

Will Puerto Rico go into a second bankruptcy?

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By María Josefina Arce

In 2017, Puerto Rico declared bankruptcy, faced with the impossibility of paying its public debt of more than 70 billion dollars. Given this situation, the United States had already approved a year earlier the misnamed Promesa Act, one more mechanism of the colonial rule it exercises over the Latin American nation, which it tries to present to the world under the deceptive condition of a Commonwealth.

Promesa established the Financial Oversight and Management Board to restructure Puerto Rico's debt, a non-democratically elected authority, whose members were appointed by the President of the United

States, then Barack Obama.

After five years of negotiations, the U.S. judiciary gave the green light in recent days to an Adjustment Plan to reform a debt described as illegal by jurists, economists and other Puerto Rican sectors.

Numerous are the objections to this plan, which for many will only worsen the economic difficulties of the Latin American nation, which in the midst of this process faced in September 2017 the devastating passage of hurricanes Irma and Maria, an earthquake three years later and now the health emergency due to COVID-19.

What is certain is that basic services for the population will be affected, going to a reduction of the state budget, which will have a great impact for example, in education, specifically in the state University of Puerto Rico. A fixed allocation for five years takes away stability from the most important academic institution in the country.

Although the plan maintains the payment of public employees' pensions, experts call attention to the fact that it eliminates any possibility, at least within ten years, of an increase in pensions in the face of the rising cost of living.

In view of the cuts, there are fears about Puerto Rico's ability to resume growth and avoid affecting anti-poverty programs, which today affect 52.3% of the population.

The situation is unsustainable among children. Fifty-eight percent of this population segment is affected by this scourge, while extreme poverty stands at 37%.

Various sectors have denounced that the economic outlook is deteriorating rapidly, which leaves no doubt about the unfeasibility of the Adjustment Plan.

For many, it represents the beginning of a long sentence for the people of Puerto Rico, in addition to the fact that with its approval, those responsible for the fiscal disaster will go unpunished.

Puerto Rico faces an uncertain future. Experts point out that the country could end up in a second bankruptcy, worse than the first one, and that there is no end in sight for the U.S. imposed Junta.

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