



Seminar

Public debt, a global problem: International experiences and Puerto Rico's situation

FINAL STATEMENT

The participants of the International Seminar “Public Debt, a global problem: international experiences and Puerto Rico’s situation” held on March 30, 2016 in San Juan, capital city of Puerto Rico, expressed their strong support and solidarity with the Puerto Rican people in their struggle to overcome the fiscal, economic and social crisis they are facing.

The organizers of the activity: the Sindicato Puertorriqueño de Trabajadores, SEIU Local 1996, and Public Services International–InterAmerica, highlighted the participation of 92 seminarians from 21 countries as well as experts and resources that contributed to deepen the debate on the issues under discussion. Leaders of UGT, AFL-CIO, Servidores Públicos Unidos/AFSCME, UAW as well as the cooperative, health, religious, environmentalist and other sectors from civil society were present.

As the context of the meeting, it was recognized that public debt is spreading worldwide and affects both local and national governments. In Latin America, falling prices of oil and other products has decreased the ability to pay the debts and invest in public goods in exporting countries like Venezuela. While in the United States the lessons learned from Detroit and Flint are more than eloquent: the imposition of severe austerity measures led to the population ending up drinking contaminated water, and so human rights were sacrificed by “fiscal adjustments”.

Similarly, the impacts of a domestic debt crisis that cannot be controlled are catastrophic: budget cuts, privatization, unemployment and deepening dependence on international financial institutions such as the International Monetary Fund and the World Bank.

It is also important to note that in many cases, public debts are generated in an illegitimate way and are fed by artificial interests, such as some banks seeking to maintain and deepen the countries’ dependency.

One of the most dangerous measures that financial institutions impose as part of the tax realignment is the creation of the so-called Public-Private Partnerships (PPP) in the infrastructure and public services sectors. A PPP not only encourages the privatization of public services, but it also becomes a source of long-term debt. There is evidence to support many examples of this danger and the silence of financial institutions on the subject makes them complicit and it is unacceptable.

Often the public debt is due to corruption, tax cuts for the rich and unfair tax systems. So it is important to develop a rigorous and transparent auditing process to know the origin of public debt and identify, if it exists, the portion corresponding to an illegitimate debt in order to refuse its payment.

In this context, it was known that the public debt of Puerto Rico could amount to \$167 billion, which shows that it is impossible to pay, as Governor Alejandro García Padilla has publicly accepted.

Facing the monumental debt, this government, like its predecessors, has raised taxes to the people, while it reduced or eliminated tax liabilities to big business and foreign billionaires.

To pay its creditors, governments that have been in power have imposed extreme austerity measures such as massive layoffs of public employees, and dramatic cuts to essential services in the areas of education, health and social services.

The deteriorating economic and social situation has triggered an immigration stampede, especially to the United States. In the last year, more than 45,000 Puerto Ricans have left the island and now about 218,000 have emigrated in the past four years. If the trend continues, in 2050 Puerto Rico will have the same population as it had in 1950.

This migration has actually become one of "economic refugees", but being concentrated in some US states, their votes could be decisive in the coming presidential election.

While austerity policies continue, the situation has reached a point where it is widely recognized that the economic and financial crisis has become a humanitarian emergency. Ironically, the more sacrifices have been imposed on the people, the debt, instead of decreasing has increased!

Adding to this situation are the constraints posed by the colonial situation of Puerto Rico, which according to the U.S. Supreme Court, "belongs to, but is not part of the U.S.," thus limiting even more a solution to the crisis Puerto Rico is facing. Among other obstacles, the U.S. Congress, which is the ultimate source of power, denies the Island the option of adopting a legal framework for bankruptcy to orderly restructure its public debt.

Now, the Republican majority in Congress is threatening to impose a Fiscal Control Board in Puerto Rico, that promises more austerity measures, dependence and subordination.

The participants of the Forum, having considered and discussed international experience against rising public debt, declare their vigorous support to the people of Puerto Rico, who are facing the voracity of the vulture funds and the austerity measures that have placed them on the verge of a serious humanitarian emergency.

We call on workers' organizations, civil society and other non-governmental organizations around the world to express their solidarity with the people of Puerto Rico and endorse the path of recovery that requires a rigorous and transparent audit of the debt, debt restructuring that protects local interests; a fair and progressive tax reform that allows the implementation of a plan of solidarity and sustainable economic development.

It is also time to make the issue of restructuring of public debt a priority again on the global agenda, so the sustainable development objectives will not remain unfinished.

March 30, 2016
San Juan, Puerto Rico