://espaciosabiertos.org/nueva-propuesta-del-pago-de-la-deuda-deja-a-puerto-rico-sin-dinero-en-efectivo-en-ocho-anos/>

[5] <https://www.80grados.net/fondos-buitre-acorralan-a-puerto-rico/>; <https://www.80grados.net/fondos-de-cobertura-compraron-el-67-de-los-bonos-chatarra-de-puerto-rico-en-2014/>

[6] <https://espaciosabiertos.org/cuanto-ganaron-los-fondos-buitre-con-cofina/>; <https://sincomillas.com/junte-de-viejos-colegas-en-grupo-que-exige-puerto-rico-el-pago-de-la-deuda/>;

[7] <https://cb.pr/junta-fiscal-radica-demandas-para-recuperar-1-billon-de-bonistas/>

[8] <https://www.metro.pr/pr/noticias/2019/09/18/construyamos-otro-acuerdo-insiste-en-que-no-se-recorten-las-pensiones.html>; <https://sincomillas.com/retirados-repudian-recortes/?print=print>; <https://www.noticel.com/la-calle/20200903/organizaciones-de-empleados-publicos-lanzan-campana-electoral-en-defensa-de-las-pensiones/>

[9] For more Information: <https://www.plandeltumbe.com/>

[10] <https://espaciosabiertos.org/plan-de-ajuste-las-preguntas-que-hay-que-contestar-antes-de-aprobarlo/>

[11] <https://www.elnuevodia.com/noticias/locales/notas/convocan-a-los-jubilados-del-gobierno-a-asamblea-para-detener-recortes-en-las-pensiones/>

Eva Prados . Lawyer, feminist, consultant on issues of human rights, gender equity and citizen participation, and spokesperson for the Citizen Front for the Audit of the Debt in Puerto Rico.

Source: <http://www.cadtm.org/Puerto-Rico-La-colonia-neoliberal-endeudada-y-sus-procesos-de-resistencia>

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