



Editorial

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Let's give Puerto Rico the momentum it needs

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On the fifth anniversary of Hurricane María on September 20, we want to make sure we do not waste any more time rebuilding Puerto Rico, but gain economic momentum. A few days ago, we received a visit from the head of the Federal Emergency Management Administration (FEMA), Deanne Criswell. And she was the first to admit to the slow pace of reconstruction.

Five years after María, only 1,176 permanent projects have been completed. Yet, she highlighted that Puerto Rico can be seen as a model jurisdiction for the agency, having implemented two new programs on the island – the FEMA Accelerated Awards Strategy and the Working Capital Advance. Criswell also acknowledged that the federal agency has been working very closely with the Puerto Rico administration.

We should definitely take her at her word, and make sure we are seen as a model jurisdiction – not only for FEMA, but for the international business community looking where to invest. If that is the case, we need to make sure that FEMA and the government continue to innovate to accelerate the pace of rebuilding, particularly when it comes to energy, our roads, streets, and sidewalks. The hard work of rebuilding Puerto Rico should not fall solely on the shoulders of the federal and Puerto Rico governments. In other words, it is a task for each sector, and a responsibility each and every one of us needs to be willing to take if Puerto Rico is going to have a vibrant future capable of stemming the outflow of our population.

The federal government has allocated \$79.9 billion in funds to Puerto Rico, of which \$67.6 billion are obligated. However, only \$24.4 billion have been disbursed. That means that only 85% of the funds are obligated, and 31% have been disbursed. We should be able to continue to put on pressure, so that the federal and local governments are willing to try new things and capital projects, particularly the rebuilding of the energy system.

We have a proud history to learn from. In the face of what seemed insurmountable odds, we turned Puerto Rico from the poorhouse of the Caribbean into an investment magnet and a



cultural center in the region, with prominent writers, intellectuals, architects, and musicians in our midst. I firmly believe we can do it again.

First, we need to have the will to do it. There needs to be space for our political leaders to join forces – for our business leaders and community leaders, and especially our people to work together in creating the momentum for a better future. We need to be able to tell our story, both here and in the U.S. and beyond. In the sixties, the government had public relation strategists in the States making sure Puerto Rico's story was out there, in all major media. Today, we continue to be bombarded with stories about blackouts and the arrests of public officials. Yes, we have blackouts, but we are working to rebuild the system, and have now established a response process. Hopefully, this situation will improve significantly soon. Let

us work towards the appropriate solutions, and not continue to criticize the situation. Yes, we have had several mayors and a former governor involved in corruption. But they were arrested – a sign that the system is working and here, no one is above the law.

Our focus needs to be in making sure we are once again seen as a fair-play jurisdiction, with a strong rule of law where anyone who invests knows there is a system in place to protect their investment. We also need to improve our permit process to ensure things are done right, but streamlined so that the process does not become a barrier for investment and economic activity.

Furthermore, we need to rebuild our capital base, which has been decimated by many years of recession, along with the burst of the housing bubble in 2007, the collapse of bank shares in the period between 2007 and 2010,

the write-off of our bond market, Puerto Rico's bankruptcy and two major hurricanes.

To have the capital necessary to begin our rebuilding, our best bet is to improve the law created as Act 22. As we amend it (now Law 60), there are a few basic principles that we need to keep in mind: 1) It cannot touch existing decrees. Any fix we legislate must apply to new investors; 2) Whatever we do, it must be attractive for investors; 3) It should require investment in the more productive activities of the economy; and 4) We need to avoid being perceived as a tax haven. Changes to this law would certainly rebuild our local capital!

Let us make sure that we again create community wealth, that we create the conditions to give Puerto Rico the momentum it so clearly needs to rebuild its economy, and that we create a healthy and sustainable society that is seen as a great place to live and work.