

# Cumberland Advisors Market Commentary – The People Have Spoken

There comes a breaking point for everything, a moment, an “Arab spring,” when people governed by the callous and corrupt stand up and say enough. For the citizens of Puerto Rico that moment came after the indictment of two former island officials on corruption charges and the release of a private group chat between Governor Ricardo Rosselló and other officials in which their comments were petty, callous, malicious, distasteful, and possibly criminal.



Now clearly, corruption isn't anything new for Puerto Rico. Decades of corruption contributed to the Commonwealth's record-setting bankruptcy. But in what may be a sign of the times, with sensitivities running high, the comments in those exchanges clearly crossed a line for many and showed a degree of contempt that was inexcusable. Throw in a decades-long recession, control of the Commonwealth government by a federal oversight board, austerity measures (never popular), and continued rebuilding efforts years after a disastrous hurricane season; and it is easy to see how frustrations rose

to a boiling point. The island has since bled officials who participated in that group chat, with a number of high-profile resignations.

In a historic moment for the people, protests and other forms of civil unrest have successfully forced the resignation of Governor Rosselló. The people made their voices heard, and the governor was left with few options. I applaud my fellow citizens in the Caribbean. The words we use should matter, in both our civil and political discourse. Governor Rosselló will remain until August 2, when Justice Secretary Wanda Vazquez will take over.

The resignations and chaos have increased political uncertainty and likely prolonged restructuring negotiations. The Federal Oversight and Management Board (FOMB) may have strengthened its position as well. Judge Laura Swain, who is overseeing the island's bankruptcy proceedings, has imposed a 120-day pause of ongoing litigation to provide time to regain stability and work out a plan to address the suits, as they hinder any conclusion to the broader restructuring effort. The longer-term economic impacts from the unrest are as of yet unknown. An orderly process in filling vacant positions and getting back to the business at hand would minimize longer-term impacts.

In response to the political upheaval and mistrust of Puerto Rican officials, Congressman Sean Duffy, Congresswoman Jenniffer González-Colón, and Senator Rick Scott have asked the president to appoint a federal coordinator to help oversee the continued rebuilding efforts and speed the delivery of federal assistance. We support this move and welcome the transparency the position would bring. More importantly, though, we hope this may mean a brighter future for Puerto Rico. The government should exist to work for the people, not for elected officials or bureaucrats.

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