

## New financial control board proposed for Puerto Rico

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WASHINGTON, USA -- As part of the ongoing attempts to resolve the dire financial crisis in Puerto Rico, House Republicans on Tuesday released compromise legislation that would create a tough financial control board for the territory and would oversee court-supervised restructuring of the island's \$70 billion debt.

House Speaker Paul Ryan said that Congress has a constitutional responsibility "to bring order to the chaos" in Puerto Rico.

He said the legislation "holds the right people accountable for the crisis, shrinks the size of government, and authorizes an independent board to help get Puerto Rico on a path to fiscal health. Just as important for the long term, this bill protects American taxpayers from bailing out Puerto Rico."

However, according to Nelson A. Denis, a former New York assemblyman, implicit in the proposed financial control board is the unspoken attitude that Puerto Ricans are unfit to manage their own economy, or their own government.

There may nevertheless be some truth to that latter proposition, given that, on June 24, 2015, a 23-page legislative report released by the government of Puerto Rico outlined how government officials conspired with Wall Street firms to commit \$11 billion dollars in financial fraud.

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Further, last week, a US District Judge overseeing a class-action lawsuit against Puerto Rico Electric Power Authority (PREPA) and 20 other defendants upheld claims that PREPA perpetuated an extensive fuel oil fraud, resulting in users of electricity in Puerto Rico being overcharged by more than \$1 billion dollars for electricity since 2002.

A so far unresolved issue in this regard is the apparent failure of the local FBI office and the US Attorney in Puerto Rico to pursue any investigation into these allegations.

Denis is the author of *War Against All Puerto Ricans: Revolution and Terror in America's Colony*, which describes how, in 1950, the Nationalist Party of Puerto Rico staged an unsuccessful armed insurrection against the United States. In order to suppress this uprising, the US Army deployed thousands of troops and bombarded two towns, marking the first time in history that the US government bombed its own citizens.

In an article published on the pro-independence Movimiento Independentista Nacional Hostosiano (MINH) website, he writes that the demand for a financial control board also indicates a fundamental misunderstanding of the relationship between Puerto Rico and the US.

"[The financial control board] will treat every Puerto Rican like a five-year old child, incapable of managing their own affairs. But Puerto Ricans are not an infantile race. They have suffered abuses from the US, and made sacrifices for the US, that the US is not even aware of," Denis says.

He points out that a new generation of US citizens, and a new generation of US elected officials, is completely unaware of the 117-year history between the US and Puerto Rico.

"Then based on a century of ignorance, they want to establish a financial control board, to 'fix' the problems of Puerto Rico. This financial control board will not solve any problems. It will only deepen the problem. The colonial relationship between Puerto Rico and the US is rotten to the core, and this relationship must be terminated... as quickly as possible," Denis writes.

According to Denis, the US "liberated" Puerto Rico from Spain in 1898. Later that year, Hurricane San Ciriaco demolished thousands of the island's farms and almost the entire year's coffee crop.

"American hurricane relief was strange. The US government sent no money. Instead, the following year it outlawed all Puerto Rican currency and announced the island's peso, whose international value was equal to the US dollar, to be worth only 60 American cents. Every Puerto Rican lost 40% of their money overnight," he writes.

In 1901, the US passed the Hollander Act, which imposed new taxes on every farmer in Puerto Rico.

With higher taxes, crippled farms, and 40% less cash, the farmers had to seek loans from US banks. But with no usury law restrictions, interest rates were so high that within ten years, the farmers defaulted on their loans and the banks foreclosed on their farms.

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The banks aggregated all these farms, and turned a diversified island harvest (coffee, tobacco, sugar, and fruit) into a one-crop, cash-cow economy – sugar.

By 1930, all of the island's sugar farms belonged to 41 syndicates. Some 80% of these were US-owned and the largest five syndicates – Central Guánica, South Puerto Rico, Fajardo Sugar, Aguirre, and East Puerto Rico Sugar – were entirely US-owned and covered over half the island's arable land.

With no money, crops, or land, Puerto Ricans sought work in the cities. When the island legislature enacted a minimum-wage law like the one in America, the US Supreme Court deemed it unconstitutional. This decision was reached despite AFL-CIO president Samuel Gompers' testimony that "the salaries paid to Puerto Ricans are now less than 50% what they received from the Spanish."

To make matters worse, US finished products – from rubber bands to radios – were priced 15% to 20% higher on the island than the mainland, and were often defective. Again, Puerto Rico was powerless to enact any price-fixing legislation.

Today, US federal agencies control Puerto Rico's cabotage rights, trade relations, maritime laws, immigration, customs, postal system, TV, radio, transportation, Social Security, military, banks, commerce, currency and defence, without the people of Puerto Rico having a vote in US elections.

"The US did give Puerto Rico one gift," Denis says, "Over the objection of the Puerto Rican legislature, Puerto Ricans were declared US citizens in 1917, just in time for military conscription into World War I."

For decades, the extent of military control over the island was particularly striking. You could not drive five miles in any direction without running into an Army base, Air Force runway, Navy dock, nuclear site or tracking station. The Pentagon controlled 13% of Puerto Rico's land and operated five nuclear missile bases.

After 62 years of relentless bombing practice, the island of Vieques resembled a pock-marked asteroid more than an island. From 1984 through 1998, over 1,300 warships and 4,200 aircraft used the island for target practice, and pounded it with 80 million pounds of ordnance. In 1998 alone, 23,000 bombs were dropped on Vieques.

At its height, this was the US military presence in Puerto Rico:

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