

# TIGHTEN YOUR BELT!

"Puerto Rico faces several years of fiscal, financial and economic austerity." This, in a nutshell, is the message of a 67-page "Report to the Governor on the Finances of Puerto Rico" written by a group of North American economic experts, known as the Tobin Committee after its head, Yale University professor James Tobin. The message is all too familiar to the people of the United States.

Trade union and independence movement forces have labelled the report an all-out attack on the working people of Puerto Rico and are taking steps to oppose the measures and propose alternatives.

At the Second Labor Conference on the Economic Crisis and Trade Union Unity, held January 17 and attended by representatives from 50 trade unions, Pedro Grant, coordinator of the United Workers Movement (MOU), analyzed the interests behind the report. "The members of the Committee were selected by the First Boston Corp. and one of its members, Mr. Ralph Saul, is a director of that corporation. It should be noted that the First Boston Corp. is the principal firm that buys and sells the bonds of the Commonwealth Government of Puerto Rico." Tobin himself serves as an advisor to the First Boston Corp.

Some of the major recommendations of the Tobin Committee report include:

- Limit the Commonwealth Government budget and thus the public services offered by the Government
- Freeze salaries in the government agencies and public corporations for a three-year period
- Extend wage freezes to private businesses
- Increase taxes on consumer goods
- Increase customer rates for electricity and other services provided by public corporations
- Adopt policies which ensure Puerto Rico's ability to repay its debts (to such interests as the First Boston Corp. represents)
- Ask Congress to allow deferments of mainland minimum wage requirements (as proposed in the bill, *Compact of Permanent Union* now before the House of Representatives)

- Reduce minimum wage requirements for persons under the age of 20

- Review all legislation which raises labor costs with a view toward cutting these costs (legislation regulating paid holidays, vacations, sick leave, yearend bonuses and overtime)

- Give additional tax credits to corporations after the initial tax-exempt period (12-22 years) ends

- Give tax credits to firms which will create employment, while assuring them that unit labor costs will be reduced

Workers in the United States will recognize these tactics as the same ones used in this country to "pull us out of the recession." The parallels to New York City, for example, are clear: wage freezes; closing down of government services such as hospitals, schools and daycare centers; ever-increasing taxes and prices; and massive layoffs.

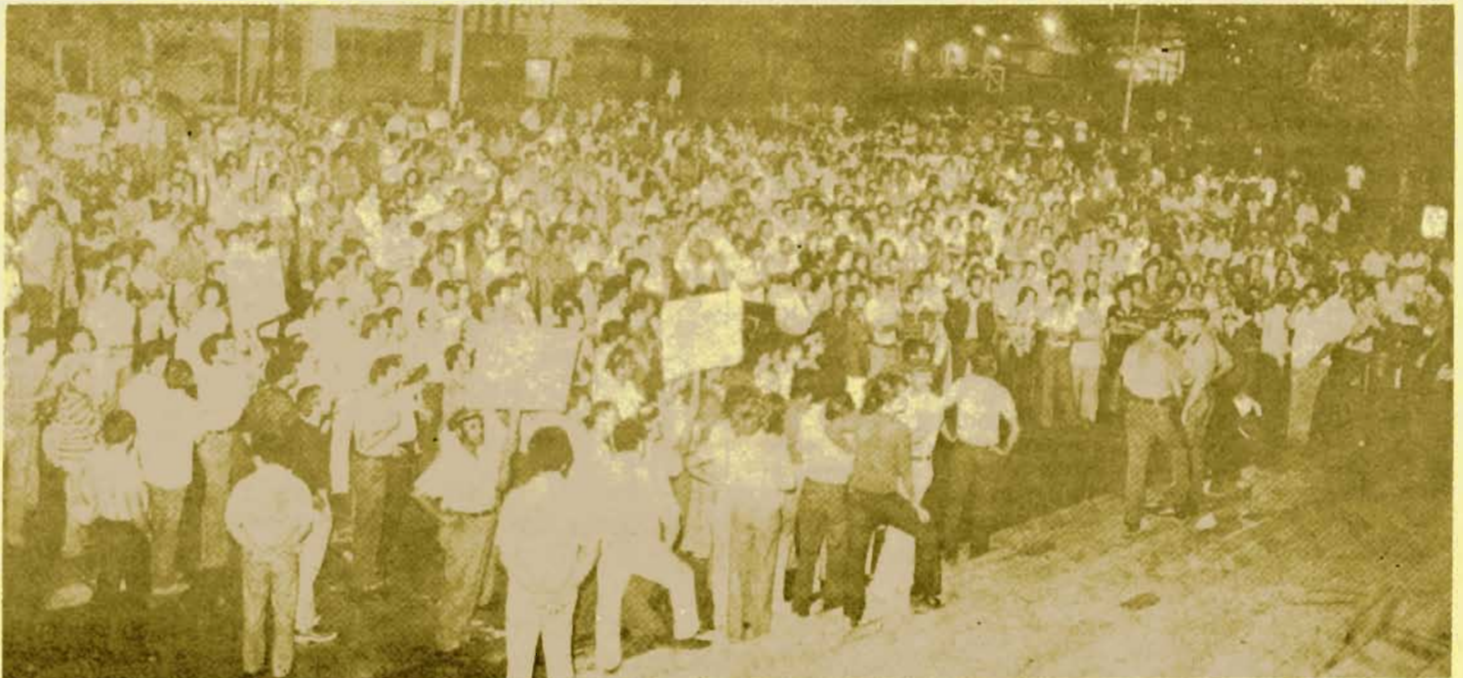
Although Tobin recommends reducing the government work force in Puerto Rico, huge layoffs are a difficult proposal: unemployment has already reached almost 40% by government estimates. The committee therefore emphasizes that the only way to hire workers in Puerto Rico is to cut wages, cut holidays, cut pension and welfare plans—cut, cut, cut!

## Austerity for whom?

There are other parallels between New York City and Puerto Rico. Both are heavily in debt to U.S. banks which have large investments in Commonwealth and N.Y.C. municipal bonds. Puerto Rico is a colony of the United States and occupied by the U.S. military. The colonial government, at the service of U.S. business interests can be depended on or if necessary, forced to repay loans at high interest rates. New York City municipal bonds are tax-exempt and backed by city taxes whose collection is enforced by law.

But the economic recession in the United States is affecting the banks and financiers: they are looking to protect their capital and profits and seeking guarantees that their loans will be repaid. For New York City, this has

Outside the Capitol thousands of workers demonstrated their opposition to the government's antilabor measures, while inside Governor Colon gave his "State of the Island" address.





meant taking the management of the City's budget and finances out of the hands of the elected municipal government and putting it in the hands of the Emergency Financial Control Board, which represents the interests of the banks and corporations.

For Puerto Rico, it has meant an economic austerity plan dictated by the largest guarantor of Commonwealth bonds, First Boston Corp., which, in viewing with dismay the shaky Puerto Rican economy and the rising militancy of the trade union movement, wants to insure repayment of its loans on spiralling interests rates. Meanwhile, workers in both New York and Puerto Rico are being asked to tighten their belts and do without essential services.

#### Why Is Puerto Rico in Crisis?

A recent article in the *New York Times* described the brutal facts of the economic crisis in Puerto Rico: almost half the work force is unemployed; 71% of Puerto Rican families depend on food stamps; in the past year, 100 factories and several hotels have shut down; construction has practically ground to a halt; 24,000 workers were laid off in the fiscal year 1975.

Looking for the causes of Puerto Rico's crisis in an examination of the colony's economy is like looking for a light in a match factory. The answer is obvious, it is not the answer that the First Boston Corp. is prepared to give. In the 64-page Tobin Report, "colonialism" is not mentioned once.

Ironically, the cause was pinpointed by one of the Committee's participants, although his findings were suppressed. Richard Holbrook, Professor of Economics at the University of Michigan, stated that U.S. tax-exempt firms maintained unusually high rates of profit in Puerto Rico; they recouped their initial investment after two years of operation in Puerto Rico, after which time they become "money making machines" with no commitment to the Puerto Rican economy; and when their tax-exemption ran out, they liquidated their operations, leaving Puerto Rico

poorer than when they started.

A leading colonial economic planner, Teodoro Moscoso, demanded that this report remain unpublished, stating that corporations are "morally obligated to society to make profits." A copy of the Holbrook findings, however, was obtained and published by the pro-independence newspaper *Claridad*.

Another facet of the economic crisis is the huge public debt in Puerto Rico. It has risen from \$477 million in 1960 to over \$3 billion in 1974, with interest payments jumping from an average \$30 million per year from 1964-68 to \$72 million per year from 1969-73. How has this debt been created? Largely in the service of U.S. corporations on the island. The factory sites, roads, water systems, and huge electrical plants, which provide cut-rates to private firms, have all been developed by the Commonwealth to make business in Puerto Rico easier for U.S. companies. The colonial government has had to borrow like mad to provide these services for industry.

#### What's the Solution?

As usual, the colonial government, advised by U.S. business interests, see only one way out—more U.S. business on the island and more loans at higher interest rates. All the sacrifices and the cutbacks must be made by working people. But the labor movement sees things differently. Through demonstrations, pickets, strikes and work stoppages, they are fighting for their jobs, higher wages and better working conditions.

At the Second Labor Conference, 11 specific alternatives to the Tobin Report were proposed. Among them are effective protection of the national market and creation of means to guarantee that profits made in Puerto Rico do not leave the country. The 350 labor leaders present at the conference agreed to call for a massive picket at the Capitol protesting the government's austerity measures when Gov. Hernandez Colon gives his "State of the Island" address on January 29. (See *Up to Date*)

It is the growing militancy of the workers movement in Puerto Rico, backed by independence forces, which makes the U.S. government and its paid consultants like Tobin so concerned. More and more workers are refusing to accept a lowered living standard while U.S. corporations make huge profits. They are beginning to link U.S. colonialism with repression and poverty on the island and to raise the demand of independence.

People in the United States—workers in New York City, in Detroit, in Los Angeles—are viewing the situation in Puerto Rico with growing interest and solidarity. That interest must be turned to action as our own defense of our jobs and living standard and our fight back against cutbacks grows stronger.

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#### Unemployment lines grow in the United States and Puerto Rico.



# TELEPHONE WORKERS SPEAK

The Independent Union of Telephone Employees (UIET—Union Independiente de Empleados Telefonicos) is one of the most militant unions in the public sector of Puerto Rico's workforce. In 1975, the UIET sustained a 102-day strike, overcame a jurisdictional challenge by an international union, the International Brotherhood of Teamsters, and continues today a struggle to negotiate a contract with the Telephone Authority. Following is an interview with two leaders from the UIET, President Jose Juan Hernandez and Vice President Oscar Pintado Rodriguez, in which they describe the history of their union, their view of the new trade union leadership, the 1975 strike and the current economic crisis.

## Could you describe the history of the UIET?

JJH: The telephone company was established in Puerto Rico around 1915 as a public corporation, with Puerto Rican owners. But the Puerto Rican investors didn't have much money and couldn't expand according to the needs of the people. Therefore it was necessary to sell shares to foreign interests. The I.T.T. bought 80% of the shares. From 1945 on, because of the great exploitation suffered by the workers, the need grew for a workers' organization. The first contract was negotiated in 1945 by the Free Federation of Labor (FLT) and from that time until 1968 the workers passed through 3 or 4 unions. Each time a contract expired, the workers called for another election, looking for a more combative union. They grew tired of company unions that didn't defend their interests.

Up until 1968 the unions representing these workers were island based until, for the first time in our history, we voted for an international, the Teamsters. We believed that the Teamsters Union could lead the struggle because they had a very combative history. Nevertheless they did the opposite and sold us out. They only got us a 15 cent/hour raise and five cents every six months, a poor medical plan and a weak administration of the contract.

All of these things made us wake up to our need to build our own trade union organization which, because we knew our own problems best, could fight for our interests.

For three years we were working against the Teamsters,

carrying out campaigns, structuring an organization, until in 1971 when the contract expired, we went to elections and won . . . During those three years, we worked with the rank and file, visited people, sent members to study trade unionism in the university, and we began to prepare a broad leadership able to deal with the elections and the negotiations. That very year we showed for the first time that our union was capable of winning. For example, a substantial salary increase that reached 87 cents in three years.

Nevertheless the problem emerged of the leeches in the union, those individuals with bad habits who grab onto the union for their own benefit, those who live off of the union and sell out the workers . . . that is what we call the old, corrupt trade unionism.

We began an internal struggle in our union to expel this kind of person which lasted almost three years . . . Finally in 1974 we elected a leadership group that was clear, broadly-based, with an open mentality and the kind of principles that the new trade unionism looks for. Since then we have had over a year of incessant and intense struggle. We carried out two 24-hour work stoppages and a strike

Jose Juan Hernandez.

Oscar Pintado.



Police attack telephone workers at a picketline during the 102 day strike last year.





Telephone workers on the picket line during their strike last year.

that lasted 102 days. We have been without a contract, facing the boss, the government, persecution by police and other repressive agencies and a jurisdictional challenge by the Teamsters.

**Could you tell what happened with the challenge of the Teamsters?**

JJH: When the contract expired in 1975 the Teamsters returned and filed an election petition to retaliate against us and to regain power. What happened was that we had won the elections on January 11, 1975, and the contract expired on January 30. As the Teamsters had filed a petition against us, the company wouldn't negotiate with elections pending. They began to lay off people at will and transfer people capriciously since there was no contract.

In the meantime the government-appointed president of the company, Salvador Rodriguez Aponte, who had been chief of police in San Juan and is considered Governor Hernandez Colon's chief advisor, staged a campaign in the press, especially in the editorial columns of *El Mundo*, claiming that the union was controlling the enterprise and the government couldn't tolerate this. When the Teamsters intervened, what they did in fact, was conspire with the company. The company was saying we had to go because our union was run by communists. Since the company was trying to destroy the union, we went on strike on April 22. We had arrived at the conclusion that it was better for us to be killed fighting than to go down without fighting. So there we were, attacks by the government, the police and the

press, with our people in the streets on strike, and facing a jurisdictional challenge from the Teamsters. But we gave a tremendous beating to the Teamsters! We won the elections by a vote of 2,430 to 250 on May 23.

This strike was not only for economic demands, it included demands to end "supervision" by closed circuit TV, stop layoffs and firings of militants and leaders of the union, removal of U.S. Bell Telephone advisors in the administration of the company, and the removal of police from the factory grounds. Could you describe the attitude of the workers and the events of the strike?

OPR: Strikes are a great school for workers. It is there that class struggle is molded and dramatized. There the lines are drawn, with the bosses and their allies lined up on one side. The workers experience repression directly and see the role of the commercial press and the police. During the strike which began on April 22 more than 40 workers were fired, including the union's secretary of finances and myself. They fabricated over thirty criminal cases against us, including the violation of the arms law and the explosives law, fixing bail at over \$500,000 in some cases. We have won almost all of these cases though some are still pending.

They sent the Criminal Investigation Corps (CIC) after us. They infiltrated agents into our workplaces, trying to pass themselves off as workers, in order to fabricate sabotage cases against us. For a whole month they used the "riot squad" (Fuerza de Choque) instead of the regular police against us. They put many of us under surveillance 24 hours a day. They arrested us, kidnapped us and locked us up offering some of us money if we would act as spies. They would come at night with rifles and try to scare the workers on the picket lines.

But none of this dampened our spirit. There were picket lines at 30 workplaces and national collections for our strike fund. The strike ended because all of our demands but one were met. But we have not yet been able to negotiate a new contract. We maintained our firmness in spite of all the blows they dealt us.

**How does the UIET feel about the attacks by the government against unions in the public sector, in the form of the Personnel Law and the Helfeld Bill [which places the unionization of public employees in the hands of the government and deprives the unions of any bargaining power - Ed.] and the measures proposed by the Tobin Report [Lay-offs of government workers, wage freeze, cutting back of fringe benefits - Ed.]?**

OPR: The government is trying to eliminate the unions, because the most combative workers and unions are in the public sector. That is where the Personnel Law is coming from. Under these laws, unions like the UTIER (electrical energy workers), the Waterworks Authority union and ourselves would be weakened, in fact practically destroyed. The government claims that the workers should be blamed for the economic crisis. Today there is a groups of unions who have carried out militant strikes and the government is trying to hold back the combativity of these unions.

We understand that in order to counter-attack, we must create an organization, a workers' federation that can confront this kind of repression. Part of the battle to forge this federation involves taking on those international unions which don't defend the interests of the Puerto Rican workers. Our immediate objective is to develop consciousness in the workers of the danger of these laws. For example, we just finished a tour visiting our workplaces around the island, holding small meetings, analyzing the laws, explaining their danger and why the government is taking these measures.

But we believe that workers' solidarity is fundamental. This is what pressures the government and the companies. To the extent that Puerto Rican workers can achieve unity of all the sectors, the power of the working class will grow.