

ECONOMY

Despacito's success may be a reminder that we can achieve better things

Think Strategically: Schadenfreude & Despacito

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Schadenfreude: The Healthcare Act Part 3

President Trump met this past Wednesday with Republican senators to discuss their on-again-off-again healthcare process. The president is forcing them to resume their work on the bill to repeal and replace Obamacare, hoping to avoid another defeat. During lunch at the White House, he told lawmakers not to leave Washington until passing a bill. The president said, "Frankly, I do not think we should get out of town unless we have a health insurance plan, because we are close; we are very close." The Healthcare Act was one of the principal topics of the election process, and the Republicans had seven years to come up with a strategy to produce legislation that works. Sadly, they did not. According to Majority Leader Mitch McConnell (R-Ky.), sometime next week they may be voting on a motion to pass the bill. In the latest polls, a paltry 12% to 17% of U.S. Americans

approve of the Senate GOP legislation, while more than 55% disapprove of it.

Significant portions of the Republican bill to repeal and replace Obamacare will require 60 votes, according to Senate experts, meaning the changes are unlikely to survive on the floor. Most experts have advised senators that several parts of the bill cannot be altered, this was according to a document provided by former presidential hopeful Sen. Bernie Sanders (I-Vt.).

Why is this relevant to our economy, you ask? U.S. stocks sank this past Friday, July 21, and the euro increased to its highest level against the dollar since January 2015 because investors fear the investigation of President Trump may derail his economic agenda. In addition, the major U.S. equity barometers ended lower, with energy shares leading the decline of the S&P 500 Index.

Bloomberg also reports that special counsel Robert Mueller is expanding his investigation to include Trump's tax returns, business dealings and business loans. The president reacted during an interview with the New York Times that investigation into his taxes and finances would cross the

line. Gov. Luis A. Ferré used to say, "Reason does not yell, reason convinces." Well, I sure hope President Trump would try it. Otherwise, we might see many people with "Schadenfreude," or someone deriving pleasure from another person's misfortune.

P.R. Update: 'Despacito'; Changes in the FOMB

This past week, Luis Fonsi and Daddy Yankee's song Despacito became the most streamed track of all time, with more than 4.6 billion plays across several media platforms. With Despacito in mind as a reminder that we can achieve better things, this past week marked the resignation of Gov. Rosselló's representative to the Financial Oversight & Management Board

(FOMB), attorney Elías Sánchez Sifonte, who was replaced by Government Development Bank President Christian Sobrino. As Sánchez Sifonte leaves, he does so with a process well underway and with most of the hard initial steps in place with the FOMB.

Final word: UPR focus

We now turn our focus to University of P.R. (UPR), with the designation of interim President Darrel Hillman July 12. Hillman has begun to fire and hire most chancellors; this action seems unbelievable especially since this interim president is just a placeholder while the new president is named, and when the new president takes the post, he or she will perform all the needed changes. Regarding governance, we

applaud the selection of attorneys Antonio Monroig and Luis Berríos Amadeo, who are well-respected individuals and have ample governmental experience; we wish them all the best. However, turning to the selection process for the UPR presidency, this is an archaic one that defies logic and wisdom. We hope the board changes this process soon. The UPR is adjusting to the aftermath of the student strike that paralyzed it and is facing expense reductions of more than \$200 million by the FOMB. This poorly timed action continues to add more turmoil to an already fragile institution. While most U.S. state universities have adjusted to the effects of reduced endowment market values, lost stimulus funding and decreases in state aid, they have used the past few years to refocus their strategic plans, slim down operating budgets and rebuild financial resources. Our UPR mostly chose to ignore the trends and continued to operate under the assumption that "business, as usual, would do" when it was evident radical changes were needed.

The general fund invests \$941 million in UPR's 57,726 students and 19,477 employees, which costs taxpayers \$16,301 per student, a sum we can no longer afford.

Francisco Rodríguez-Castro, president & CEO of Birling Capital, has over 25 years of experience working with government, multinational and public companies.

IPO Calendar (Trade Date Estimate: Week of July 24, 2017)

Company	Ticker	Deal Size
Industrea Acquisition	INDUU	\$200 million
Redfin	RDFN	\$120 million
RBB Bancorp	RBB	\$69 million
Sienna Biopharmaceuticals	SNNA	\$65 million

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