

How Puerto Rico Can Renew Itself

Puerto Rico is experiencing a 45% poverty rate and reporting double-digit unemployment (currently ~10.3%), almost three times the mainland U.S. average of ~3.6%. There is a critical shortage of money on the island, without which recovery is almost impossible.

What Can Be Done?

The key solution is to inject new money into the island's economy and ensure its delivery to people in need. Long-term mismanagement of the government budget led to the island's crisis. Expecting a fix from within the current monetary system, where the majority of money in circulation is largely created by loans from commercial banks¹, is unfeasible. That system limits how money is distributed throughout society, and constricts the ability of politicians to fix it, even if they wanted to.

But there have been numerous successful initiatives in human history when similar financial crises have been resolved to the benefit of ordinary people, where the broader community enjoyed abundance and prosperity. How did they do it?

Complementary Currencies

The most common component of those successful initiatives was widespread use of an alternative and parallel form of money commonly called a complementary currency.²

Underrepresented in recounting American history, complementary currencies have emerged in the U.S. during most periods of distress, from the Panic of 1837 through the Great Depression, and there is considerable documentation of thousands of examples of local complementary currencies from every state in the Union and throughout the world.

At the onset of the Depression, respected economist Professor Irving Fisher³ suggested to Roosevelt's Undersecretary of the Treasury that, "The correct application of stamp scrip⁴ would solve the Depression crisis in the U.S. **in three weeks**."⁵ His recommendation was not merely theory: several European towns issued their own scrip and went from 30+% unemployment to 0% in weeks, only to revert when their governments

1 *Where Does Money Come From?* <http://neweconomics.org/2012/12/where-does-money-come-from/>

2 https://en.wikipedia.org/wiki/Complementary_currency

3 https://en.wikipedia.org/wiki/Irving_Fisher

4 Stamp scrip is one name for a type of complementary currency

5 http://wiki.p2pfoundation.net/Complementary_Currency_Movement

shut down those efforts (example).⁶ The Undersecretary commissioned his own research and agreed. However, fears about decentralization and loss of monopoly caused the government to prohibit complementary currencies, as did many other governments around the world, and those prohibitions remained for decades.

Prohibitions are Gone: Bootstrapping Puerto Rico's Economy

Fortunately, governments are beginning to recognize the benefit of complementary currencies and have removed such prohibitions. The result has been an explosion of currencies, particularly digital currencies. The most famous is Bitcoin, which belongs in a special class of complementary currencies called cryptocurrencies. Many numerous and powerful concerns are pushing to make Puerto Rico a global center for cryptocurrencies.⁷ NCG directors serve in leadership at the US Alternative Finance trade group reform and agree with critics that such a move is designed to benefit cryptocurrency founders and speculators rather than the island's residents.

*We believe that the digital currency mechanism can be applied differently, to **directly** benefit the people of the island.*

Through the issuance of a "peoples' currency", the UNO, we can replicate proven successful initiatives from the past. In this way, the people of Puerto Rico are able to reimagine and rebuild an independent economy, free from the burdens of the island's debt crisis and the misaligned motives and objectives of outside for-profit industries and the government representatives beholden to them.

Further Reading

How this alternative approach to money can solve problems on Puerto Rico is introduced in the article titled Money – A Time For Change⁸ and in greater depth here.⁹ How to apply those concepts on the island is detailed in Rebuilding Puerto Rico.¹⁰ The document Commonwealth Development Organizations¹¹ describes the organizational structures required to implement these powerful, locally driven rebuilding plans.

6 <http://www.metronomegazette.com/2013/02/the-worgl-experiment.html>

7 Making a Crypto Utopia in Puerto Rico <https://www.nytimes.com/2018/02/02/technology/cryptocurrency-puerto-rico.html>

8 <https://www.linkedin.com/pulse/money-time-change-michael-sauvante/>

9 <https://nationalcommonwealthgroup.net/money/>

10 <https://nationalcommonwealthgroup.net/doc/RebuildingPuertoRico.pdf>

11 <https://nationalcommonwealthgroup.net/doc/CommonwealthDevelopmentOrganizations.pdf>