Opinion
NCR Voices



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by Michael Sean Winters

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Someday, Puerto Rico will emerge from its bankruptcy proceedings. Then again, someday the Lord will return in glory. It is not clear which will come first.

President Donald Trump last month fired five of the members of Puerto Rico's Financial Oversight and Management Board, established by Congress in 2016 to cope with the debt crisis on the island after the government defaulted on its sovereign debt. The law establishing the control board was passed by large bipartisan majorities in both the House and the Senate.

In announcing the firings, a White House spokesperson said the debt-restructuring had been "run inefficiently and ineffectively by its governing members for far too long, and it's time to restore common sense leadership." That is nonsense. The entire process has been enormously complicated. Puerto Rico was not able to declare bankruptcy the way a city or a company might. But because it is not a sovereign country, it was unable to turn to the World Bank or the International Monetary Fund for help restructuring its debt. The decision to appoint a control board was not ideal: It was an affront to any notion of sovereignty the island possessed. But there was no alternative.

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In the event, the fiscal board did a great job, the island's sovereign debt was restructured and in January 2022, a federal judge approved the deal which wrote down the Puerto Rican government's debt by billions of dollars. Government pension plans were strengthened. Severe austerity measures were avoided. All this despite a series of natural disasters including hurricanes and earthquakes, which demanded massive amounts of infrastructure spending.

When the debt deal was announced, I noted the prominent role played by the island's religious leaders and the good people at Jubilee USA, a nonprofit organization that works on issues of sovereign debt throughout the world.

"Archbishop Roberto Gonzalez [of San Juan] and Reverend Heriberto Martinez [head of the Bible Society of Puerto Rico, the leading evangelical association] have played an essential role at every stage of the process, both before and after Congress

enacted the legislation that made the restructuring possible," fiscal board chair David Skeel told NCR at the time. "They have been a powerful and persistent voice for the most vulnerable Puerto Ricans — the least of these — whose views too often are not represented when major economic decisions are made. They have constantly reminded the participants that debt forgiveness and other economic issues are moral issues, and that it isn't accidental that Jesus so often framed his teaching in economic terms."



Archbishop Roberto Gonzalez Nieves of San Juan, Puerto Rico, gestures during a 2017 interview in San Juan. (CNS/Bob Roller)

Why then is President Trump messing with something that was working so well? Trying to ascertain Trump's motives for anything is always a murky business. As Skeel warned in the New York Times this week, in an op-ed co-written with Andrew Biggs who also served on the board, "this moment presents a window of opportunity for Mr. Trump to stack the board with creditor-friendly interests."

There is only one major debt restructuring left for the fiscal board to complete in order to fulfill its congressional mandate: The Puerto Rican Electric Power Authority (PREPA). And, as Skeel and Biggs note, a "group of bondholders — including a prominent hedge fund, bond insurers and mutual funds — is demanding full repayment for their claim of about $8.5 billion of principal plus interest, which totals about $12 billion." PREPA would have to raise rates to find the money and Puerto Ricans already pay the second highest electricity rates in the country, after only Hawaii. Besides, money is needed to strengthen the grid which continues to fail with regularity.



U.S. President Donald Trump walks past debris Oct. 3, 2017 during a tour with first lady Melania Trump, back left, Mayor Angel Perez Otero of Guaynabo, Puerto Rico, center left, in areas damaged by Hurricane Maria in Guaynabo.
(CNS/Reuters/Jonathan Ernst)

We will see who Trump appoints to the control board. He might have fired the Democrats not because they insisted the bond holders negotiate with PREPA. It

might have been enough that they were Democrats. The possibility that Trump might use his power to enrich himself or his friends, can't be dismissed lightly.

In 2017, after Hurricane Maria devastated the island, the president famously went to an aid distribution center and threw rolls of paper towels into the crowd. It was insulting, but not damaging. Appointing cronies of the vulture funds who want to make a killing at the expense of the Puerto Rican people to the control board is both insulting and damaging. Legally and politically, there may be no way to stop Trump now and Puerto Ricans may join the long list of people harmed by Trump's irresponsible and feckless governance. This chapter in American history just keeps getting grimmer and grimmer.