

February 1, 2017

The Honorable Paul Ryan  
Speaker of the House of Representatives  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

My name is Gustavo Vélez, and I am a local economist based in Puerto Rico with more than 20 years of experience in the field.

Early in 2015 I was certain that a Fiscal Oversight Board appointed by Congress was the only option to address Puerto Rico's fiscal and economic challenges. As a private citizen, I visited Congress several times and lobbied in favor of PROMESA. I also presented several documents with specific recommendations on how to handle the fiscal and economic crisis.

During the last decade, I had the opportunity to collaborate as an advisor for two governors. Even though these past administrations had good intentions, the dynamics of the Island's politics represent the main obstacle to implement the fiscal and economic reforms to solve the current crisis.

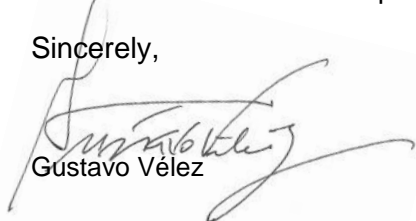
Under PROMESA, the Fiscal Oversight Board (FOB) has a unique opportunity to be a facilitator of comprehensive fiscal policies that will spur fiscal and economic stability. Though the FOB had presented the parameters for the Five Years Fiscal Plan as PROMESA mandates, some sectors of the political class seems to be challenging it.

Nevertheless, while the new administration and the FOB are trying to implement austerity measures and institutional reforms, the Senate and the House of Representatives insist on the overspending practices that created the current crisis. Recently, the local press reported that during the month of January, the legislative leadership hired former politicians who were defeated. While the local government is heading to total insolvency, \$3.4 million were spent in professional contracts on hiring former defeated politicians in the Legislative Assembly.

Congress should evaluate this situation that presents a serious challenge to the objectives established in PROMESA. While several sectors are already suffering the consequences of the austerity measures, including the population currently in retirement, the indifference showed by the local political class create the conditions for social unrest in Puerto Rico. Congress and the FOB should take all the necessary actions to avoid social and economic chaos. The U.S. territory should not be the next Greece of the Caribbean.

I respectfully encourage you to evaluate this situation and execute all the measures that the current situation demands, to facilitate the successful implementation of the fiscal and economic reforms that Puerto Rico needs to achieve economic prosperity.

Sincerely,



Gustavo Vélez