

# Puerto Rico: Mass layoffs provoke protests, strikes

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Puerto Rican workers and students have responded with protests and strikes to the September 25 announcement by the island's government that it is laying off 17,000 public employees in response to its mounting fiscal crisis.

The layoffs are not only decimating the ranks of public workers, but will result in the shutdown of entire agencies, the cutback of social services and a sharp rise in unemployment in Puerto Rico.

According to the government's own estimates, the layoffs will increase the unemployment rate from just under 16 percent—higher than any US state—to over 17 percent. This, however, is a rosy scenario, given that it factors in only the 17,000 layoffs and not their impact on the wider economy in terms of reduced consumption and the resulting additional job losses in the private sector.

Already, Puerto Rico's poverty rate—some 45 percent of the population living below the federal poverty line—is far higher than that in the US, while the median income amounts to barely half that of the US population.

The massive layoffs announced last month are by no means the end of the Fortuño government's austerity policy. It is anticipated that at least 30,000 public workers will lose their jobs, while the government has vowed to shut down some 40 agencies through a process of privatization and consolidation.

Elected last year as the candidate of the pro-statehood New Progressive Party of Puerto Rico (known by its Spanish acronym PNP), Luis Fortuño is the first governor affiliated to the US Republican Party in 40 years.

In March, just three months after taking office, Fortuño imposed a "Special Law Declaring a State of Fiscal Emergency," or Public Law 7, unilaterally suspending for two years all collective bargaining rights and social protections for public employees, while mapping out plans for \$2 billion in reductions in the territory's annual budget. This means a 20 percent cut across the board.

Fortuño claimed that without such drastic cutbacks, the

government would face a shutdown before the end of the year. In 2006, the fiscal crisis forced such a shutdown, closing government offices and public schools for two weeks. Since then, the island has been mired in a recession that has been substantially deepened by the world financial meltdown.

Puerto Rico's government deficit is estimated at \$3.2 billion, the equivalent of 29 percent of the territory's general fund. While in absolute terms, this amount is dwarfed by California's deficit, which has become an international concern, in relative terms, Puerto Rico's deficit is significantly higher.

Fortuño traveled to Washington last week to plead for more federal assistance, meeting with Obama's chief economic adviser Lawrence Summers and Treasury Department officials. He claimed that the federal officials were "shocked" by the depth of the island's fiscal crisis.

The governor also traveled to New York for meetings with the credit rating agencies, Moody's and Standard & Poor's, which have ranked Puerto Rico's debt at just one notch above "junk" status—the worst for any US territory. Any further drop would make it nearly impossible for the Puerto Rican government to raise capital. The Government Development Bank of Puerto Rico estimates that a decline in investment grade would quickly translate into a 25 percent official unemployment rate. Fortuño assured Wall Street that his administration would carry through the brutal austerity measures that the banks are demanding.

The Fortuño government has declared the source of the island economy's crisis to be "big government" and the solution to be mass layoffs and privatization of government services and basic infrastructure.

"Government became the cure-all for Puerto Rico's economy," Fortuño's secretary of state, Kenneth McClintock, told the media. "That doesn't work in a capitalist economy."

In reality, the size of Puerto Rico's government relative to the population is roughly equivalent to the average size of US state governments.

The source of the island's deepening crisis is not government, but capitalism itself. The introduction of Operation Bootstrap in the late 1940s, together with the setting up of the commonwealth government in what remains a US colony, was aimed at turning the island into a low-tax, cheap-labor platform for US-based corporations to reap super profits. While the strategy produced economic growth over the next two decades, it did little to create jobs, under conditions in which the unemployment rate rose even as growing numbers of Puerto Ricans left the island for US cities.

Fortuño and his party remain committed to this free market capitalist program and are determined to keep corporate taxes at the lowest possible level in order to attract multinational corporations, particularly big pharmaceutical companies like Pfizer and Merck. The opposition Popular Democratic Party, which was in power in 2006 during the last fiscal crisis and mass layoffs, shares this position.

In response to the layoffs, the three major union federations in Puerto Rico—the General Union of Workers, the Federation of Workers and the Coalition All Puerto Rico—have called a general strike for October 15, two weeks before the bulk of the mass layoffs are to take effect. While a similar call for a one-day strike was issued in the midst of the government shutdown in 2006, the bureaucracy called it off.

Since the layoff announcement, there have been continuous marches and demonstrations on the island.

The latest protest was staged Saturday night at a performance of the Symphonic Orchestra of Puerto Rico, where hundreds of students and workers marched against the layoffs and also over reports that Governor Fortuño had ordered that hundreds of tickets be bought up and given to his closest aides and supporters in a bid to prevent protesters from joining the audience as he attended the performance. Art students from the University of Puerto Rico said that they had been refused when they sought to buy tickets. In the end, Fortuño stayed away.

The governor has responded with violence and fear against the protests. Shock troops from the Tactical Operations Unit have been deployed repeatedly at demonstrations, in several cases violently attacking protesters.

When he attended a ceremony in the eastern port of

Fajardo, announcing a new contract for boat repairs that would supposedly create jobs, a member of the audience threw a rotten egg at the governor. Roberto Garcia, a former employee of the Roosevelt Roads Naval Base and a father of five, threw the egg, yelling, "Charlatan...hypocrite, how dare you talk about jobs when you're taking work away from everybody?"

Garcia was immediately arrested and charged with attempted aggression and resisting arrest.

Fortuño, apparently shaken, refused to speak to the media after the incident, telling reporters, "You have abandoned me."

Earlier in the week, students at the University of Puerto Rico in Rio Piedras carried out a 24-hour strike against the layoffs, joining with university workers and professors in a protest march.

The agency facing the deepest cuts is the Puerto Rican Department of Education, where 7,249 workers are to lose their jobs, and a large number of school programs face elimination.

"The government is wrong," Aida Diaz, president of the Puerto Rican Teachers Association, told the Puerto Rican daily *El Nuevo Dia*. "This is the biggest injustice that can be done against working people by a group of people who have never experienced poverty."

*El Nuevo Dia* reported Sunday that one program on the chopping block was the Administraton for Agricultural Services and Development, which bought produce from local farmers for school lunch programs. "After October, students in the education system will no longer receive on their menus fruit, fresh vegetables...and other agricultural products made in local plants." The article was headlined, "Canned food to be served to students."



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