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Sanders, Clinton Campaign Make Pitches for Puerto Rico's Delegates

Back-to-back visits to island show that the Democratic primary fight is not fading away

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Bernie Sanders, scrapping for every last delegate in the Democratic nomination race against Hillary Clinton, brought his populist message to Puerto Rico on Monday, where he urged the Federal Reserve to help the commonwealth restructure its debt and denounced austerity measures being proposed for the island.

“If the Federal Reserve could bail out Wall Street, it can help the 3.5 million American citizens of Puerto Rico,” Sanders said in San Juan, where he was making several appearances during the day.

While Puerto Rico's primary isn't until June 5, both campaigns are making a pitch for the 60 pledged delegates that will be at stake. Countering Sanders's appearance on the island on Monday, former President Bill Clinton is scheduled to make a series of stops in Puerto Rico on Tuesday. Hillary Clinton was campaigning in Kentucky, which along with Oregon holds its primary on Tuesday.

Puerto Rico's budget woes have been a touchstone for both candidates, who have called on Congress to pass legislation to help the territory restructure its \$70 billion debt. The island faces a crucial payment deadline on July 1 for part of its debt load. Congress is debating legislation that, among other provisions, would create an outside fiscal control board in return for allowing the territory to restructure its debt.

During a town hall in San Juan, Sanders called Puerto Rico's debt “is unsustainable and it is un-payable.” He opposed creating an oversight of “unelected officials” that would “represent the interests of Wall Street, not the people of Puerto Rico.”

But Sanders gave Clinton an opening to revive her criticism that the Vermont senator's economic proposals aren't fully formed. Sanders on Monday said the Fed should use its emergency authority to clear the way for an orderly restructuring of Puerto Rico's debt, something the central bank can't do. The Fed's powers to act cited by Sanders, were curbed under Dodd-Frank regulations.

"The intent and clear language forbids 'one-off' rescues to single entities," Mark Calabria, director of financial regulation studies at the Cato Institute, said in an e-mail. "As Senator Sanders voted for Dodd-Frank, one would have expected him to have at least some knowledge of its provisions, particularly as they relate to Fed rescues."

Fed Chair Janet Yellen, in a May 12 letter to Democratic Representative Brad Sherman of California that was released by his office, said that the U.S. central bank is prohibited by law from providing direct assistance to U.S. states, municipalities or territories in financial distress, including Puerto Rico.

Although Sanders didn't elaborate in his remarks, his policy director, Warren Gunnels, said afterward that some experts they've consulted believe the Fed can still "facilitate" a debt restructuring. In a memo, the campaign said that the Fed could provide "immediate, emergency loans" to Puerto Rican public corporations such as the island's electrical power authority and water agency with a requirement that the government use the loans to buy back debt they owe through what's known as a reverse "Dutch auction."

While Puerto Rico doesn't have a vote in the general election, it has influence in the Democratic primary. The commonwealth has more delegates than Kentucky, where Clinton and Sanders are in a close race. The island's primary will be held one day before the last big chunk of state contests, including New Jersey and California.

Following his town hall, Sanders made an appearance at his campaign's San Juan field office, where the challenges facing him in the coming weeks were on display. Gabriel Coss, a 41-year-old filmmaker and Sanders volunteer from San Juan said that the field office needs help.

"We have no resources," he said. "We've been working very hard with nothing."

"We're gonna get you the resources that you need," Sanders said in response. Asked by Sanders what he has seen in the field, Coss said that many people don't know Sanders, but that people respond to his message when they hear it and he has loyal followers.

Sanders said that he's running against the Clintons, who are much more widely known, but that he has made strides to close that gap. "Here, in Puerto Rico, the Clintons have very high name recognition," he added. "That's what we are up against. We have done well in overcoming that in the 50 states and we're starting that here."

There has been no reliable polling in Puerto Rico, but Clinton's broad appeal with Hispanic voters elsewhere suggest she'll be favored in the June 5 vote and further extend her delegate lead. Including superdelegates, she currently has 2,240 delegates to Sanders 1,473, with 2,383 needed to secure the nomination.

Clinton also is looking to the general election. There are an estimated 5.1 million Hispanics of Puerto Rican descent in the U.S. and they make up sizable voting blocs in Florida, New York and Ohio.