



The Hon. Pedro R. Pierluisi  
Opening Statement As Prepared for Delivery  
Markup of H.R. 5278, the *Puerto Rico Oversight, Management, and Economic Stability Act*  
House Committee on Natural Resources  
*May 24, 2016*

Chairman Bishop and Ranking Member Grijalva: thank you for your work on this bipartisan bill.

After decades of inequality at the federal level and mismanagement at the local level, the Puerto Rico government is in crisis, unable to meet its obligations to citizens and creditors. My constituents are leaving for the states in huge numbers. Those who remain on the island face grave challenges. Everywhere I go in Puerto Rico, I see the concern on their faces. They fear for their finances, for their family, and for their future.

In an emergency, the first step is to stabilize the situation. I have concluded that the revised version of PROMESA can accomplish this objective. It pairs a comprehensive debt restructuring mechanism endorsed by the Treasury Department with an independent oversight board to help ensure that the Puerto Rico government conducts itself in a responsible, transparent, and disciplined manner.

I want to make five points about the bill.

*First*, this bill is necessary, but not sufficient. Many commentators, including some of my congressional colleagues, like to cite one cause of the crisis in Puerto Rico, namely mismanagement at the local level. But they ignore the other cause of the crisis, which is inequality at the federal level enabled by Puerto Rico's territory status. It may give you comfort to blame everything on Puerto Rico, but it is a false comfort rooted in a flawed reading of history. This second-class treatment, a consequence of our second-class status, must end. It will not happen in PROMESA, but I promise it will happen soon.

*Second*, nobody is more dissatisfied than I am that the government of Puerto Rico has arrived at the point where an oversight board is being contemplated. After all, I support statehood for Puerto Rico, because I want the American citizens I represent to have *full* democratic rights, not *fewer* democratic rights. That is the main reason why I entered public life and why I hope to remain in public life. Accepting a board is personally painful. But it is also the right and necessary thing to do. For those Puerto Rico politicians who seek broad debt restructuring authority but oppose an oversight board—get real. After intensive negotiations, the bill establishes a board that is robust but reasonable. Its powers are far less potent than the powers that Congress gave the board for the District of Columbia in 1995, which is appropriate because Puerto Rico and the District are different in key respects. The Puerto Rico government and the oversight board should work together as partners for prosperity, not as petty rivals for power. If the Puerto Rico government does its job well, the board will have a limited role and will cease to operate within a few years.

*Third*, I would never—ever—support this legislation if it authorized a court-supervised debt restructuring mechanism that is unfair to the over 330,000 workers and retirees in Puerto Rico's severely underfunded public pension systems. The real threat to pension plan participants in Puerto

Rico does not come from congressional action on PROMESA, but rather from the lack of congressional action. Those who argue otherwise may be well-intentioned, but they are wrong.

*Fourth*, I oppose the provision in the bill authorizing the Puerto Rico government to allow certain younger workers to be paid less than the federal minimum wage while the oversight board is in existence. In an otherwise bipartisan bill, this is the only instance where ideology has trumped intelligence. Nevertheless, I do not anticipate that the Puerto Rico government will ever use this authority, so its practical impact would be zero. Therefore, it is not worth discarding the bill over this misguided, but ultimately meaningless, provision.

*Fifth and finally*, there is a genuine emergency in Puerto Rico. I respect those who have concerns with certain aspects of the bill, but I urge you to look at the bill holistically. If you do, I think you will agree that its pros vastly outweigh its cons. Any public official who opposes this bill has the responsibility to articulate a superior alternative approach that can actually become law. I do not believe one exists. In my view, the choice is between this imperfect but indispensable bill and no bill at all. And no bill is the worst possible outcome for Puerto Rico.

Different interest groups are trying to pull this bill in *their* direction. I am trying to pull this bill in *Puerto Rico's* direction. I respectfully ask my colleagues to vote yes on PROMESA.