

Statement by Miguel A. Soto-Class, President of the Center for a New Economy (CNE), on CNE's analysis of HR 5278 "To establish an Oversight Board to assist the Government of Puerto Rico, including instrumentalities, in managing its public finances, and for other purposes/PROMESA".

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"During the past several months, CNE has invested a significant amount of time in sharing our knowledge on the complexities of the fiscal and economic situation of Puerto Rico with those members and staff of the U.S. House of Representatives and Senate who have been working on the island's fiscal crisis in Washington DC. We have stressed the urgency of addressing Puerto Rico's fiscal situation and we have proposed well-thought and balanced alternatives to address the immediate problem of the debt overhang, transform Puerto Rico's fiscal institutions, and spearhead a process to reactivate economic growth."

"Although we recognize the enormous amount of work that has been put into achieving a bill that could muster bipartisan support, we must say today that, after carefully analyzing HR 5278, we cannot endorse the bill as it stands."

"First of all, this project imposes on Puerto Rico a very high cost in exchange for very uncertain benefits. It forces Puerto Rico to barter away its inherent power to make decisions about its own affairs in exchange for the opportunity of accessing a process which – after sorting more than 45 requirements, steps, and levels – may only allow us the possibility of having a court authorize us (or not) to restructure part of our debt."

"Second, while it is true that Puerto Rico needs strong fiscal controls, those controls need to be imposed by the island's government institutions. We gain nothing from the imposition of an excessively powerful foreign control board that will balance the checkbook but that, once its mandate is finished, will leave intact the same weak and decayed fiscal and governmental institutions that have brought us into the present quagmire. Puerto Rico needs durable and long-term transformations."

"Not endorsing this bill was a very difficult decision. But CNE must be true to its mandate and to the values that sustain us. Those who argue that our elected officials have been incapable of achieving the transformations that Puerto Rico needs are right. But the answer to this problem is not a control board designed by other politicians from outside Puerto Rico. This will only atrophy even more our inadequate economic and fiscal institutions. What Puerto Rico needs is a new civic infrastructure, with new institutions, and with individuals and organizations that can achieve the transformations we need for the future."