

Puerto Rican authorities scramble to provide democratic cover for installation of Wall Street's governor

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6 August 2019

The resignation of Puerto Rican governor Ricardo Rosselló after three weeks of mass protests and the installation of his nominee for secretary of state, Pedro Pierluisi, has further deepened the political crisis and social opposition in the US territory. While challenged in the courts, this effective installation of a Wall Street puppet faces overwhelming opposition from the masses of Puerto Rican workers and youth who overthrew Rosselló.

In ruling circles, the uncertainty about the legality of the succession, and above all the fears of unleashing even larger protests was expressed with stark openness in the corporate media. “Puerto Rico Governor’s Office is Occupied, Maybe by a Governor,” read a headline in *Bloomberg*.

Puerto Rico’s main daily, *El Nuevo Día*, published an editorial titled “Governance and stability are Priorities,” calling for politicians to “understand the dimensions of the mandate demanded by history” and line up behind Pierluisi.

As Pierluisi was sworn in as governor—not in public but in a furtive ceremony organized at his sister’s house—thousands gathered outside of the governor’s residence on Friday to demand the ousting of both Pierluisi and the Financial Oversight and Management Board (FOMB). Popularly known as the *Junta*, the FOMB manages the Puerto Rican economy at the behest of Wall Street. Signs read “No to the coup by the *Junta* and Pierluisi.”

The local Senate refused Monday to even vote on confirming Pierluisi’s nomination as secretary of state because he had already taken office as governor. Earlier that day, the Senate had filed a lawsuit in the Supreme Court to invalidate Pierluisi’s taking office as governor. The Senate argues that a 2005 law exempting the secretary of state from needing the confirmation by both houses of the local legislature in order to succeed a governor is unconstitutional. The court announced that it would fast track the case and require its judges to file responses by Tuesday.

The Democratic Party is intervening to channel discontent into the 2020 elections, a maneuver also suggested openly by the editorial board of *El Nuevo Día*. The mayor of San Juan, Carmen Yulín Cruz, also filed a lawsuit claiming the taking of

power by Pierluisi was unconstitutional, while backing the Senate’s maneuvers and ignoring the demands directed against the FOMB. Cruz is running for governor and is a national co-chair of the presidential campaign of Bernie Sanders.

The Puerto Rican House of Representatives had hurried through the approval of Pierluisi’s nomination as secretary minutes before the scheduled resignation of Rosselló on Friday. This was a naked attempt by sections of the Puerto Rican ruling establishment to cover up the extra-legal installation of a direct representative of the *Junta*.

Pierluisi, whose wife’s brother is chairman of the FOMB, became ultra-wealthy while promoting the creation of the *Junta* as Puerto Rico’s non-voting member of the US Congress between 2009 and 2017. During this period, he and his wife increased their wealth 27-fold as she ran a firm providing advice to vulture funds on how best to loot the island’s economy.

Before 2009, Pierluisi had worked for 11 years for the law firm O’Neill & Borges LLC, whose top client became the FOMB itself. Pierluisi then returned to the firm to work as the *Junta*’s top legal advisor. Now, he has taken power as the *Junta*’s top enforcer in the island, expecting an even larger compensation from Wall Street for his services.

The legal challenges to his appointment are a cover for the pursuit of power by other factions of the political establishment that has presided the implementation of Wall Street’s dictates. The 2005 succession law states: “to hold the permanent office of Governor, a Secretary must occupy his or her post properly, having had his nomination ratified; except for the case of the Secretary of State, and subject to the provisions of Article IV, Sect. 9 of the Puerto Rican Constitution.”

Article IV, Section 9 of the Constitution reads: “When the elected Governor fails to hold office or when an absolute vacancy occurs without him or her naming a Secretary of State or having named one that hasn’t taken office, the elected Legislative Assembly will elect a Governor by majority vote from the total of members in each chamber, in its first ordinary session...”

After more than three legislative terms since 2005, the Senate

is bringing this up, not over democratic concerns, but largely over the ambitions of the Senate chairman, Thomas Rivera Schatz, and his clique. Schatz, who is the president of the same New Progressive Party of both Rosselló and Pierluisi, hopes that the court rules against Pierluisi and that the legislature selects him as governor.

Independently of what the Puerto Rican courts decide, the media and politicians are all engaged in creating a smokescreen for the continued dictatorship of Wall Street over the island.

In 2016, the US Congress enacted the bill dubbed PROMESA that created the financial oversight *Junta*, to provide “independent supervision and control over Puerto Rico’s financial affairs.” Four of the seven members are consultants and/or board members of banks and investment houses, while the others are right-wing university or think-tank adjuncts.

The extent of this direct rule by the financial oligarchy and its total disregard for democratic principles was exposed last February, when the 1st Circuit of the US Court of Appeals in Boston ruled that the appointment of *Junta* officials violated the US Constitution, since its members are “territorial officers” that need to be appointed “with the advice and consent of the Senate.”

The law “precludes the Puerto Rico Governor and Legislature from exercising any power or authority” over the so-called “territorial entity” that PROMESA creates. Instead, it subordinates Puerto Rico’s territorial government to the Board, as it unambiguously pronounces that “(a)...Neither Legislature may, nor the Governor, (1) exercise any control, supervision, oversight, or review over the... Board or its activities; or (2) enact, implement, or enforce any statute, resolution, policy, or rule that would impair or defeat the purposes of this chapter, as determined by the... Board.” Trump re-nominated the same seven board members and Senate confirmation is still pending past the July 15 deadline established by the court.

In other words, whether it’s the *de facto* rulers of Puerto Rico in the *Junta* or the nominal local authorities, capitalist rule in Puerto Rico stands entirely outside of any established democratic forms.

Fundamentally, the persistent popular opposition that toppled Rosselló is part of an international phenomenon of staunch resistance—including the Yellow Vests in France, and the mass protests in Hong Kong, Sudan, Algeria, and other countries—against the decades of social cuts and attacks on democratic rights that have been carried out in order to place the full burden of the deepening crisis of global capitalism onto the backs of the working class.

In Puerto Rico, the last quarter-century saw the destruction of half of all manufacturing jobs, the gutting of investment in social infrastructure and services, the looting of pensions and other corporate attacks, presided over by both Republicans and Democrats in Washington and the local political setup. In 2016, the Obama administration created the FOMB to facilitate a full-fledged colonial plunder by Wall Street, exploiting the island’s

fiscal crisis, which was the result of deindustrialization, a mass exodus and rampant political corruption.

Then the Irma and Maria hurricanes struck in September 2017, killing more than 5,000 people, fully destroying 70,000 homes and significantly damaging 250,000 more. According to the Census Information Center of the University of Puerto Rico, the hurricanes raised the poverty rate from 44.3 percent to 59.8 percent, while many municipalities already had more than 80 percent of children living under poverty.

The response by the Trump administration and Wall Street has been to demand a doubling-down on the bleeding of Puerto Rican workers and youth, cutting emergency aid and dictating plans to eliminate public agencies and social programs, including the closing down of hundreds of schools after Maria, to “save” \$2.75 billion for paying bondholders.

While colonial rule has given unrestrained control over the island’s economy to the US financial oligarchy, Puerto Rico’s fate has been determined by its position in world capitalism’s global division of labor as a low-wage platform for chiefly US capitalists. This platform expanded and collapsed according to the crisis of US capitalism and, with it, the post-World War II order, a process sharply accelerated by globalization and growth of finance capital.

In 1961, the John F. Kennedy administration launched the Alliance for Prosperity, involving tens of billions in aid and loans to develop infrastructure and limited social programs across Latin America and the Caribbean, including Puerto Rico. This was paired with increased industrialization, which saw private US investments in Puerto Rico multiply 3.6 times between 1960 and 1967.

Today, American imperialism, driven to respond to its crisis through war, attacks against the working class and dictatorship, is unable and unwilling to provide enough aid to even repair the massive damage done to Puerto Rico by the 2017 hurricanes. Its only interest is picking the island’s economy apart to feed the financial vultures on Wall Street, at a time when its speculative house of cards is threatened with collapse. It is increasingly forced to turn to authoritarian rule and preparations to crush opposition in order to carry this out.



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