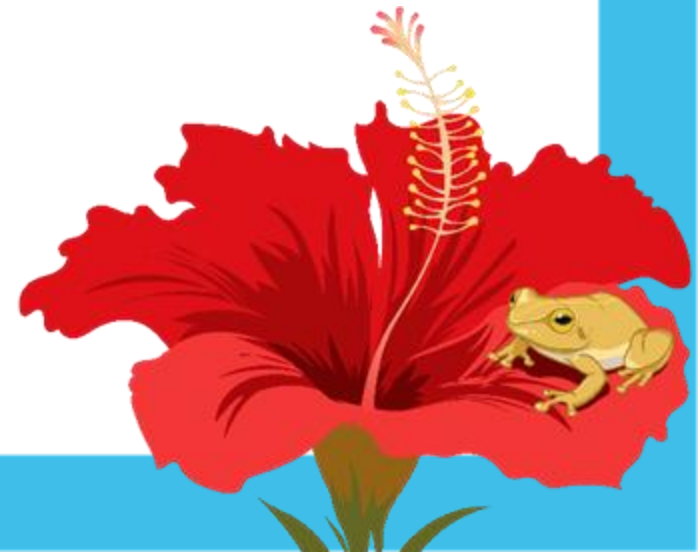


# Puerto Rico Co-ops:

## Meeting the Challenges of Resilience



José Julián Ramírez, M.A.  
August 8, 2023



# PR Coops: Meeting the Challenges of Resilience

1. 1873. Start of the Puerto Rico co-op movement
2. 1945. The inspiration from the Antigonish Movement
3. Father Joseph A. MacDonald, selected by Moses Coady
4. FIDECOOP and the Puerto Rico cooperative ecosystem
5. Multiple crises: Economy, Natural, Political, Health
6. Co-ops: Victories and Challenges.
7. Resilience of the ecosystem







## Puerto Rico's name before Spanish colonization

# Spanish Colony 1493 +

Christopher Colombus, Conqueror of the Island of San Juan Bautista.

- Taino insurgents were killed, and the survivors were taken as slaves.
- Most of the Taino population died from European diseases.

The island took the name of Puerto Rico while the port became San Juan.

**1513**

**1493**

**1520s**

African slaves were brought to the island.



# Military Relevance

- 400 years of Spanish colonization
- Important military settlement for Spain
- Threatened by other European powers (British, Dutch, French)
- Always repelled by the Local Spaniards (Puerto Ricans).





19<sup>th</sup> Century

- The political changes in Spain promotes migration to Puerto Rico from economic depressed locations in Spain and Europe.
- This was the beginning of agriculture-based economic growth, with sugar, tobacco, and coffee being the main products.

# 19<sup>th</sup> Century



- 1868 - hundreds of men and women in the town of Lares—stricken by poverty and politically estranged from Spain—revolted against Spanish rule, seeking Puerto Rican independence. The Grito de Lares ("Lares Uprising").
- Main purpose:
  - freedom of association,
  - freedom of commerce,
  - freedom of assembly,
  - freedom of the press,
  - and abolition of slavery
- Thought the revolt was unsuccessful, following the **Grito de Lares**, political and social reforms occurred toward the end of the 19th century.



*coljc*  
REGLAMENTO

DE LA

SOCIEDAD DE SOCORROS MUTU

"LOS AMIGOS DEL BIEN PUBLICO"

FUNDADA EN ESTA CAPITAL EL 22 DE SEPTIEMBRE DE 18



PUERTO-RICO.

Imprenta "La Cooperativa."

73. FORTALEZA 73.

1893.



1873

Beginning of Puerto Rico co-op movement





**Santiago Andrade**



**Dr. Jose Celso Barbosa**

# 19<sup>th</sup> Century

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- 1873 – First Cooperative: Sociedad de Socorros Mutuos Los Amigos del Bien Público (Society for Mutual Help The Friends of Public Good).
- 1894 – First Local Credit Union: El Ahorro Colectivo (The Collective Savings).

# The New York Times.

COPYRIGHTED, 1898, BY THE NEW YORK TIMES COMPANY.

15,146.

NEW YORK, WEDNESDAY, JULY 27, 1898.—TWELVE PAGES.

## OUR FLAG RAISED IN PUERTO RICO

Four Spaniards Fall in the  
First Fight of the Invasion.

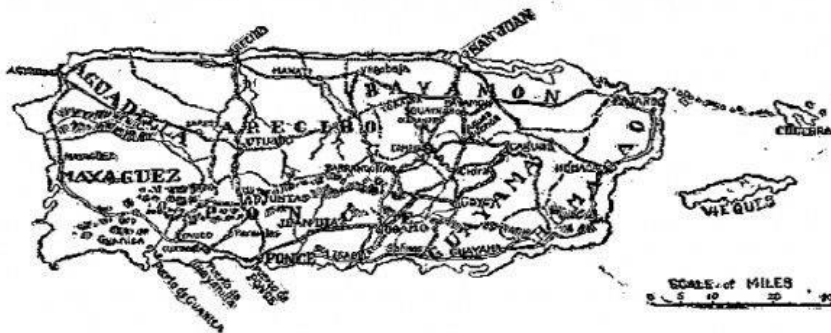
## AMERICANS ESCAPE UNHURT

Guanica, on the Southern Coast,  
the Scene of the Landing.

## ENEMY IS SURPRISED

Excellent Military Road Leads to San  
Juan, 85 Miles Distant—Good  
Work Done by the Gloucester.

## MAP OF THE ISLAND OF PUERTO RICO.



Crossed lines indicate railroads; shaded lines, main roads; parallel lines, cart roads; single lines with dots, horse trails.

of Guanica, but the Colt gun killed four of them.

By that time the Gloucester had the range of the town and of the blackhouse, and all her guns were spitting fire, the doctor and the Paymaster helping to serve the guns.

Soon afterward white-coated, galloping cavalrymen were seen climbing the hills to the westward, and the foot soldiers were scurrying along the fences from the town. By 9:45, with the exception of a few guerrilla shots, the town was won and the enemy was driven out of its neighborhood.

The Red Cross nurses on the Lampasas and a detachment of regulars were the first

ing was Fajardo, on the northeast coast. When Gen. Miles left Guantánamo the authorities here expected him to go to Fajardo.

Guanica is a town of 1,000 inhabitants on the southern coast of the island. On a rough calculation, it is less than twenty miles in an air line distant from Ponce, and sixty-five miles from San Juan, against which the assault is to be directed. Guanica is about six miles south of Yauco, of which city it forms the port, and with which it is connected by a good road.

The town is situated on a bay of the same name, which forms one of the best ports in the whole island. The banks in the

two with six five-inch rifles each, and two with six seven-inch howitzers each, a total of forty guns. Add these to the sixty light pieces with which the expedition is provided and its artillery equipment is seen to be most formidable.

## WARSHIPS GO TO GUANICA.

Copyright, 1898, by The Associated Press.

ST. THOMAS, D. W. I., July 28.—The United States protected cruiser Columbia has just arrived here from Puerto de Guanica, Puerto Rico, via Cape San Juan. While off the latter point she spoke the United States monitor Terror and the gun-

## SPAIN ASK TREAT

Requests the  
Agree to

## A FORMAL

French Ambass.  
Message to th

## NOTHING AS

Our Answer to b  
President Has  
the Pro

WASHINGTON, J.  
Government has sus

- 1898 – US Invasion, Military Government.
- The American program included building up a modern economic infrastructure that included roads, ports, electric power systems, and telephones and telegraphs, as well as hospitals and programs to develop agriculture (monocultural plantations).

19<sup>th</sup> Century

# 20<sup>th</sup> Century

- **1900 – Foraker Act:**
  - Governor Appointed by the US President
  - 1 Resident Commissioner
  - 35 local legislators
  - Free entry of Puerto Rican goods into the U.S. market





# U.S. CITIZENSHIP IN PUERTO RICO:

ONE HUNDRED YEARS AFTER THE JONES ACT



## 20<sup>th</sup> Century

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- **1917 – Jones Act:**

- The act made Puerto Rico an "organized but unincorporated" U.S. territory.
- Puerto Ricans were also given a restricted U.S. citizenship. Puerto Ricans residing on the island did not have full American citizenship rights.
- Months later, 20,000 Puerto Rican soldiers were sent to the United States Army during the First World War.
- The Act also divided governmental powers into three branches:
  - **executive** (appointed by the President of the United States),
  - **legislative** (elected by the Puerto Rican people).
  - **judicial** branch.



1920

Second Wave of the Cooperative Movement

El Falansterio, Housing Coop, 1937



# 1920's

---

- **Rosendo Matienzo Cintron** promotes the first laws for cooperatives societies.
- Just **Consumer** and **Production** Coops were allowed.
- This legal framework do not establish a clear link to Rochdale Pioneers Principles







# 1945: Co-op Third Wave

Inspired by the Antigonish movement

*J. Amable Deneau*



ANTIGONISH AND PUERTO RICO





# 1945



## Cooperative Antigonish Movement

- Antigonish Commission travels to Nova Scotia, Canada
- After recommendations were adopted the first PR Cooperative Societies General Act, 1946.



Ana Ma.  
O'Neill



Joseph A.  
MacDonald



"Don  
Moncho"  
Colón





# Antigonish Commission Report:

1. Ignorance of the social function of cooperativism in economic evolution...
2. Lack of cooperative education on philosophy, organization, and governance...
3. Lack of an adequate control system in accounting and compliance with the cooperative principles ...
4. Lack of guidance on the kinds of cooperatives...
5. Lack of adequate legislation to address these problems...

# Antigonish Commission Recommendations

**Cooperative Societies  
General Act**

**Credit Unions  
Special Act**

To create a **government  
office for regulation** and  
supervision of  
cooperatives."

To create a  
**Department** to  
promote and develop  
cooperatives

To develop courses on  
cooperativism in the  
UPR and Public Schools

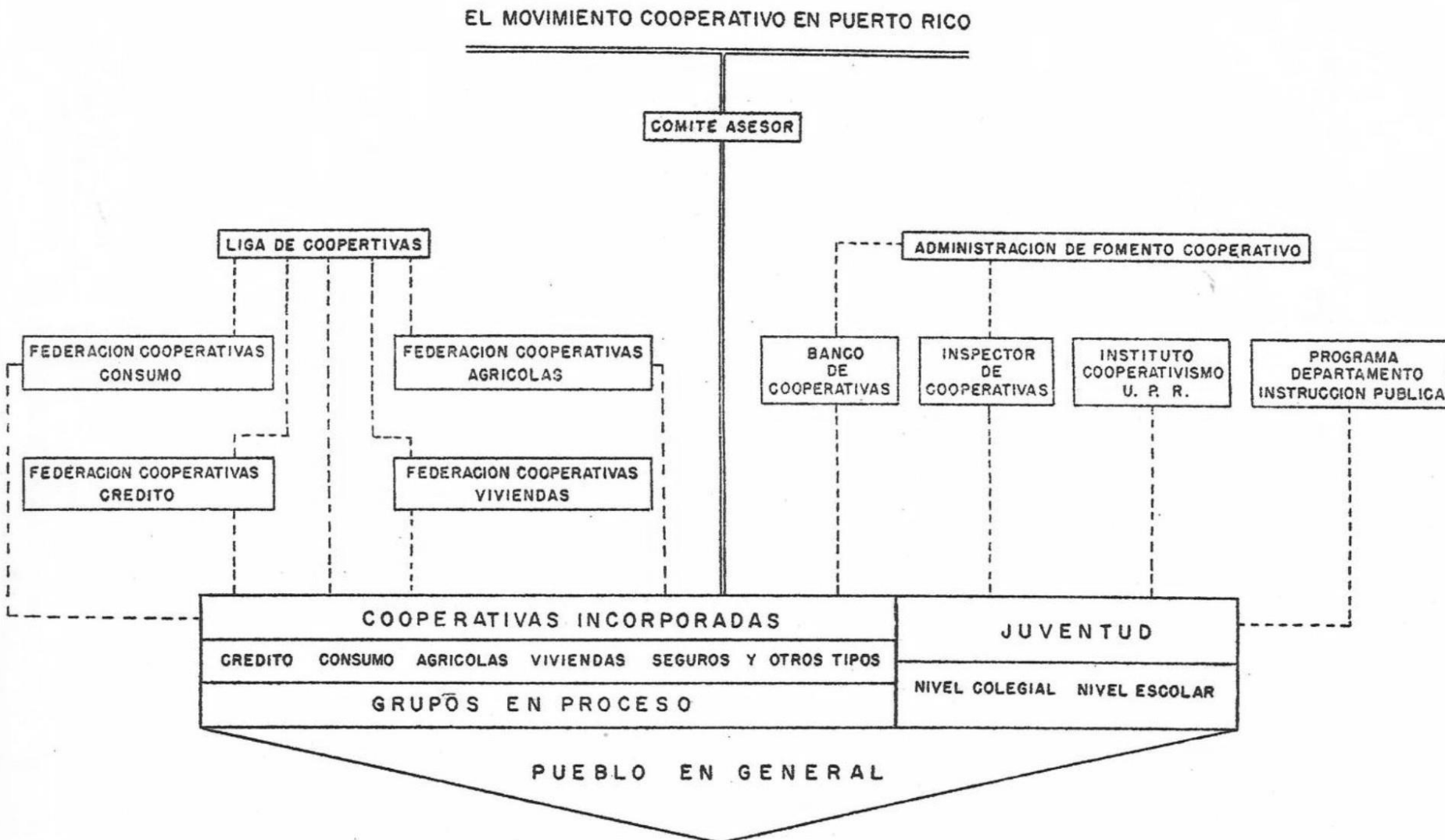
**Agency for the  
extension of credit in  
cooperatives...**

# Antigonish Commission:

RECOMMENDATIONS	20TH CENTURY	21ST CENTURY
1. Cooperative Societies Gral. Act	Ley 291 (1946), Ley 50 (1994)	Ley 239 (2004)
2. Credit Unions Special Act	Ley 10 (1947)	Ley 255 (2002)
3. Regulator / Supervisor	Office of the Cooperatives Inspector	COSSEC
4. Dept. To Promote Coops	Adm. Of Cooperative	CDCOOP
5. Courses on Coops	Coop Institute & Instruction Dept.	ICOOP & Dept. Of Education
6. Ext. Credit to coops	Banco Cooperativo	BanCoop & FideCoop



# Movimiento Cooperativo PR – 1962 (Según Padre Joseph A. MacDonald)



Oleo de Padre Joseph MacDonald, obra del pintor Francisco Rodón, CACCSM



# Current Structure of the Cooperative Movement

Puerto Rico - 2023

## Commission for Cooperative Development



Agency in charge of  
promoting cooperatives and  
the registration process at  
Dept. Of State.  
(Ley 247-2008)



**GOBIERNO DE PUERTO RICO**  
Corporación Pública para la Supervisión y  
Seguro de Cooperativas de Puerto Rico

### **COSSEC**

Public Corporation for the  
Supervision of Cooperatives  
and CU. Also, deposit and  
shares insurance for CU.  
(\$250k)  
(Ley 114-2001)



**FIDECOOP**  
FONDO DE INVERSIÓN Y DESARROLLO COOPERATIVO

Not For Profit Corporation and  
Cooperative Development  
Financial Institution. Match  
funds from Coops and Gov.  
Provides T.A. and F.A.  
(Ley 198-2002)



### **Cooperative Institute**

Fac. Soc. Sc, UPR-RRP  
(Res. Núm. 95 – 1953)



# Private Sector:

4th  
Level

- **PR Coop Mov.** has representation at Intl. Level Organizations



3rd  
Level

- **League of Cooperatives**  
National Confederation in Puerto Rico



2nd  
Level

- **Federations & CUSO's**  
Insurance Coops,  
Cooperative Bank, Share Branch, etc.



Tu enlace financiero cooperativo



1st  
Level

- **Cooperatives & CU's**  
Credit Unions, Consumers, Workers, Producers, Retailers, Housing, Health, Youth, Energy, etc.

## Tipos Diversos (L239-2004):

- Consumo/Usos/Mixta
- Trabajadores, Cap.34
- Vivienda, Cap. 35
- Energía, Cap. 36

Cooperativas  
Ahorro y Crédito  
(Ley 255-2002)

Cooperativas  
Juveniles  
(Ley 220-2002)



# Multiple Crisis

Fiscal Debt, Political Dilemma,  
Natural Disasters and Climate  
Change





# 20<sup>th</sup> Century

- 1952 – Estado Libre Asociado de Puerto Rico (Commonwealth of Puerto Rico).
- The Constitution of Puerto Rico was approved by voters in a referendum, and a federal law approved it, subject to amendments (U.S. Congress) that were finally ratified in November of that year.
- That same year marked the first time that the Flag of Puerto Rico could be publicly displayed, after having been criminalized in 1948.
- **PR is non incorporated territory of U.S. and our population has limited rights as U.S. Citizens.**





# 20<sup>th</sup> Century

- The industrialization was in part fueled by generous local incentives and freedom from federal taxation, while providing access to continental US markets without import duties.
- As a result, a rural agricultural society was transformed into an industrial working class.
- Manufacturing activity (mostly pharmaceutical), however, has been burdened by electricity rates two to three times the average in the United States.





# 20<sup>th</sup> Century

- **1976 – Section 936 of the Internal Revenue Code.**
  - To spur the Puerto Rican economy and reduce dependence on federal funds, Congress amended the IRC and created Section 936.
  - Its purpose was to allow subsidiaries of U.S. corporations to establish operations on the island and repatriate their profits to the parent company without paying federal taxes.





## 20<sup>th</sup> Century

- In 1993, facing a budget deficit in the United States, legislation was passed that limited the tax credit corporations could assign to their manufacturing production in Puerto Rico.
- Section 936 was eliminated in August of 1996, with a 10-year grace period for companies that remained in Puerto Rico.





20<sup>th</sup> & 21<sup>st</sup> Century

## Why does Puerto Rico have so much debt?

- The end of the subsidies led to companies fleeing the island which itself subsequently led to tax shortfalls. At first, the Puerto Rican government tried to make up for the shortfall by selling public properties and later, issuing bonds.
- Eventually the debt burden became so great that the island was unable to pay interest on the bonds it had issued.



## 20<sup>th</sup> & 21<sup>st</sup> Century

### Post Cold War Era

- The North American Free Trade Agreement between Mexico, Canada and the United States was seen as a sign that Section 936 was no longer viable.
- Because of these free trade agreements with the rest of the western hemisphere, Puerto Rico's advantage as a territory of the United States was lost in the post-Cold War world.





Loss of military and geopolitical importance for U.S.



# Economic & Financial Crisis

2006

Govnt. Shut Down

Sales Tax

Economic  
Recession

2008

Subprime  
mortgage crisis

3/6 Commercial  
Local Banks closed

2015

PR Bonds Crisis

PR's Default

PROMESA - FOMB


# Puerto Rico's Mourning Flag

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- Since 2016:
- Why?
  - Approval of PROMESA by U.S. Congress
- Anti colonialism symbol
- Meaning:  
Resistance & Resilience





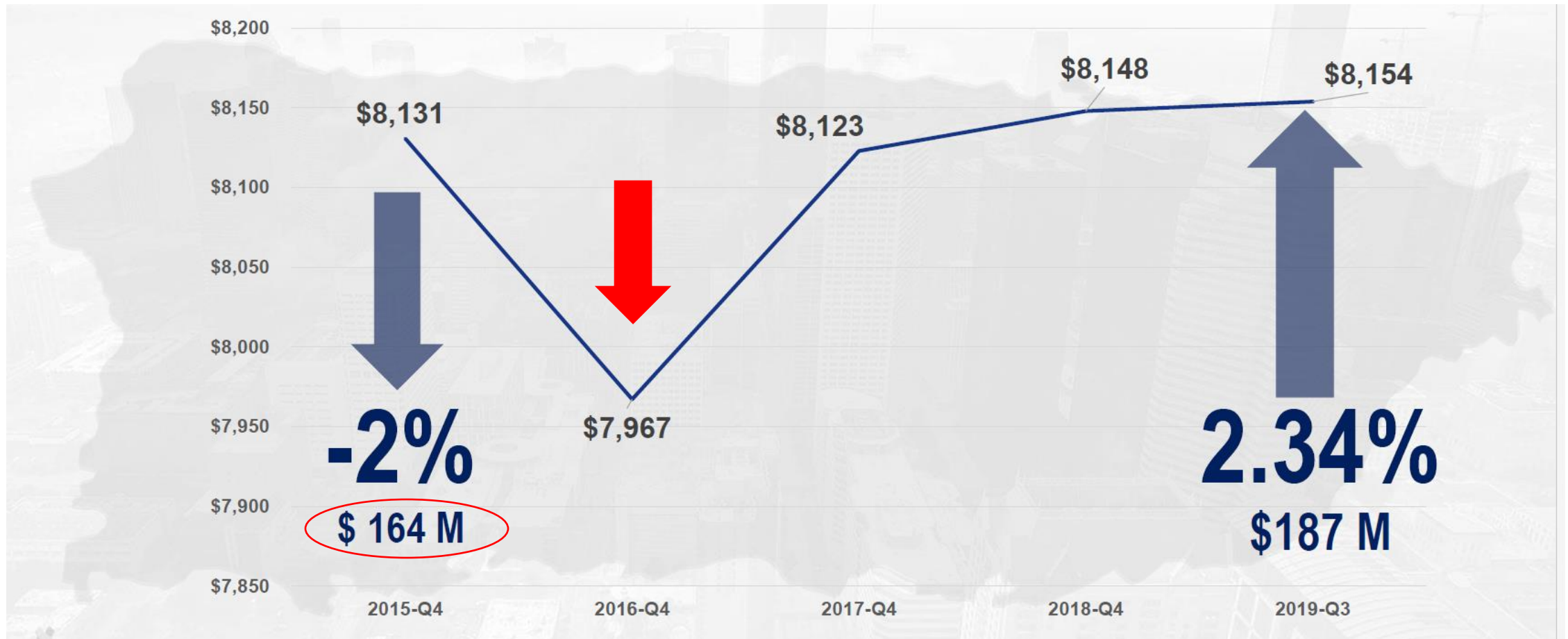
The background of the slide is a blurred image of a financial chart, likely a candlestick chart with multiple colored lines (green, blue, red, orange) representing different data series. The chart is set against a dark background with a grid. In the top left corner, there is a small orange horizontal bar.

# 2016: Major Reputational Crisis for Local C.U.'s

Local C.U.'s bought \$1 Billion in  
Govnt. Bonds

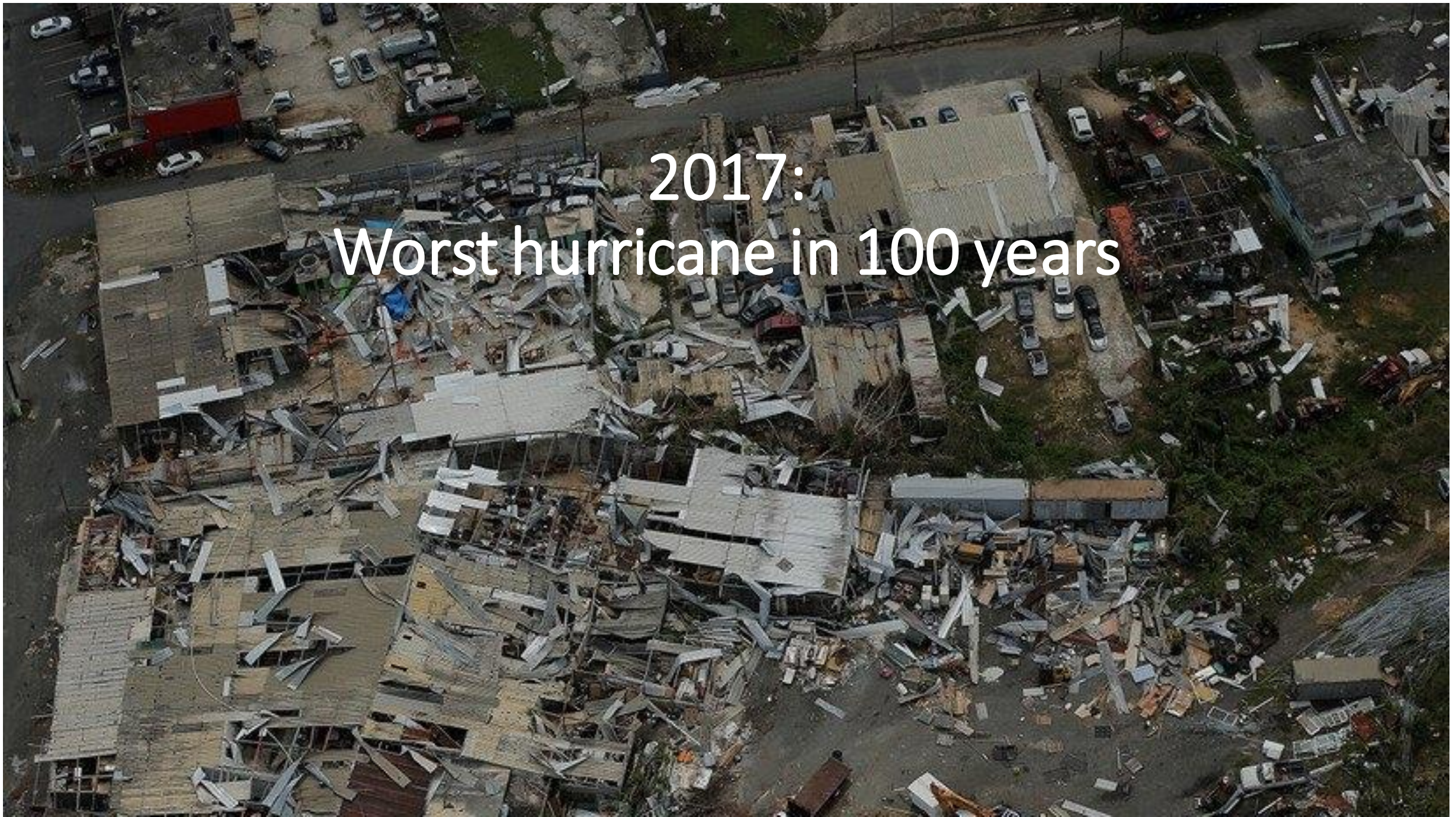


Total Deposits: \$164 Mill. in withdrawals





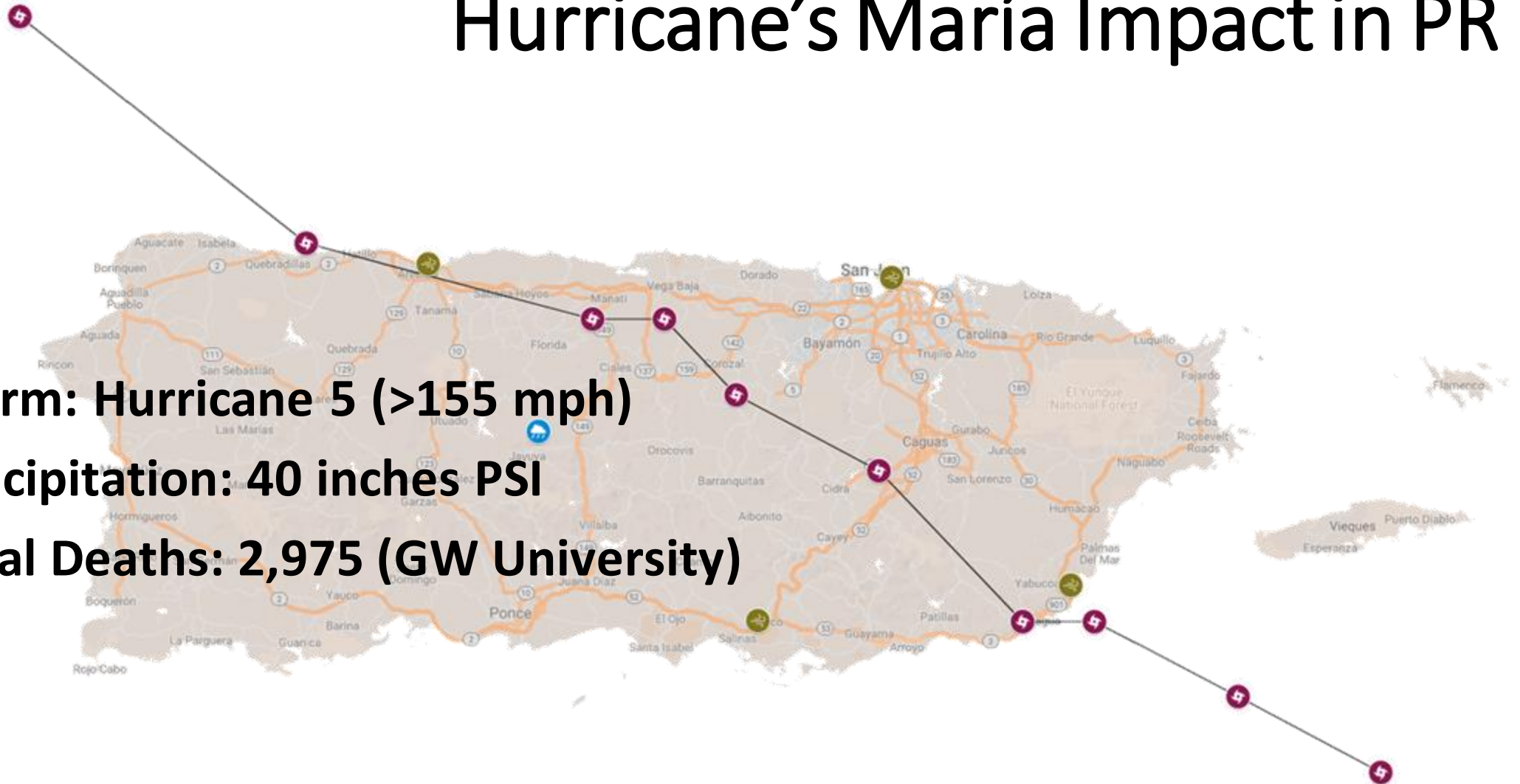
2017:  
Worst hurricane in 100 years



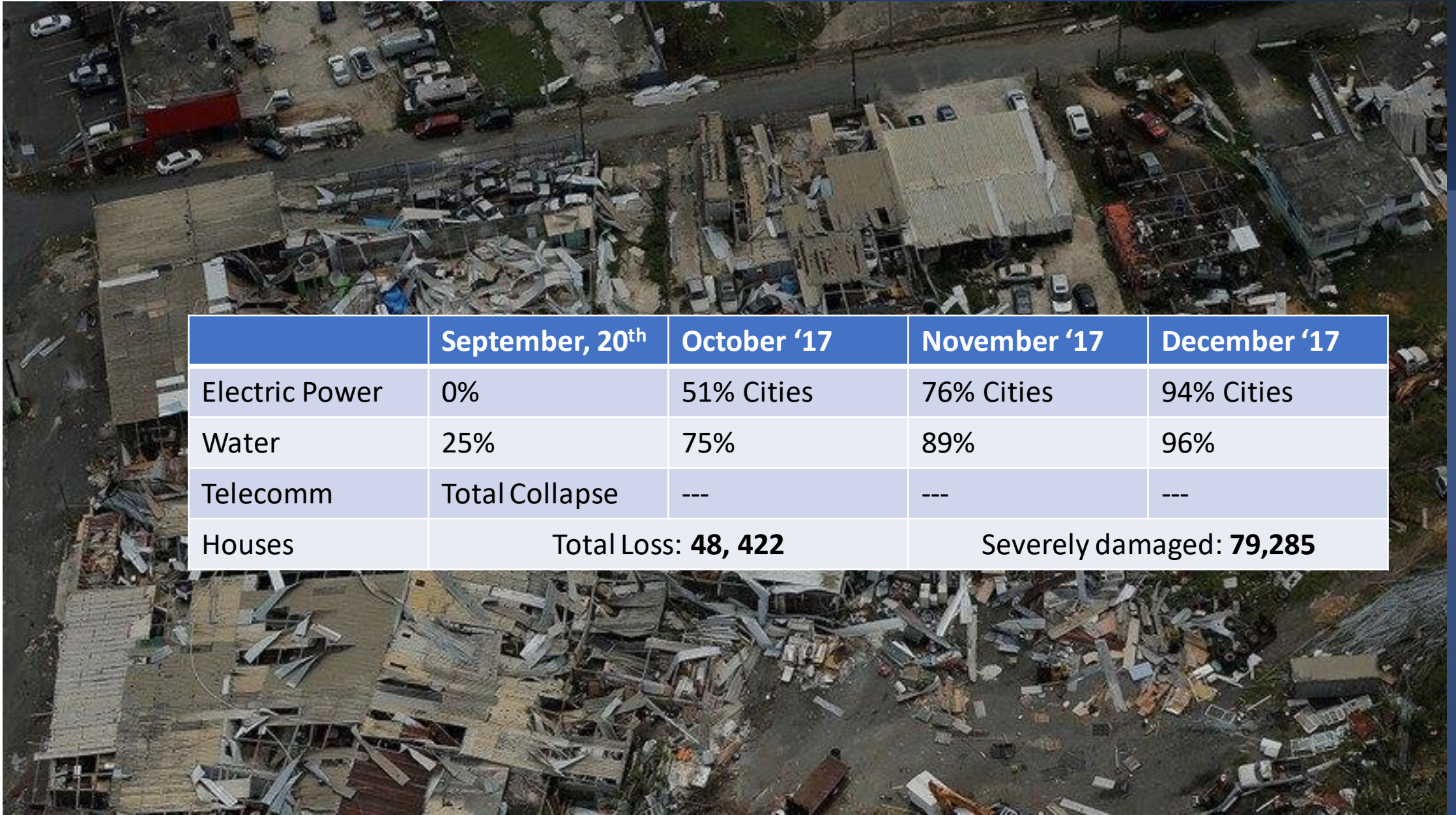


# Hurricane's María Impact in PR

- **Storm: Hurricane 5 (>155 mph)**
- **Precipitation: 40 inches PSI**
- **Total Deaths: 2,975 (GW University)**







	September, 20 <sup>th</sup>	October '17	November '17	December '17
Electric Power	0%	51% Cities	76% Cities	94% Cities
Water	25%	75%	89%	96%
Telecomm	Total Collapse	---	---	---
Houses	Total Loss: <b>48, 422</b>		Severely damaged: <b>79,285</b>	



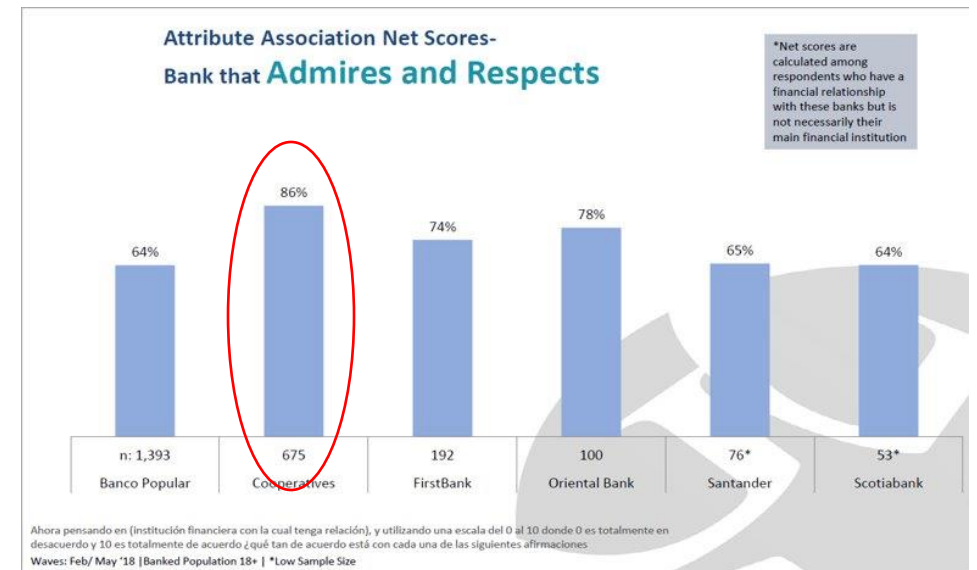
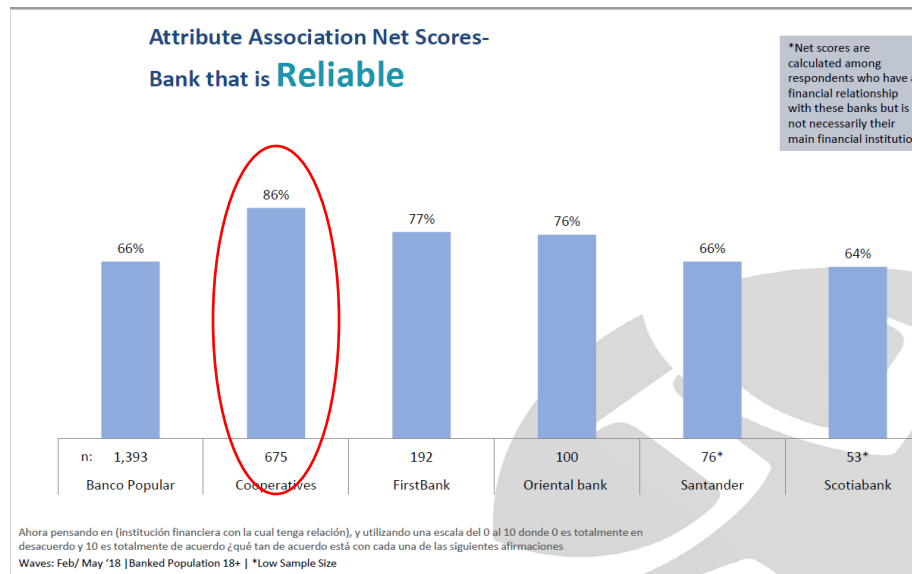
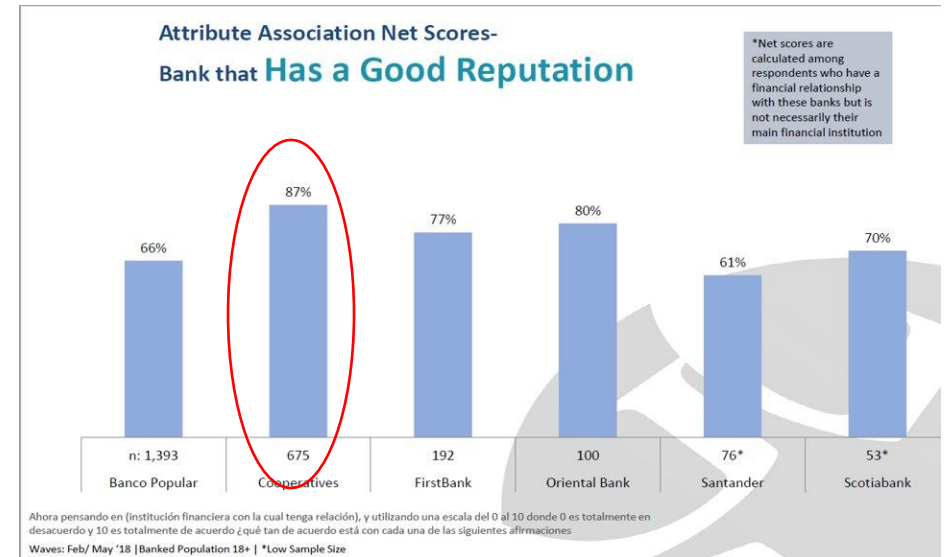
# Coop and Community Impact

- **Electrical outage** = No telecommunications + No potable water + Health Crisis (leptospirosis, asma) + Not enough gas & diesel + No merchandise on supermarkets.
- **No Banks on duty on rural areas** = Not enough cash + No place for Small Businesses in rural areas to keep their cash.
- A month later, 17 municipalities with no banks in operations. JUST RECEIVING SERVICE FROM LOCAL CU's.
- Dec. 12/18 – Still had 19 CU without power. Working Full Time on Generators.



# And that make us improve:

- Reliability
- Respect
- Good Reputation

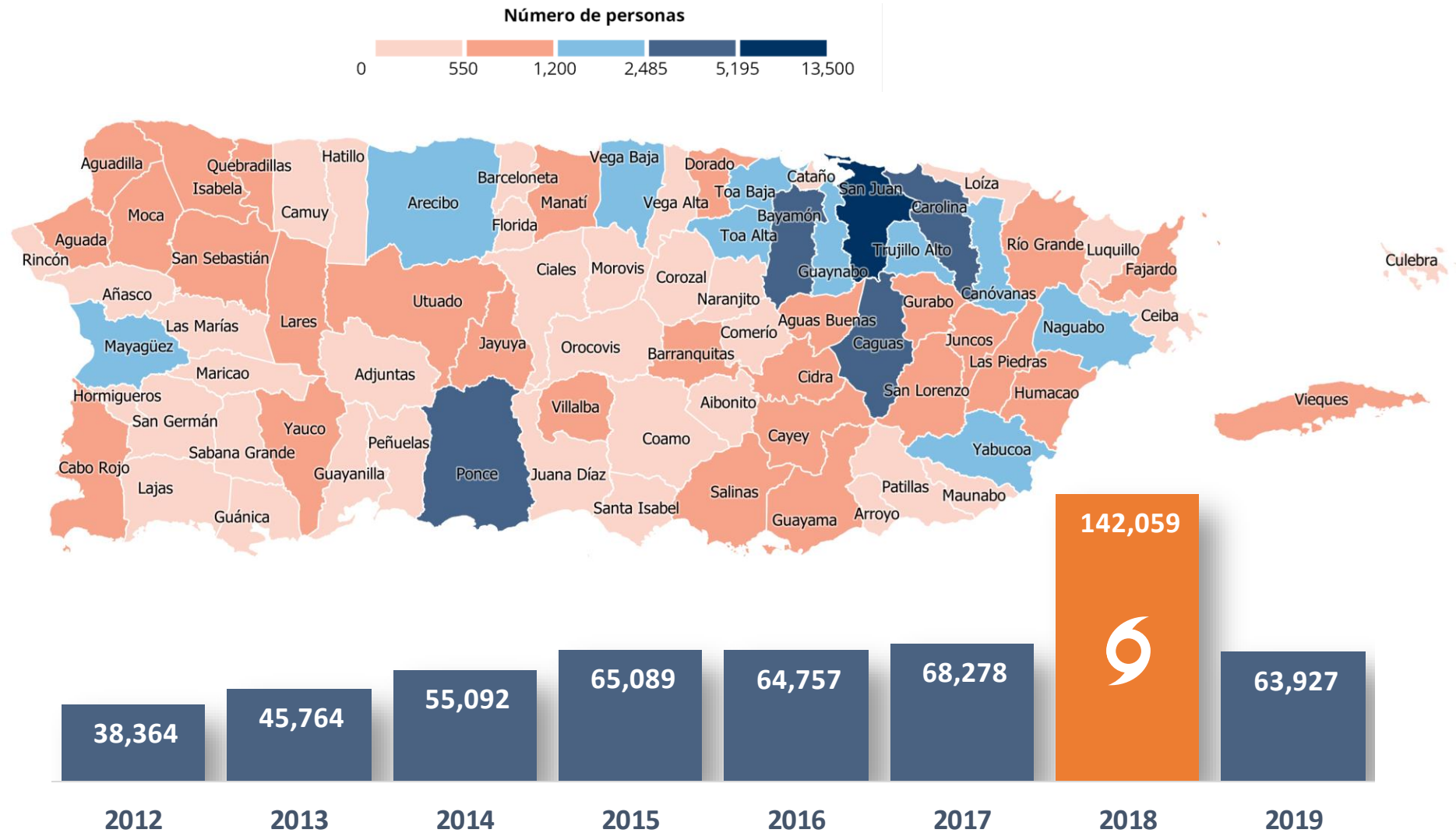




# MIGRACIÓN POR MUNICIPIO HACIA LOS ESTADOS UNIDOS, 2016

Average net migration over the past three years (before Maria) has been around **60,000+.**

Efecto María, de acuerdo a estimados de Estudios Técnicos, Inc.



Fuente: Negociado del Censo de los EE.UU., Encuesta sobre la Comunidad de Puerto Rico del 2012 al 2016



# 2019: Earthquakes

**Mostly at the southwest of the main Island**



# Mutual Help

---

- Coops and C.U.'s all over the territory and in the U.S. contributed more than \$500,000 for employees and community leaders who were victims from the most affected areas.





# Summer 2019: Political Crisis








More than 1 million people in the streets  
outraged by government corruption



# 2020: COVID 19:

---

- The pandemic forced Coops & C.U.s to take a faster technological leap.
- Game changer for labor management
- Sewing Coops were important for local manufacture of facemasks and medical gowns



Cuando apoyas la  
manufactura local,  
**apoyas a nuestra  
gente.**

COOPERATIVA INDUSTRIAL CREACIÓN DE LA MONTAÑA, UTUADO, PR.





# Main Challenges & Coop Response

Economy, Financial, Demographic, Energy



## Economic & Financial Response

- In order to expand Local C.U.s services to the remaining population:
  - Massive CDFI Certification for >80 Local Chartered Credit Unions
  - In 6 yrs. this action produce more than \$300 M in Grants (Tech. Assist. & Financial Assist.) from the CDFI Fund.
  - Thanks to the alliance between the PR Cooperative Movement and Inclusiv Credit Union Network.
- Cooperatives and Small Businesses benefited from SBA PPP due to the support of FIDECOOP and 7a Lender CU's





# Energy Response

- Increase in Solar Loans from Local CU's:

Local C.U.'s Solar Loan Portfolio		
Yr.	Loans	\$
2021	1,076	\$28,379,991.00
2022	1,754	\$49,032,388.00



# Energy Response

- **Energy Coops:** PiruchoCoop, Coop Hidroelectrica de la Montaña, REMCOOP, AbeynoCoop...
- **ElectricCoop:** Commercial Coop integrated by 11 certified electricians, owners of small electrical companies.
  - FIDECOOPs Line of Credit of \$1.6 M.





FIDECOOP  
FONDO DE INVERSIÓN Y DESARROLLO COOPERATIVO



EmprendeCoop

# Energy Response

- **FIDECOOP | *EmprendeCoop* Business Accelerator:**

- Alliance w/ IREC



- New cohort (Aug. 2023):

- Participants: Housing Coops (Multifamily)

- Capacity Building & Tech. Assistance

- Solar Energy
- Energy Storage
- Community Solar
- Microgrids



DEPARTAMENTO DE LA  
VIVIENDA



# Demographic Challenges: **Silver Tsunami**

In P.R. more diapers are sold for adults than for babies.

- Migration of youth and professionals:
  - From 3.7 MM (2010) – 3.2 M (2020)
  - Members C.U.s: 988k (2017) - 1.3 M (2023)
- **U.S.:** 1 Care Giver ÷ 10 ppl who need home care services
- **P.R.:** 1 Care Giver ÷ 108 ppl who need home care services





# FIDECOOP's Response

## SB's conversions-Worker Owned Coops



### **ARA COOP**

\$250k Commercial Loan & Business Mentoring

## Promote Care Givers Coops



### **Pasos Dorados Coop**

\$10,000 Micro loan & Support

# Meeting the Challenges of Resilience



150 years of Coop Resilience?

Resiliency, Resistance or (re)Evolution



# Thanks!

**José Julián Ramírez Ruiz**

Director Ejecutivo  
FIDECOOP



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