

The shutdown

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The people of Puerto Rico have suffered with anguish the partial shutdown of the Commonwealth government and the temporary layoff of 95,000 public employees. A deep malaise has set into the collective psyche as to our capacity to govern when different parties control the executive and legislative branches. As I reflected on these events of the past two weeks, I recalled a column I wrote for CARIBBEAN BUSINESS right after the 2004 election, which produced a divided government, analyzing the challenges that we were facing. In that column I stated:

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

“Dialogue and compromise, however, require that certain premises must 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 a critical revision and amendments and, when approved, they are implemented by the executive branch.”

The Constitution and laws of the Commonwealth put the initiative for government in the Executive branch. It has the expertise and the information necessary to manage the government. The Legislature of Puerto Rico is not equipped as is the U. S. Congress to take fundamental initiatives. The governor runs the government and he is responsible to the people of Puerto Rico for doing so. If the Legislature pretends to seize the initiative from the governor as to fundamental matters such as the budget, the public debt, major tax and spending reform, we face gridlock, which is what caused the shutdown. This does not mean that the Legislature must be a rubber-stamp Legislature. There is ample space for Legislative creativity, but there are limits. You cannot govern from the Legislature and trying to do so will only produce gridlock and put the public good in harm's way.

Shared government can work if these premises are understood. During the years 1969 to 1972, Luis Ferré, the NPP president, was governor of Puerto Rico and I, the PDP president, was president of the Senate. Both of us were running for governor in the next election. Because we understood and shared this basic premise of our government we never faced a crisis such as the one from which we have just emerged. All the budgets presented by Ferré were approved with minor amendments. A total of 92.5% of his appropriation bills were approved. All of his campaign promises were enacted. Further, 78% of his legislative proposals not related to appropriations were approved and 94% of his appointments were confirmed. And 33% of the bills initiated by the Senate were signed by Ferré.

As this year's legislative session unfolded, it became clear that the premise that you cannot govern from the Legislature was not understood by the House of Representatives and by the president of the NPP. They had their own plan with which to face this year's deficit, the structural deficit, and for providing the necessary funds to continue running the government in the coming years. From this vantage point the House engaged the Executive in a battle of numbers that each side claimed to be correct to make its position prevail. This led to mistrust and blaming one another. In turn, this produced a breakdown in dialogue and compromise within the branches. Thereupon the House initiated a series of improvised populist revenue measures directed towards public opinion more than fiscal solvency.

The intervention of our religious leaders restarted the dialogue and negotiations were facilitated by the committee of experts, which offered a way out from the shutdown. A rational step-by-step road map was laid out which, at the time of this writing, seems to be working. Nevertheless, we are walking on thin ice. You cannot run government this way on a permanent basis. The experience must bear the fruit of political maturity.

Given the political inability to come to an agreement on the measures needed to surmount our fiscal crisis, Moody's rating agency downgraded our bonds one notch and warned that if the situation is not corrected by June 30, 2006, another downgrading will follow, this time to junk bonds. Should this happen we will not be able to maintain anywhere near our traditional level of investment in public infrastructure. This would most probably cause a recession and it would take years to recover our previous credit rating.

Although the fiscal crisis we face was brought on by lack of control in spending and the growth in the size of government, which occurred in previous administrations, junk bond rating would not come about because of these factors. Rather, as Moody's warning points out, it would come as a result of our inability to correct the situation.

I wonder if the statehooders who control the House of Representatives are aware of the damage their conduct of public affairs will cause to their quest for statehood. Puerto Rico's gridlocked government, the fiscal crisis, the government shutdown and the mass protests have been publicized all over the world, but more particularly in the U.S. media. The message is that we are unable to govern ourselves; that we have not reached the necessary level of maturity to govern when the executive and legislative branches belong to different political parties. "Are these people fit for statehood?" This is the question that will be asked regarding the statehood movement in Washington as well as in all the states of the union.

The workings of democracy require certain unwritten premises for governing be shared by the leaders entrusted by the people at the polls to govern us. These premises are a cultural product brought about through the experience of governing. Such lessons were learned by the PDP, which has a long history in governing and a rich tradition on which to fall back. The NPP is a relative newcomer to power. It has a lot to learn so that our parties as a whole can reach the level of political maturity necessary to govern for the public good when the government is divided.