

EXPANDED ANSWER 10 & 28:

HOW THE UNITED STATES BENEFITS FROM AN INDEPENDENT VIEQUES

The United States' foreign policy has been driven by the belief that as nations become democratic, the world becomes more stable, and economic opportunities for US commerce expand. As colonialism in the last century was deconstructed, the United Nations threw its support to behind the formation of new countries seeking independent democratic governance. The US outwardly favored this but faced a dilemma with the territory of Puerto Rico. Too poor to consider for statehood and too important strategically to set free, PR was made a unique entity.

The Commonwealth was given many of the trappings of a sovereign nation, some of the advantages of a State, huge tax incentives, and enormous subsidies/entitlements. To assuage criticism that PR had NO vote in the US government and was thus a colony, the US called for a referendum of PR citizens to select Commonwealth, statehood, or independence. All such votes have been pretty evenly split between statehood and Commonwealth. Despite criticisms from some quarters, the US was able to generally convince the world that Puerto Ricans chose their situation but could change it at their own discretion any time they wanted.

Given the current economic crisis, PR and the US are between a rock and a hard place. Colonial status of PR has been more or less confirmed by both Congress and the Supreme Court. An unelected financial control authority is being established to closely oversee the running of the Commonwealth and the restructuring of the huge debt. Rational plans for economic development are non-existent, and the financial control board has not been charged with economic development tasks. There is probably no silver bullet to solve this situation, and it will require breaking the problem down into smaller elements and solving each. This will take time, patience, expertise, and much work. The decolonization of Vieques (combined with Roosevelt Roads) can help enormously.

US benefits of assisting Vieques to become independent include:

- Credibility – The US would affirm its position that PR is not truly a colony by allowing a part of the “empire” to pursue independence through negotiation, not violence. Puerto Rico is NOT in a viable position to request independence even if they wanted it, which they don't at this point. To reduce the international criticism while addressing the very long term problems of the Commonwealth, the US could **assist** Vieques in becoming an independent nation - a demonstration project. On the other hand, obstructing or denying such a request by Vieques (no matter what the excuse) would dramatically compound the public relations disaster.
- Reduction of Pain – Vieques represents only a small financial drip to the US but has been a very vocal critic of their military activities and the related cleanup. The island is poor and takes more transfer payments than it returns in taxes. Vieques is an annoying liability to several governmental departments.

- As it becomes more obvious that the US is going to be required to financially assist (in one way or another) the PR central government for some time, reducing monetary commitments (i.e. lose the Vieques money pit) improves the likelihood of success and reduces the cost. Not counting the debt crisis, the US gives PR \$20B per year, which is \$5,700/person. After *transition*, that could save the US government over \$50M per year.
- In some quarters, the US is aware of the predatory or abusive nature of the PR central government's treatment of Vieques and might desire to clean its image by assisting us.

While the "loss" of Vieques (including Roosevelt Roads) might seem like a mortal blow to PR, it can better be thought of as a clever tactical move to improve the economy (and the economic future) of Puerto Rico in a manner impossible without the decolonization of Vieques.

First, secession would save PR money. That shouldn't be too hard to envision considering that Vieques is the poorest of the 78 municipalities with very few on the island actually paying taxes. At the same time, the cost to the central government to support Vieques is millions per year in services and subsidies. The ATM ferry system alone represents \$20 million or more in annual losses. Despite their inferior quality, schools, healthcare, public works, etc. cost PR an estimated \$40,000,000 per year.

Second, Independent Vieques would assume the debt PR acquired from their purchase of the Navy base from the US government.

Third, Vieques would develop Roosevelt Roads in a manner benefiting PR that is not possible by PR under the current crisis and ongoing fallout for the next decade. *The overwhelming debt and the absolute loss of government credibility have resulted in an environment of instability, political chaos, and the absence of trust by developers critical to secure investment.*

Fourth, the existing master plan for the base is predicated on a passé and faulty model of a high end golf community mixed with industrial development, a major airport, and a commercial port. There are several golf communities in the region, but given that golf courses are not environmentally sound, suffer from declining popularity, and are closing do to overdevelopment, this is no longer a viable concept. Further, high end residential is NOT compatible with a significant airport and a commercial port.

Fifth, commercial/industrial development of the base will offer higher quality and higher skilled job opportunities for the surrounding communities than residential or tourist related employment. The majority of the workers at Roosevelt Roads will be Puerto Rican residents, not Vieques citizens. They will live in PR and pay their taxes to PR.

Sixth, PR can finally extricate itself from the burden of the Jones Act for some shipping. Through the **indirect access** to the Port of Vieques, PR could export/import via appropriate international shippers, thus obviating the restrictions of the Jones Act. Savings could range from \$100,000,000 to a billion dollars per year (depending upon whose figures one uses) without combating the special interests that have been milking PR forever. This further gives Congress

a way to help PR without upsetting the shipping related special interests. This should be good for the shippers as well because they merely give up a little to get the issue off of the table.

Seventh, PR residents do not pay US taxes, however, after the establishment of an independent country, Vieques residents with US citizenship (unlike Puerto Rican residents) would be required to pay US income taxes. While not a large amount of money at this time, it could become significant.

Eighth, as an independent country .0025% the size of the States, Vieques negotiations for independence would revolve around joint agreements of mutual benefit, not monetary transfers. The US would remain the dominant Vieques trading partner.

This is a classic win, win, win scenario.