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Congress must act to give Puerto Rico relief

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All is NOT well in the commonwealth of Puerto Rico. Its government is an overleveraged basket case whose woes are starting to compound and take a very human toll: Hospitals are having their power cut and wards closed. The CDC predicts that 1 in 5 residents will contract the Zika virus within a year. Pensions aren't being paid out to the elderly, and growing numbers of its young and able residents are leaving for the mainland.

In the face of this emergency, Congress has done the one thing at which excels these days: nothing. House Majority leader Kevin McCarthy conceded Tuesday that Congress would not act to help the island before May 1, when a \$422 million bond payment is due. San Juan says it doesn't have the money to pay, nor the \$2 billion more that's due two months later on July 1. In all, the Caribbean territory is saddled with a \$70 billion debt burden.

After months of negotiations, delays, and a missed deadline, a proposed bill — named Puerto Rico Oversight, Management, and Economic Stability Act, ironically spelling PROMESA — is still opposed by both sides of the aisle. But failure to act now only increases the odds that the island will need a federal bailout later.

Puerto Rico may not be a state, but its 3.5 million residents are still American citizens. They fully deserve governments — both in Washington and San Juan — that function in a timely and responsible manner. Both have abdicated their responsibilities.

The Puerto Rico economy, which has been in recession for a decade, keeps crumbling. The island's residents continue to leave at an alarming rate, gutting the tax base. Between 2010 and 2015, the population in Puerto Rico's capital city and its largest metro area, San Juan, decreased by 10 percent — that's about 40,000 people who left. Overall, Puerto Rico's population has declined 9 percent in the past 16 years. The territorial government has been incapable of making cuts to reflect its shrinking size and is now running up unsustainable debt.

PROMESA offers several pragmatic steps to set a path for recovery that should remain in the new version of the bill that emerges from current negotiations. These include: a federal control board to oversee Puerto Rico's finances, albeit one that recognizes Puerto Rico's sovereignty in at least some way; and granting the island the tools needed to restructure some of its debt under court supervision. It must also allow shelter for Puerto Rico in the form of a temporary legal stay on creditors' lawsuits. Even though an oversight board is feared because it would virtually amount to receivership, 71 percent of Puerto Rico residents support it, according to a recent poll.

House Republicans — and the dark money groups funding a major ad campaign — maintain the legislation essentially constitutes a bailout. Yet the legislation involves no taxpayer money. Instead, it allows Puerto Rico to write off some of its debt, just as troubled municipalities can turn to bankruptcy courts for relief. And by failing to intervene now, Congress is likely setting taxpayers up to pay the bill once the island's economy goes under completely. Another objection from some GOP lawmakers that this

opens the door for states to restructure their debts in a similar fashion is likewise misguided. The bill is carefully crafted to apply only to Puerto Rico.

Certain provisions would also be a tough pill for the Puerto Rican government to swallow, but officials there have neglected to enact some structural reforms to forestall the crisis. These include consolidating municipal agencies and towns, and reducing operations in the executive branch.

Despite missing the May deadline, House leadership is now expressing confidence a bill can be moved before July. But Congress is running out of time. Inaction will only translate into even higher costs down the road. The fate of these Americans cannot continue to be a victim of government intransigence when practical solutions are within reach.