

EXPANDED ANSWER 45: SOCIAL SERVICES

Social security is used here as a broad term referring to earned and unearned services and support for all citizens in need. There are two such classes: those who are able and those who are unable to work or take care of themselves. Of the latter case, some are permanently (or terminally) disabled while others temporarily. Described below are two different options for addressing social needs: Safety Net and UBI. The third discussion is about patrimonial entitlements.

SAFETY NET

The goal is to provide a safety net that covers food, shelter, medical, and mental healthcare at a basic (dignified, but almost subsistence) level for an individual or family during their period of need. The system philosophy is to facilitate the return of the citizen(s) into the normal flow of society quickly, if possible. This is to prevent hunger, homelessness, physical harm, family disintegration, etc. In order to receive these benefits at any higher level, people must contribute financially or participate in community service at specified levels. Those mentally ill, physically incapacitated, or otherwise unsuitable for service would have custom programs designed for them to enable them to contribute. Since nursery school and day care are provided at small cost to all citizens, most parents will be able to work part or even full time.

The aim is to teach one how to fish rather than perpetually providing his/her dinner. A program that accomplishes this includes:

1. Medical services are provided to all citizens through a variation of universal healthcare plan that is aimed at delivering basic medical and mental healthcare treatment with a small copayment. Program limits of basic services would be set based upon an analysis of the community needs and the monies available. Preventive care and education provide the most cost effective foundation to the system. Emergency services are of critical importance and need to be offered. Treatment of injuries and illnesses is also essential. Private supplemental insurance should be available.
2. Mental health treatment includes mental illnesses effecting all ages in all varieties. Counseling and family services are also important. Addiction therapies are included.
3. For families and individuals without employment, training and counseling are provided.
4. For citizens who cannot afford housing, a minimal, efficiency unit will be provided, probably through a voucher system.
5. For those who cannot afford food, government-provided "cafeterias" will be available with nutritional meals, again through a voucher system. It is possible that with such a program, as residents eat healthier foods, incidents of diabetes, heart disease, and obesity will decline.
6. Cash payments to individuals will be rare with any form of vouchers.

In the real world, there are constraints. It would be wonderful if our funding for these programs was limitless, but it is not. We must decide as a community what the limits will be. This is basic resource allocation. In the Independent Vieques, the priorities assigned to our services and the limited budgets for the same will be decided by us, not some distant body of lawyers, businesses, and politicians (as in rationing).

Poverty helps no one except predators, politicians, and government contractors. Poor people don't spend money; they cost the community money and resources. The Independent Vieques doesn't favor citizens that don't contribute to society in some way. Therefore, all programs will be designed to raise the capabilities and the inclination to work of those born into poverty or those caught temporarily in unfortunate situations. For those able, education, training, internships, OJT, or volunteer participation will be required. Better public accommodations will be available to those who expend effort to become self-sufficient. There will always be those that have more than others (haves and have-nots), but our objective is to provide a means and an incentive for those with less to earn more.

Past financial incentives (government subsidies) for having children will be replaced by more room at the cafeteria tables. Long term contraception will be made available at little or no cost. Food stamps will be replaced with food vouchers. Addictions will be treated, and incarcerations minimized. Some recreational drugs may become legalized resulting in less crime, less police involvement, more education, better monitoring, and treatment. Marriages and partnerships will be supported, and penalties for traditional family structures removed.

An alternative method of providing support to working families is through a negative income tax. Based upon family size and income, subsidies structured to incentivize work may be effective.

During negotiations with both PR and the US, it would be both relevant and justified to address the concept that older adults raised in a system of entitlement and not trained or expected to work are not going to change. These individuals will be unemployable for the remainder of their lives. Therefore, the existing systems of support should be maintained (by the US and PR) for all who have reached the age of 45 (or other appropriate age) until death. All below the cutoff age will be the responsibility of an Independent Vieques. This is, of course, an issue of negotiation and may be offset by other financial settlements. The advantage of this approach to the new country is that older citizens may fear that Vieques won't be able (or willing) to support them, but they would be comforted if the US committed to maintain the payments.

UNIVERSAL BASIC INCOME

Universal Basic Income, or UBI, is a concept based upon the theory that we are globally moving into an era where traditional work will not be required, and there will be insufficient employment opportunity for everyone to participate. In the extreme, our technical advances make manufacturing so automated that labor is barely needed. People are more productive in the knowledge-based society when they are learning, sharing, innovating, problem solving, and otherwise contributing to the pool of knowledge available to everyone via digital media like the internet.

For our purposes, UBI is the monthly distribution of money to every resident citizen, regardless of income, with no strings attached. It intended to be sufficient to cover the minimum necessary for food, shelter, and transportation. This is a subsistence allowance for every person and not intended to provide anything above such a level. Most people (95% in past studies) will work to earn more to purchase the products and services that they want in excess of what they need.

This form of support is extremely easy to administer. It is for life, so employer and government provided pensions may become unnecessary. Supplemental savings would be prudent, but it is a personal choice.

Hawaii is currently investigating the possibility of UBI. [For further information on Universal Basic Income, see: TED TALKS - UBI]

Vieques Specifics.

It is the opinion of the authors that every effort should be made to implement a Universal Basic Income (UBI) program for every citizen. The population can be divided into several income related groups:

(\$1,000)	% HH	Number HH (Households)
Under 10	24.9%	675
10 - 15	14.3%	388
15 - 25	23.8%	645
25 - 35	13.8%	374
35 - 50	17.3%	469
50 - 75	5.5%	149
75 - 100	0.5%	14

Table 4.1: INCOMES PER VIEQUES HOUSEHOLD (2015 census distribution estimates)

A minimum wage full-time job will pay nearly \$15,000/year. A \$10/hour job will pay \$20,000/year. Clearly, over half of the households currently receive some subsidies in order to survive. Today, there are programs for housing, food, medical, transportation, education, and all sorts of special needs for citizens of all ages (newborn through elderly). The cost for this effort including labor, materials, contractors, and direct payments is large. It is far more efficient just to pay every resident citizen the UBI.

Vieques, as a new democratic nation with a poor population, will face a far different environment than fellow citizens in the States would if they were to attempt a UBI system. The myriad of taxes and social service agencies are so complicated and integrated into a tangled mess, that failure would be guaranteed. Our needs for support are great, and one way or another they must be met. Starting from scratch in designing a system using our known requirements as a base, will allow a pure and efficient implementation of UBI to be developed.

As an example, one could allow each adult \$5,000 per year and each child \$2,000. A family of 4 would receive about \$14,000 per year. This is a large sum that will need to be raised through taxes – approximately \$39 million for our population. Although half the island is living below the poverty level, almost every resident would end up returning some of the distribution through property taxes, and many would pay far more in taxes than they received. Some taxpayers will not be resident citizens but part-time and absentee homeowners, who don't receive the UBI.

The distribution of monthly funding for resident citizens would be through a government contracted bank or banks. Access to the funds would be through the use of a national ID. The

design of the system includes a national database. Each living citizen (from birth through death) is represented and has a personal UBI account. The ID card can be used as a debit or ATM card in Vieques.

It would be both relevant and justified to address the concept that older adults who have been raised in a system of entitlement and not trained or expected to work are not going to change. These individuals will essentially be unemployable for the remainder of their lives. Therefore, the existing systems of US support should be maintained for all such individuals who are currently in the system and have reached the age of 45 (or other appropriate age) until death.

A declining payment plan made directly from the applicable US and PR agencies to Independent Vieques should be based upon negotiations with both governments. All below the cutoff age will be the responsibility of Vieques. As an issue of negotiation, payments may be offset by other financial settlements. The advantage of this approach to the new country is that older citizens may fear that Vieques won't be able (or willing) to support them, but they would be comforted if the US committed to maintain the payments in some way. Those on earned social security and government pensions from the US and PR should continue to individually receive whatever amounts for which they would normally be eligible. Those receiving any form of welfare or disability would be entitled to the UBI less the US or PR payment.

There are a number of lifelong residents who feel that newcomers to the island come with talents, money, and experience that gives them competitive advantages over the rest. Some feel that those born here are more entitled to live here and "run the show". Many others are aware that in a contemporary mobile world, such a view is only held in smaller enclaves and is not the norm. Nonetheless, it is an issue with a significant number of existing residents, and a compromise of sorts should be found to prevent any resentment or deep-seated dissatisfaction that could cause a rift in the community now or in the future. There are many forms of compensation or deference that could be used. The following offers both a form of compensation and another of granting limited business advantages to existing residents. Any solutions selected must be temporary and fair.

PATRIMONIAL BUSINESS OWNERSHIP ISSUES

In order to understand how to assist founding citizens to be successful in business, we need to look at the existing situation. In order for a business to flourish, it must first get off the ground. It is difficult to start any business anywhere, but residents here have a more extreme set of circumstances than typical in the States.

Inhibitors to entry include:

- Lack of capital
- Lack of expertise
- Lack of availability of appropriate location
- Lack of access to distribution/delivery
- Too much monopoly control
- Administrative obstacles

All of these issues can be successfully addressed in the formation of a new government.

Capital.

Raising money to start a new business is a challenge for all but the independently wealthy and almost impossible for the poor. A mechanism for loans and equity investment must be provided that balances the needs of new businesses with the risks associated with lending and/or investing. Programs that provide both training and monitoring of entrepreneurs and their progress can be very useful. Micro loans and crowd funding opportunities could augment the more traditional financial offerings. While direct government subsidies and loan guarantees are not advised, Vieques chartered banks (and other institutions) should be “encouraged” to engage with the community through lending/investment programs which can begin with very small loans and grow as the business person shows more expertise and establishes a track record. In no way should a program be established that resembles an entitlement or handout, but the availability of funding is critical to business development and must be a high priority. Banking lending laws must be very flexible for business loans of small amounts.

Expertise.

Local expertise may be limited in many business areas and difficult to gain in Vieques. Internship and apprenticing are forms that allow hardworking inexperienced people to gain the expertise that may be required with certain businesses. Just like educational achievement, we must help establish the fundamental skills in our citizens to enable them to take advantage of these higher learning opportunities. Along with the basics learned in K-12, we must provide counseling and establish or join an international network of organizations offering such learning options.

Viequenses' Reserved Businesses.

Many new businesses require expertise not possessed by our existing citizens, and it is reasonable that new businesspeople and various professionals who have the knowledge and experience would start such enterprises. Other businesses, for which we already have qualified entrepreneurs, may need some initial “protections” from new competitors whose resources dwarf those of our existing citizens.

Over the last fifty years or so, new governments in several Caribbean jurisdictions have implemented rules and regulations to limit the participation of new residents in their local economies. Restrictions on citizenship exist in two forms: 1. Multiple classes of citizens granted differing rights and privileges; and 2. Taxing mechanisms to gain citizenship and/or create and operate a business.

Establishing multiple classes of citizens automatically creates a “class” system and codifies inequality of opportunity under the law. This is inconsistent with our goals and would be a mistake to implement any such system. Limiting new citizenship, however, will be necessary and can be used to tailor our labor force and investment resources. Notwithstanding the above, many of the native Viequenses face a marketplace with inferior skills and resources preventing them from competing effectively. It is therefore suggested that FFC's should be granted certain business advantages for a period of 25 years. This period of time is sufficient for the owners of

said businesses to become fully established and the next generation to start their new businesses with the benefits of better schooling and experience.

What businesses are preferred to be owned by FFC's and native born Viequenses?

First of all, existing businesses would be “grandfathered”. Any existing business could be operated and sold to anyone. GE operates an assembly plant here and could sell it to a Dutch company, and as long as the general nature of the business remains the same, and it is operated within our laws, there is no problem. The grocery store is owned by the Morales family, and they could sell it to Econo in PR or to John Doe of Bravos or Juan Lopez of Orlando.

Secondly, appropriate businesses requiring protected or preferred status include those in which locals could adequately compete. It would be counterproductive to reserve businesses for which locals have no expertise or desire to engage in. Some areas that other islands have “protected” are food service carts, standalone (not part of a hotel or parador) bars and restaurants, bakeries, fish markets, real estate agencies, retail stores, travel agencies, security services, etc.

Next, the form of protection needs to be consistent with the goals in the context of the business type. Local advantage can be garnered through a requirement of majority ownership by a qualifying citizen or instead require that new business owners that are not FFC's pay a tax or fee to open protected businesses. The former option directly improves the likelihood of involving locals in businesses that require capital otherwise unattainable, but runs the risk of creating a “front man” that is just being compensated to pretend to be running the business. The latter option is a form of leveling the playing field to allow the FFC to compete more effectively.

Lastly, the goal of growing the capabilities and the wealth of our existing population is worthy of a plan of temporary subsidies as outlined above, but care must be given to ensure that the new economy of the island is market based and that no attempt to “plan” the economy will be implemented, ever. **Nothing kills long term growth and innovation like trying to plan the future rather than plan for the future.**