

US financial board spars with Puerto Rican authorities over how best to pillage island

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The Obama-era Financial Oversight Management Board (FOMB), an unelected body that dictates the budget for Puerto Rico, announced Saturday it would drastically cut government spending after the US territory's legislature failed to vote for labor law "reforms" demanded by the oversight board.

The local government, headed by Governor Ricardo Rosselló's New Progressive Party, has been working with the FOMB on the fiscal plan for months. The final version of the plan, passed by the FOMB in April, was hailed by financial speculators as a major success as it forecasted a potential \$6.7 billion in debt payments to bondholders, \$400 million more than a previous estimate from Rosselló.

After months of scheming behind closed doors while thousands were dying from the impact of Hurricane María and the criminally negligent response of the Trump administration, the FOMB unveiled a plan to secure the interests of Wall Street and other wealthy bondholders. The plan would eliminate thousands of jobs, enforce the privatization of both the Puerto Rico Electric Power Authority (PREPA) and the water utility, consolidate dozens of state agencies, cut pensions by 10 to 25 percent for retired public employees, and drastically reduce government subsidies to all of Puerto Rico's 78 municipalities. It would also cut funding to the island's only public university, cut sick leave and vacation pay by half, slash pensions for retirees, and eliminate mandatory Christmas bonuses.

Among the most important measures dictated by the new fiscal plan was the repeal of Law 80, which would turn Puerto Rico into an at-will employment jurisdiction—a so-called reform long sought after by the US corporations and native capitalist class. The measure, among other things, would allow workplaces

to fire employees without reason. The failure of the legislature to carry out the repeal last Friday provoked a ferocious backlash by the FOMB.

Just one day after the vote, the FOMB certified another version of the island's fiscal plan, which includes the originally proposed elimination of Christmas bonuses to public employees and budgetary cuts to public agencies, including the legislature and the judiciary, among the other measures.

In addition, the financial overlords announced that the money available to the government over the next 30 years, including for debt service, has been cut to roughly \$14 billion from almost \$40 billion under the previous version of the fiscal plan. In other words, as a punishment for failing to overturn labor protections, the debt burden of the island—which was created by years of financial manipulation by big investors—will essentially be increased, necessitating even more brutal austerity measures.

The financial looting of Puerto Rico underscores the semi-colonial status of the island, which the FOMB treats as little more than a target of an International Monetary Fund restructuring program. While the board sees the legislature's backtracking on labor reforms as a setback, it fully understands the island's government officials have no intention of challenging the dictates of the banks. FOMB member Ana Matosantos told reporters that while the board was disappointed, "We recognize that fact does not change our charge or Puerto Rico's reality."

The FOMB and the Puerto Rico government have repeatedly warned that they are ready to go to court, if necessary, to settle their differences over the implementation of the budget and new fiscal plan. Far from representing genuine opposition to the dictates of the FOMB, the local government's failure to strip away

the labor laws is at best a limited and impotent attempt to conceal its subservience to Wall Street under conditions of deepening opposition by the working class, including teachers on the island.

Governor Rosselló readily agreed in May to the labor reforms in the fiscal plan, including the measures in question. As the *World Socialist Web Site* wrote at the time:

"If the Rosselló government refuses to implement the fiscal measures, the FOMB could sue to enforce them. However, any such 'opposition' from Rosselló would only be for show and motivated purely to save face with the Puerto Rican working class—not from any genuine concern for the people. On the contrary, the Rosselló government has done everything in its power to assist the plundering of the island by financial interests. This includes enthusiastic support for the privatization of both public education and the previously largest publicly-owned utility in the United States, PREPA."

Over the course of debates between the local government and the FOMB over how best to scrape every cent from the working class on the island, over 5,000 people died from government neglect—a fact that the local and federal governments deliberately attempted to cover up.

While the eight representatives of the banks and corporations that make up the FOMB, many of them millionaires, carried on with their lives in New York and plotted to raise tuition at University of Puerto Rico and strip workers of their pensions and Christmas bonuses, thousands of workers in Puerto Rico were dying because they did not have access to basic necessities such as electricity, many for months at a time. In dark hospital rooms they died because they could get their dialysis treatment, they could not plug in their breathing devices, or they could not get their proper medication. Hundreds more committed suicide in the face of the extreme devastation and abandonment by the government.

While the FOMB was drooling over the privatization of the education system and the electrical utility, the Democrats and the Republicans were passing a historic tax bill to funnel trillions of dollars to the rich and a bipartisan bill to grant the military over \$700 billion in funding.

For the Puerto Ricans who emigrated from the island,

the political establishment has been just as ruthless. Millions of Puerto Ricans now live as refugees within their own country, many in homeless shelters or motels until the relief funds are stopped, which could be any day. In fact, the Federal Emergency Management Agency's temporary sheltering assistance program was scheduled to end Saturday night, but late Saturday the evacuees received a temporary reprieve when federal judge stayed their departures until Tuesday.

The actions of the FOMB and the local government in Puerto Rico are among the most graphic examples of the contempt and indifference of the ruling class to the working class. However, like workers on the mainland and all over the world in the first half of 2018, the workers in Puerto Rico have not taken these attacks laying down. Protests involving tens of thousands of people have erupted since the start of the new year and a new groundswell of anger on and off the island has emerged over the exposure of the government cover-up of the death toll. Outside the territory's capital an impromptu memorial of over 400 shoes sprung up to honor victims.

There is no shortage of anger and willingness to fight among the workers in Puerto Rico. What is needed above all to fight is a struggle to unite workers on the island and the mainland in a common struggle against both big-business parties and the financial dictatorship of the banks.



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