

Puerto Rican Investment Summit discusses how to profit from human tragedy

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The Puerto Rico Investment Summit took place in San Juan on February 12 and 13. This fifth annual conference of investors and financial interest groups was originally scheduled for last October, but was postponed as a consequence of Hurricane Maria. The summit was first set up in 2013 to deal with the island's debt crisis in the wake of favorable tax legislation (*Actas* 20 and 22) to attract what it calls "resident investors," wealthy settlers, and new capitalist investments.

Oblivious to the hundreds of thousands of Puerto Ricans who have lost their homes and jobs, the as yet unknown number of deaths from the storm and the 65,000 who have been forced to seek refuge in Florida, New York and other parts of the US, the participants flocked to the summit as an opportunity to discuss both how to profit from this human tragedy and protect their speculative assets from US taxes.

This is certainly the case for crypto currency speculators that are actively looking for homes in the historic Old San Juan section of Puerto Rico's capital city. The Puerto Rican administration of Governor Ricardo Rosselló has made it clear that it fully supports and will facilitate the importation of wealthy individuals by transforming Puerto Rico into a tax haven for these and other financial and real estate speculators and other potential money launderers.

Addressing the conference were over 40 speakers representing the elite of finance, insurance executives, real estate speculators, hedge and vulture fund managers, members of the unelected Fiscal Oversight Board of Puerto Rico, and government figures.

On January 3, Manuel Laboy Rivera, Puerto Rico's secretary of economic development and commerce, published an opinion piece headlined: "2018: Starting down Puerto Rico's road to economic prosperity."

Laboy celebrated that "more than 1,000 new resident investors already relocated to Puerto Rico and are benefiting from recent policy changes, amounting to more than \$500 million in assets held in Puerto Rico" and allegedly creating two and a half jobs "per investor."

"To investors interested in joining Puerto Rico's economic transformation by establishing or relocating their companies in Puerto Rico, we invite you to learn more about the many unique business opportunities that Puerto Rico offers and the ways that they can be a part of Puerto Rico's bright future. ..."

Laboy also promised a speedy economic recovery for Puerto Rico, as a tax haven, supposedly "because our paradise performs."

Brenda Gonzalez, president of this year's summit, more concretely described the themes of this year's summit—namely, to promote renewable energy and blockchain technologies (which manage Bitcoin transactions).

Endorsing the view that the savage devastation caused by Hurricane Maria has become a source of profit-making opportunities, Gonzalez declared: "In the end, it has been very interesting because we have been able to work on new approaches that were not contemplated in the beginning of 2017."

In his speech at the summit, José Carrión III, a wealthy insurance mogul and president of the Fiscal Oversight Board, made it crystal clear that the Oversight Board intended to force Puerto Rico to pay a "reasonable and substantial" part of its \$70 billion fiscal debt and additional unfunded pension liabilities of \$50 billion.

Carrión made reference to the \$17 billion appropriation for Puerto Rico recently approved in disaster funding—a pittance compared to the estimated

\$95 billion rebuilding needs of the island—and warned that Puerto Rico could not expect to be free of debt payments or that the federal government would solve Puerto Rico’s “significant” problems. The “significant” damages caused by Hurricane Maria include destroyed roads, bridges, sewers, water systems and electricity, along with the ruin of some 75,000 homes and severe damage to 300,000 others.

To revive the economy, Carrión also demanded a draconian labor reform, the slashing of welfare benefits, and continuing corporate tax cuts and subsidies. “We are aware that some reforms are not political palatable,” he said.

In truth, the Oversight Board has broad powers to unilaterally impose many of the “reforms” that Carrion calls for. The rules that established the Fiscal Control Board under the Democratic Party administration of President Obama, the PROMESA Act, give it broad powers. One of its subsections, Title V, grants the board the right to privatize government assets and public services, such the Electric Energy Authority, airports, public buildings and roads. It has the power to impose those and other measures, regardless of the environmental or any other impacts, as evidenced by its recent decision to build the Arecibo incineration plant, despite governor Rosselló’s opposition.

Under the terms of Title V, people are only allowed 30 days to question or oppose the decisions of the Oversight Board, allowing very little time to alert, let alone rally opposition to its decisions.

While the financial elites discussed how best to take advantage of the “opportunity” provided by Hurricane Maria, the island lurched into yet another crisis.

On February 16, the Fiscal Oversight Board announced that the Electric Power Authority (PREPA) now faces a shutdown from lack of operating funds and was requesting an immediate \$300 million loan to continue operating through March 2018. The announcement came shortly after a federal judge had denied a \$1 billion loan to PREPA on the grounds that neither the Oversight Board nor the Puerto Rican government had provided sufficient evidence to justify the loan.

“Without the loan, and given the potential risk to its operations, we have no other responsible option than to begin implementing a limited operational emergency plan,” declared Ernesto Sgroi, president of PREPA’s

governing board. “We fear this setback will result in the exacerbation of human hardship since potable water, power for medical procedures, communications, and open schools are at risk of disappearing again.”

Before dawn Friday, the governing board filed the scaled-back loan request and said Puerto Rico will have to further reduce power generation and personnel if it does not obtain the funds by Tuesday. It also said that the power authority is in jeopardy and that \$300 million would allow the utility to operate only until late March.

Gov. Ricardo Rosselló, in Philadelphia, requested that the US Treasury Department release a separate billion-dollar loan that Congress approved in October for disaster recovery efforts, as officials warn the Puerto Rican government is running out of money.

“This is an urgent situation,” he said. “If the power goes out in Puerto Rico, if there’s an inability to buy fuel, it is a humanitarian crisis.”

If there is no loan by this Tuesday, Oversight Board officials indicated that PREPA would have to lay off employees and curtail generation of electricity.

PREPA authorities, meanwhile, announced the rationing of electricity beginning this Sunday, “dialing down” its production and causing rolling blackouts and brownouts. This latest crisis takes place as 400,000 Puerto Ricans still have no electricity five months after Maria wiped out the island’s electric system.



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