

**STATEMENT BY SEN. BERNARD SANDERS ON PUERTO RICO'S  
FINANCIAL CRISIS**

I thank Chairwoman Murkowski and Ranking Member Cantwell for holding this important hearing, and I thank our witnesses for being here today.

Let me begin by expressing my solidarity with the people of Puerto Rico who are experiencing enormous economic pain as a result of a depression that has now lasted more than a decade.

Since 2006, Puerto Rico has lost 20 percent of its jobs. About 60 percent of Puerto Rico's adult population are either unemployed or have given up looking for work. Over the last five years alone, more than 150 public schools have been shut down, and the childhood poverty rate has shot up to 56 percent. At a time when the rich are getting richer, Puerto Rico now has more income inequality than any U.S. state.

In the midst of this massive human suffering, I find it morally repugnant that vulture funds and Wall Street investment banks have been calling for even more austerity in Puerto Rico. In my view, the people in Puerto Rico should not be forced to suffer even more so that a handful of wealthy investors can make a 100 percent return on their investments.

The last thing Puerto Rico needs right now is more austerity. The economic situation in Puerto Rico will not improve by eliminating more public schools, slashing pensions, laying off workers, and allowing corporations to pay workers starvation wages by suspending the minimum wage and relaxing labor laws. You simply cannot get blood out of a stone.

Last night, the Obama Administration released a plan calling for Congress to take immediate action to address the financial crisis in Puerto Rico. Some of the proposals that the Administration has put forward are positive steps in the right direction.

For example, I support providing Puerto Rico with the bankruptcy protection they need to restructure its debt in a court of law.

I support eliminating the federal cap on Medicaid funding to make sure that the people of Puerto Rico receive the health care that they need and deserve, but I would go further to include Medicare as well.

Today, the people of Puerto Rico pay the same Medicare and Social

Security taxes as we do, but they only get about half the rate of federal health care dollars. That is unacceptable.

In my view, the federal government should not be discriminating against the people of Puerto Rico by providing much lower Medicare and Medicaid reimbursement rates. The people of Puerto Rico are American citizens and they deserve equal rates.

I support providing the people of Puerto Rico with access to the Earned Income Tax Credit.

Those are all steps in the right direction, and I thank the Administration for putting them forward.

However, let me be clear: I am strongly opposed to the creation of an unelected control board that would be empowered with the authority to impose huge cuts in programs that the people of Puerto Rico rely on to feed their families, put a roof over their heads, and pay for the basic necessities of life. In my view, we should strengthen democratically elected governments, not undermine them.

And, in my view, we have got to do a lot more to resolve the financial crisis in Puerto Rico. Let me briefly explain what I would do.

First, I believe the Administration must convene a meeting as soon as possible with the government of Puerto Rico, key elected officials, its major creditors, labor unions, business leaders, and pension advocates, to work out a debt repayment plan that is fair to all sides.

Second, before any debt restructuring plan is agreed to, there needs to be an independent and transparent audit of Puerto Rico's debt. And, the results of this audit need to be made public -- consistent with recent legislation that was signed into law in Puerto Rico.

Importantly, if any debt was issued to creditors in violation of Puerto Rico's constitution, I believe it must be immediately set aside.

We hear a lot of talk about the irresponsibility of the government of Puerto Rico. But we hear very little about the greed and recklessness of vulture funds who purchased Puerto Rican bonds at a deep discount and are getting 8-9 percent interest rates on those bonds. The vulture funds made a gamble that they would reap tremendous profits on these investments. They have got to be held responsible for their risky bets, instead of asking the people of Puerto Rico to

suffer even more.

We have got to demand that huge financial institutions that have received hundreds of millions in fees to manage Puerto Rico's bond sales play an active role in giving Puerto Rico the time it needs to grow its economy and pay back its debt. And, that includes Goldman Sachs, Citigroup, and UBS.

Seven years ago, the U.S. Congress and the Federal Reserve acted with a fierce sense of urgency to bail out Wall Street and the largest financial institutions in this country that were considered "too big to fail."

It is now time for us to do all that we can to help the 3.5 million American citizens in Puerto Rico improve its economy and lift its children out of poverty.

It is now time for a fair deal for the people of Puerto Rico and for our country.