

The fiscal slippery slope

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Everyone saw it coming—the fiscal problems were there when the governor and Legislature came in—but there was no concerted action to avert the downgrade. By concerted action, I don't mean goodwill rhetoric, but bills approved by the Legislature and turned into law by the governor to manage the fiscal crisis. There were expressions of good intentions on both sides, but no legislative action to meet the governor halfway in a showing of good faith that would hold off the downgrade.

We are going down a slippery slope that will end in deep recession for the island's economy if concerted action between the Legislature and the governor isn't forthcoming quickly. A second downgrade must be averted at all costs because that would put us on the verge of fiscal disaster. One final blow after that and we would be immersed in a serious economic downturn.

We have four weeks to go before the new budget must be signed into law. We have arrived at what in basketball they call crunch time, the time to produce the winning basket, the time when posturing must end, when it is imperative to get to work in the public interest. The week after our last general elections, when the election of a PDP governor and an NPP majority in the Legislature seriously concerned the public about the governability of the Commonwealth, I wrote a column in CARIBBEAN BUSINESS (CB Nov. 11, 2004) titled, "Shared Government in the Public Interest." I then wrote:

"The task of governing Puerto Rico under the present circumstances is indeed a daunting task. It is a challenge that offers us an opportunity for democratic maturation and demands from all elected officials a radical change from a partisan government characterized by majority domination to a bipartisan government that requires dialogue and compromise.

"Dialogue and compromise, however, require certain premises be understood. Under our constitution and our laws, the budget and complementary appropriations, which are the basic tools of government, are initiated by the executive branch, submitted to the Legislature for critical revision and amendments and, when approved, implemented by the executive branch.

"The priorities of the administration will be reflected in the budget it submits to the Legislature and in the appropriations. These priorities stem from the party's program and from the requirements arising from the year-to-year operations of government.

"Under the present situation, it is to be expected that the Legislature will be much more assertive in reviewing the budget and the appropriations. This may produce a more effective budget and better-directed appropriations, if done in the public interest. The opposite may occur if the Legislature takes it

upon itself to divest the budget and the appropriations from the expenditures relating to the priorities of the administration and proceeds to rewrite the budget and appropriations bills. Such behavior not only would trample upon our system of government, designed to function under the initiative of the governor, but also would lead to gridlock.

“Shared government can work if it is done in the public interest. From 1969 to 1972, we had such a government. Luis A. Ferré was governor of Puerto Rico, and I was president of the Senate. We both were running for governor in the next election. Fortunately, we rose to the occasion, concentrating on governing rather than blaming.

“As a result, all the budgets presented by Ferré were approved with minor amendments. Ninety-two-and-a-half percent of his appropriation bills were approved. All of his campaign promises were enacted; 78% of his legislative proposals not related to appropriations were approved; 94% of his appointments were confirmed; and 33% of the bills initiated by the Senate were signed by Ferré.

“Government worked. The public interest was served. It can be done again.”

Gov. Aníbal Acevedo Vilá has risen to the occasion. He has placed before the Legislature a balanced budget with the accompanying bills to meet the fiscal crisis. He consistently has shown a willingness to negotiate and compromise with the Legislature on these matters. The legislative leadership has ignored his proposals and has put forth its own solutions. Moreover, they refuse to meet with him and are intent on legislating their own budget and bills to manage the fiscal crisis. If they go ahead with this process, with a take-it-or-leave-it attitude toward the governor, Puerto Rico will be in deep trouble.

The Legislature doesn't have the time, staffing, or resources to deal fully with the requirements and implications of putting together a budget from scratch. They don't have the equivalent of a Congressional Budget Office. Therefore, unilateral legislative initiatives in budgetary matters are fraught with the dangers of improvisation. This doesn't mean they can't come up with their own ideas. It means they must submit their ideas to the scrutiny of the Office of Management & Budget, show some respect for its observations, and negotiate their differences with the governor.

What the governor and the Legislature do about fiscal matters during the next few weeks will be of critical importance to the welfare of all of us in Puerto Rico. If it is to be positive, they must do it together. There is no other way. Political maturity in a situation such as this one is shown through negotiations and compromise. The public interest will be served only by such maturation. If what is forthcoming are unilateral initiatives trying to impose the will of one branch over the other, it should be clear partisan advantage or personal egos are the moving factors, not the interest of all Puerto Ricans.

This behavior would take us further down the slippery slope of the rating agencies' downgrades. All elected officials should be aware of the seriousness of the situation. Ultimately, they will bear the responsibility for inaction, but the harm will be suffered by all our people. Having faced such a situation in the past, having dealt with opposing parties when the public interest is clearly at issue, I tend to have a good deal of faith in crunch time. Crunch time makes us get to work on the public business. It imposes a special discipline on politicians. It brings out the best in all of us to serve the common good and the public interest.

