

NATIONAL PRESS CLUB LUNCHEON WITH GOVERNOR ALEJANDRO GARCIA PADILLA

SUBJECT: GOVERNOR ALEJANDRO GARCIA PADILLA OF PUERTO RICO WILL SPEAK AT A NATIONAL PRESS CLUB LUNCHEON

MODERATOR: JOHN HUGHES, PRESIDENT OF THE NATIONAL PRESS CLUB

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JOHN HUGHES: (Sounds gavel.) Welcome to the National Press Club. My name is John Hughes. I am an editor for Bloomberg's First Word, that is Bloomberg News's breaking news desk here in Washington. And I am the President of the National Press Club. I want to welcome you to today's event. Our speaker is Puerto Rico Governor Alejandro Garcia Padilla, who will discuss the financial state of his country and new developments, including some new developments just within the past 24 hours. But first, I want to introduce our distinguished head table. This table includes Club members and guests of the speaker. And they will stand when their name is announced.

From the audience's right, Charles Snyderman, a reporter with Audio Video News. Connie Lawn, a contributor for Salem Radio Network and a blogger for Huffington Post. And she has covered the White House for almost 50 years. Aileen Schlef, President of Creative Alliance Communications and Board Member for the National Association of Hispanic Journalists. Silvana Quiros, a producer and anchor at Univision, Washington. Cesar Miranda Rodriguez, Secretary of Justice for Puerto Rico. Donna Leinwand Lege, Breaking News Editors at USA Today, a former National Press Club President, and Vice-Chair of the Club's Speakers Committee.

Skipping over our speaker for a moment, Kasia Klimasinska. She's a Bloomberg News Economic Policy reporter, and she organized today's Lunch for the Speakers Committee. Thank you, Kasia. Elena Isella, Associate Producer at Fox News Channel. Gene Kuleta, Editor of Latin America Advisor Newsletters, which is part of Inter-American Dialogue. Art Swift, managing editor at Gallup.

[applause]

I also want to welcome our CSPAN and Public Radio audiences. You can follow the action on Twitter. Use the hash tag NPCLive. That's hash tag NPCLive on Twitter.

Well Puerto Rico, to put it plainly, is in deep financial trouble. The U.S. territory's population is the size of Oklahoma, yet its debt of \$70 billion dollars is greater than any U.S. state except for California and New York. Puerto Rico is poorer than the poorest U.S. state. Its economy has been in recession for about a decade. The territory and its agencies have \$957 million dollars in debt payments that are due on January 1st. There are questions over whether firefighters and school teachers will be paid.

The island found it easy to borrow, because the bonds it issues are exempt from local, state, and federal taxes all over the U.S. However, the shrinking economy and taxpayers escaping to the mainland in the hope for a better future have made it more difficult to pay off the debt.

Governor Padilla, leader of the island's popular Democratic party, wants Congress to allow the U.S. territory to declare bankruptcy. Padilla, who was elected Governor in 2012, told a Senate Committee earlier this month, "Let us be clear, we have no cash left." Padilla, who is not seeking reelection, said that allowing Puerto Rico to declare bankruptcy would give the territory the ability to restructure the debt in a court supervised process. The Obama administration supports the bankruptcy request. Congress held five hearings on the issue this year, and introduced at least a half dozen bills that would help Puerto Rico. But none of these bills has passed in either chamber.

But just last night, congressional leaders announced that the yearend spending bill expected to win approval this week includes aid for Puerto Rico. According to lawmakers, this bill provides almost \$900 million dollars to Puerto Rican doctors and hospitals over the next decade. It does this by increasing payments for the hospital stays of Medicare patients in Puerto Rico.

Now, to give us the very latest on what this aid will mean for Puerto Rico's financial plight, and whether it will be sufficient to help Puerto Rico get through the winter, we now turn to the Governor himself. Ladies and gentlemen, please join me in giving a warm National Press Club welcome to Governor Alejandro Garcia Padilla.

[applause]

GOVERNOR GARCIA PADILLA: Thank you. Thank you so much. And thank you, Mr. Hughes, for that kind introduction and for inviting me to join you today. My constituents are strong, hardworking, proud American citizens. We have always answered these stress calls when the rest of the country has sent them. Hundreds of thousands of Puerto Ricans have bravely answered the highest calling, serving and giving their lives in disproportionate number in every armed conflict since the Great War.

Millions of Puerto Ricans, men and women, continue to proudly and selflessly serve our common good and contribute to their communities, both here in the mainland, and the island, and overseas. Their patriotism, productivity, and pride are felt in every industry in every state.

In recent years, Puerto Rico's economic issues have been in the news, and many of you have highlighted the problem that people face. And we have made it very clear that we need help. I planned this trip with optimism, truly expecting that, by today, Congress will have to give all the tools we need. Why was I optimistic? I will give you four very simple reasons.

One, because of the obvious severity of the crisis we face in Puerto Rico. The Commonwealth has lost access to the credit market. We have been able to provide essential services only because we are withholding tax reforms and vendor payments, and because we have sold assets from our workers' compensation insurance funds and our pension funds. People, sometimes our best trained people are leaving the island en masse, mostly to Central Florida. This debt would only increase as our economy continues to deteriorate.

Two, because the restructuring of Puerto Rico's debt is inevitable, and the financial market knows that. Three, because without a tested restructuring mechanism, a default will be chaotic, leading to complex and very costly litigation. And four, because federally [00:16:07] restructuring framework will avoid chaos without costing one penny to the United States taxpayers.

But today, today I am extremely disappointed. Why? Because yesterday, yesterday Congress missed an opportunity to do the right thing. Hedge funds proved more persuasive over Congress than the wellbeing of 3.5 million American citizens living in Puerto Rico. I want to repeat that. Hedge funds proved more persuasive over Congress than the wellbeing of 3.5 million American citizens living in Puerto Rico.

The people of Puerto Rico are in the midst of a humanitarian crisis. We are losing our workers, our consumers, our tax base that is essential to our economy recovery. Since I took office in January, 2013, my administration has taken both emergency measures to address this crisis. I reduced 24 percent of our expenditures, 24 percent of our expenditures. We approved additional revenue measures, including increasing the gas tax and water rates.

We dramatically reduced government expenditures and froze collective bargaining agreements. Public transportation routes have been cut. Our largest pension fund was dramatically reformed and a new tax on transfer pricing was put in place. Puerto Rico is currently transitioning from the sales tax to value-added tax with an 11.5 percent rate.

We reduced attrition around 15,000 positions from government payroll, ending essential services to Puerto Rican families. In June I laid out a comprehensive report on our crisis and a realistic picture of our future. The reality is that we cannot pay our debt. We cannot pay our debt. We cannot pay our debt.

Earlier this month, I announced that the Commonwealth will meet our debt obligation by defaulting on junior bonds to try to pay bonds backed by the full [00:19:24] credit of the Commonwealth. We are, as the saying in Spanish goes, [Spanish], or as you say, robbing Peter to pay Paul.

But there's something very, very important to understand this. It's important to remember that this crisis didn't start in San Juan. This crisis started here in Washington. This crisis began here in Washington, in this town. In 1996, Congress terminated Section 936 of the United States Internal Revenue Code that was essential to attracting businesses to the Commonwealth. Its termination crippled our economy. It led directly to our recession.

Furthermore, Congress has chronically underfunded Puerto Rico's Medicare and Medicaid programs. We Puerto Ricans, we pay the same payroll taxes as everyone else in the United States to ensure that our seniors and most vulnerable citizens are protected. But we have been singled out. And now we are out in the cold.

And yesterday, Congress blocked Puerto Rico from getting the legal protection that would have helped us weather these storms. Let's make one thing crystal clear. We are not asking for a bailout. Puerto Rico is not asking, Puerto Rico has not asked for a bailout. We are asking for fairness. Fairness has been denied.

This past Monday I announced that I was not seeking reelection. I conveyed to my people that much as my desire, I felt that I had to commit all my energy to solving the fiscal and economic crisis that I inherited. I would like to return to Puerto Rico with the tools that will help enable us to move forward with a fair and orderly restructuring. That which costs nothing, Congress has denied. I go back to join in the resilience of great hardworking people, ready to do everything in the society to secure their dignity and wellbeing. I have said before and I will say it again, this is not politics. This is simple math.

We have no cash to pay and we will default. That's a fact. It is not a matter of whether we pay or not, it is an issue of how Congress decides Puerto Rico's default will unfold. It will either be an orderly process, or chaotic. Congress will either provide a broad structure and legal framework that costs nothing, or allow further disruption to Puerto Rican economy and cause more people to flee the island, adding to the more than 10 percent of our population that, over the last decade, has migrated.

Congress has held multiple hearings in Puerto Rico's crisis. The facts are very well known. Congress has been warned. Wall Street won this round. I hope that reason will eventually prevail and Congress will provide us the tools we need. In the meantime,

in the meantime it seems that for many members of Congress, we Puerto Ricans are only good to send to the frontlines of war. Once again, Puerto Ricans are a casualty. But this time, a casualty of Congress.

Now, I will go back to Puerto Rico to convene lay leaders, business leaders, and labor leaders to chart our next steps. Thank you for having me and for your time.

[applause]

JOHN HUGHES: Thank you so much, Governor. I mentioned in the introduction, while congress didn't give you what you came here looking for, they did say that you're going to get \$900 million dollars in Medicare over the next 10 years. What does this accomplish? How much does this help?

GOVERNOR GARCIA PADILLA: Imagine that a patient gets to emergency room with a stroke and he's treated with a diet. The person will die. What Congress did is telling us, "You are having a stroke. You need to eat better." Thanks but no thanks. They did nothing.

JOHN HUGHES: So what do you do now with Congress? Do you continue to lobby? Do you continue to work this? Or what happens next?

GOVERNOR GARCIA PADILLA: We will continue. The facts are there. They know the facts. There's no single argument. And let me be very clear. The restructuring process will be good for every party, the creditors and Puerto Ricans. The absence of that framework will be bad for everybody. Not having that framework will just get us into litigation that will be very expensive, very complex, in different courts, everywhere in the United States and Puerto Rico, and maybe overseas, because there's no legal structure.

Without reason, Puerto Rico was took out from the court in 1984, the bankruptcy court, 1984, without reason. No one says why. And this will be a real crisis. And we will need to fight in every court in the United States, it will—Which creditor[?] will have seniority in front of the other? Who will determine that? Who will collect it first? In which court a judge will determine that? No one knows. No one knows. They will be fighting each other. They won this round. And Puerto Rico will never have enough money to put in Congress halls to lobby in favor of fairness that they just did, and they are about to do it again. But we will fight back.

JOHN HUGHES: This questioner says, it's clear from the negotiations on this bill, this bill that we're talking about, it's clear from these negotiations that republicans don't want to give Puerto Rico access to bankruptcy protection. So will you keep asking for that specifically? Or will you change? Do you need to come with a new type of proposal for them?

GOVERNOR GARCIA PADILLA: Puerto Rico and the administration concludes, everybody that are thinking about this concludes that there's only one way to tackle the issue. Not to kick the can. What they approved is a way of trying to help to kick the can. That gives you \$90 million a year for ten years when you have a \$70 billion dollar debt. I'm not asking for a bailout, I'm asking for the tools. And I told them, in the first hearing a couple months ago, that if they do not act, will be more expensive, and it will be. And the ball will remain in their court. I was asking for them to send the ball to my court, to give me the tools. It's a Puerto Ricans issue, and we want to solve it. But we need the tools. I was asking for the tools, and I'm asking for the tools. If they do not act, the ball will remain in Congress' court. Today the ball is in Congress' court.

JOHN HUGHES: So could you walk us through what will happen on January 1st when Puerto Rico faces this \$957 million dollar debt payment? Are you planning to pay at least some of it, or delay the payment? What will you do?

GOVERNOR GARCIA PADILLA: Puerto Rico will default in January or in May. There's no money. I have not the printing machine. [laughter] There's no money. And the Constitution guarantee the people of Puerto Rico to provide essential services, and I have no money to provide essential services and to pay the creditors. They need to understand that. And what we will do? I'm always doing my best to do both things. But time will come very soon, and will probably be on January 1st. I'm trying to avoid that. But probably will be on January 1st that I will not have money to do both things. And if they make me choose between Puerto Ricans and creditors, I will choose Puerto Ricans, always. There's no question about it. If I need to choose to pay an essential service to Puerto Ricans or a creditor, they can—they can swear that I will choose Puerto Ricans.

JOHN HUGHES: So what will happen when you default?

GOVERNOR GARCIA PADILLA: I will be sued. There will be an issue of cash. And government may close. Essential services will be lost. I will not have money to pay essential services like security, like healthcare, like providing healthcare. And what will happen? What will that provoke? Our economy goes to the bottom again. And, if the economy goes to the bottom again, what will happen? Next month we'll have less money to collect. If I have less money to collect, I will have less money to provide services and to pay creditors. And so on, so on, so. So every month will be worse for who? For us and for creditors, because then we will get to that debt spiral that we was trying to avoid. Who put us into that debt spirals? Creditors and Congress. And then we'll be expensive, because put the Puerto Rico economy into [00:33:18] again, that will cost. That will cost.

What we ask will cost nothing. So we are about to get into a humanitarian crisis, just compare to an atmospheric disaster in Puerto Rico. Just compare to that.

JOHN HUGHES: I believe in your talk you mentioned a 24 percent budget cut that you had made. What about additional budget cuts? Do you anticipate more budget cuts?

GOVERNOR GARCIA PADILLA: More than 80 percent of our budget is to pay police people, firefighters, nurses and the medical center, and teachers, 80 percent. So we get to the bone. We get to the bone already. There is nowhere else to cut. I reduce 75 percent external contracts in government agencies, 75 percent. For each four dollars we spend in contracting agencies, we are spending one.

But they want me to fire people. If I do that, if I fire people, I will damage the economy, so I will get to that debt spiral. And again, that will be choosing them against Puerto Ricans, and I will not do that.

JOHN HUGHES: You have said before that if Congress doesn't act, you will turn to the White House for help. What exactly will you ask the White House to do? And can the White House take any unilateral action outside of Congress to help you?

GOVERNOR GARCIA PADILLA: That we find out there's no [00:35:25] action without congressional action that will solve the problem. So if they are waiting for Jack Lew or for the President to solve the problem, we haven't found another way without congressional action will be different than kicking the can. There are ways we think, and we have been working with—or arguing in Treasury to kick the can. But to kick the can, and the problem will get worse.

If we kick the can, then it will be worse in a couple of years. The debt will be higher, it will be just worse for everybody, for creditors and for Puerto Ricans. As simple as that. The facts are there. For example, I had someone saying that we have enough money if we cut or reduce, go even further, to pay the debt. In the bankruptcy process, the first thing that a debtor needs to prove to the court that they have no money to pay. So they are safe.

I just hope that Congress people remember the name and the faces of those that lobby there, telling them that Puerto Rico have money to pay and they will not be such a humanitarian crisis. I just hope that the Congressmen and Congresswomen and the Senators remember their faces and their names, because the hedge funds and the budget funds and the creditors will need to change lobbyists if the Congress people and Senators remember their faces and their names.

JOHN HUGHES: This questioner says your remarks contained no reference to the long history of Puerto Rico's profligate spending or selling junk bonds to raise operating capital. Didn't Puerto Rico see this calamity coming years ago?

GOVERNOR GARCIA PADILLA: Yes.

JOHN HUGHES: And what responsibility does Puerto Rico hold for this crisis?

GOVERNOR GARCIA PADILLA: Yes, a lot. The crisis began here. What happened? Section 936 allowed a competitive advantage to Puerto Rico to bring

American companies to Puerto Rico. Those companies didn't went to island or to Singapore or to Vietnam or to China or to Japan. They went to Puerto Rico. And why Congress approved Section 936, because Puerto Rico was into a recession in the '70s because of the oil crisis. And with Section 936, Congress helped Puerto Rico to work out her recession.

Twenty years later, in 1996, they repealed Section 936 with a ten-year face-out period that ends in 2006. What happened in 2006? We walk into a recession again because we lose that tool. Where those companies went, back to the States? The answer is no. They went to Singapore, they went to Ireland. So Congress sent those jobs, American jobs, to Singapore, to Ireland, to Vietnam, to New Zealand.

What the government did in Puerto Rico to address that issue? Well, we lost wealth and governors from both parties, both local parties, began to fill the gap with loans. Maybe waiting for the economy to revamp, where that doesn't happen. And then they began to take loans, to fill the gap and to pay loans.

Between 2006 and 2012, Puerto Rico doubled the debt that was accumulated from 1981 to 2005. I'm sorry, from 1941 to 2005. So what we accumulated from 1941 to 2005 was doubled between 2006 and 2012, because two Governors tried to fill the gap and to pay loans with loans. That was wrong. And they knew it. But creditors knew it too. Creditors knew it too. They knew the numbers. They were there. They knew the real thing. So I think that there is a shared responsibility in Congress, in the government of Puerto Rico, and with creditors.

JOHN HUGHES: How about you yourself? Did you do anything as Governor to make the situation worse, and knowing now what you know, do you wish you had done anything differently?

GOVERNOR GARCIA PADILLA: A lot of things, yes, a lot of things. First, I was running and I decide—Kasia asked me in the elevator if I, when I was running, if I thought that it will be that difficult. And the answer was no. The answer is no. The Governor of Puerto Rico, my predecessor used to say that the deficit was \$333 million, \$333. So I won. And during the transition process, we find out the deficit was \$2,200 million, \$2.2 billion dollars. And I sought if they could recount. But in Puerto Rico the law do not allow the winner to ask for a recount. [laughter]

So I decided not to convey the message to Puerto Ricans to drive a positive message that we will—this is the real thing. It's \$2.2 billion dollars. But you know what? We will succeed. Let's fight together, and we will make it happen. Let's forget the past. Let's look into the future.

So people claim, and I think they're right, that I need to communicate the real problem, and to challenge the creditors, and to challenge Congress earlier. And I think that that's my main thing that I forget.

JOHN HUGHES: Have you approached any of the republican or democratic Presidential contenders to ask them to make the crisis in Puerto Rico a campaign issue, especially since the Latino vote is crucial to both parties in next year's election?

GOVERNOR GARCIA PADILLA: Yes. And I have to say, I don't want to miss anyone. Secretary Clinton addressed the issue in favor of Puerto Rico. Governor Martin O'Malley addressed the issue in favor of Puerto Rico. Senator Bernie Sanders addressed the issue in favor of Puerto Rico. Senator Marco Rubio addressed the issue in favor of creditors. I don't know if any other—Jeb Bush addressed the issue, I think for the restructuring process, former Governor Bush, yes. I don't think of any other. And Marco Rubio know better. Senator Rubio have, other than Schumer and Gillibrand, they represent—they are the ones that represent more Puerto Ricans in what is called a battleground state, would be there, you bet.

JOHN HUGHES: Do you think voters in that state and other battleground states will remember this issue when they go to the polls?

GOVERNOR GARCIA PADILLA: Let me tell you, if we have an issue with Puerto Rican voters in the States, is that they remain attached to the island. What they see on TV, Puerto Rico TV, what they see on the internet is the local newspapers, [Spanish] or the local news. They are not into American politics. But in action, Congress is bringing Puerto Ricans to American politics because they know the crisis. They know the real thing. And of course, there will be an election day in the United States, they will not move back to Puerto Rico in the next 11 months. And I'll do my best for them to register, you bet. I'll do my best, everything within my powers.

JOHN HUGHES: Why has the government of Puerto Rico been unable to produce the 2014 audited financial statements that Senator Hatch and other republican members have requested? Has KPMG made an auditing mistake?

GOVERNOR GARCIA PADILLA: Well, the fact is, that it's not Puerto Rico that will release the statement, is the private company that we contracted. And we provide, with everything information they have asked, everything they have asked. But they are following their process. We request them to do it, to finally do it. But we have done our part.

But let me go further. That's an excuse not to act. That's an excuse. They know the numbers. Conway[?] and McKenzie did this report, independent report. I commissioned, for the first time in the Commonwealth history, former Chief Executive—Economic Chief from the International Monetary Fund, Ann Krieger, Dr. Ann Krieger and her team, to do a study, an independent study on Puerto Rico liquidity. And they released the study. So Congress have more information today about Puerto Rico finances than ever before. That's an excuse. They have the numbers. They know the truth.

Economists that they bring to the hearing, Mark Swash[?] told them that they do not need to—They will have it as soon as KPMG release it, but they have the numbers. If

they are looking for excuses, they don't need to say anything. They just do whatever they want.

JOHN HUGHES: You mentioned all the people leaving Puerto Rico and coming to the United States. What are you doing or can you do to stem the tide of people leaving? And what can you do to entice people who have left to come home to Puerto Rico?

GOVERNOR GARCIA PADILLA: Very good question. The unemployment rate, the average unemployment rate between 2009 and 2012 in Puerto Rico was 16.5 percent. Right now, is 11.4. So we are doing better. But to bring them back, we need to do a lot better. And to go to single digits from 16.5, you need to pass by 11.4 at some point. And we are there. So we are in the right direction. But to bring the men back, and to keep those that we have, we need to do more. That's why bringing our economy back is the key, is the single more important issue for Puerto Rico right now.

Second, 2010, 2011, and 2012 were the years with the highest crime rate in Puerto Rico history. Puerto Rico is 100 miles or 35 miles. In each of those three years, we have more than 1,000 murders per year. Right now, we have a little more than half of what we had in 2012. We have more than the half than what we had in 2011. So we have been able to reduce around 50 percent, a little bit more, more than 40, a little less than 50 percent of the crime rate in Puerto Rico. So you reduce unemployment rate, and you reduce crime rate, that's what everybody looks when move to someplace, to be in a safe place, and to be able to have a decent job to bring food to the table of their family.

So what we need to do, keep working on unemployment rate, keep working on crime rate. Both will go back up and will be part of the humanitarian crisis that will cost a lot, a lot to American taxpayers because of the inaction of Congress.

JOHN HUGHES: This questioner says, last month I visited San Juan and was shocked at the number of restaurants and midsized hotels that had closed. Could you comment on these business closures and how the tourism industry is responding to this crisis?

GOVERNOR GARCIA PADILLA: Well, so sad that you didn't went there three years ago, because then you would be crazy. The tourism is the only sector of our economy that is already out of recession. The only hotel that closed during my administration is already working to reopen. The other that anyone see that were closed, closed more than five years ago.

We have been able to break records on cruise ships during the last 30 months, there have been no single moment where we have a hotel reopening or under construction, a new one. So you will see some that there's still some closed, and restaurants. But they are back again.

Just to give you an example, in 1986 was the first time that the International Airport received eight million visitors. In 2010, for the first time since, we received less than eight million. I was working to get back to eight million in December, 2014. And we went to 8.5 million in December, 2014. So tourism is there. I may say we are growing in manufacturing, we are growing in agriculture, we are growing in tourism. But tourism is out of recession, is way ahead of the others.

But, as anyone can see, with the hotels that closed in the past, we are trying to reopen—and I can name a few, the Renaissance, the Normandy, the Intercontinental in Ponce, that closed many years ago, we are working to reopen those. There's still work to do. There's a lot of work to do.

JOHN HUGHES: Will you call a special session of the Puerto Rico legislature to consider the PREPA [?] revitalization legislation?

GOVERNOR GARCIA PADILLA: Yes, that's something that I'm working with the person on the Senate, the Speaker of the House in Puerto Rico. And that's a possibility.

JOHN HUGHES: Will you wait for a Supreme Court decision to submit creditor settlements to the legislature?

GOVERNOR GARCIA PADILLA: No. That will happen in June. And if we should not call for organization, the new session will begin in January. So makes no sense to wait until June or July.

JOHN HUGHES: How do you expect your decision not to seek reelection will affect Puerto Rico's negotiations with the creditor regarding the debt restructuring?

GOVERNOR GARCIA PADILLA: Well, creditors will have no one to bet against. Sorry guys. If they already spend on fundraisers against me, sorry. Puerto Rico politics is not like United States politics. It has nothing to do with. I have been here in rallies. You should go to a rally in Puerto Rico. Puerto Rico is a Latin American country. That's the truth. We are Latins that are American citizens. But we are Latins. Puerto Rico are—This is a Latin American country. And we are very proud of it. And we want to remain Latins.

I will give you some clues. Only 30 percent of the population is fluent in English, counting me as fluent. [laughter] [applause] You know the ATM machines? Ask Puerto Ricans, or in Puerto Rico anyone to go to ATM machine in Puerto Rico, if you want the instruction in Spanish or in English. 96 percent request the instructions in Spanish. Puerto Rico is a Latin American country. So we do campaign as a Latin American country. It's very intense. It's very, very intense. Rallies are of thousands of people.

We do something that we call [Spanish] that is like hundreds and thousands of cars with flags and boom box, wagons with huge boom box, and we love it. We like it.

[laughter] We really like it. We enjoy it. We are that. And we like it. And I think it's a way, it's the best way to get the information to the people, because you go house by house and I like to be with people.

Imagine that from January to November, and at the same time, with the other hand trying to fix the fiscal crisis. There is a fight, there will be a no chance of doing both things, fixing the crisis and preventing those that create the crisis, to come back to power again in Puerto Rico. So I will choose to be faithful to the future more than to the present of the island. And I think that that will allow me to address all, and to use all my energy to the more important thing, that is, to fix the crisis other than to be reelected.

JOHN HUGHES: Governor, before I ask you the final couple questions, I have some housekeeping. So you can catch your breath for a moment. The National Press Club is the world's leading professional organization for journalists. And we fight for a free press worldwide. To learn more about the Club, go to our website, press.org. And to learn about our nonprofit Journalism Institute, and to make donations to the Institute, visit press.org/institute. I'd like to remind you about some upcoming events at the National Press Club. Estonia's Minister of Foreign Affairs, Marina Kaljurand, will appear at a National Press Club Newsmaker tomorrow, December 17th, at 3 PM. Anastasia Lin, a Canadian human rights activist who was denied a Visa to compete in the Miss World Finals in China, this coming Saturday will address a National Press Club Luncheon on Friday, December 18th. And the Chief of Naval Operations, Admiral John Richardson, will address a National Press Club Luncheon on Monday, January 11th.

I'd now like to present our guest with the greatest prize of all at the National Press Club, our traditional mug. [applause]

GOVERNOR GARCIA PADILLA: Thank you.

JOHN HUGHES: And we hope at a time when you can be gaining some rest back in Puerto Rico, you enjoy a nice warm drink out of that mug.

GOVERNOR GARCIA PADILLA: I will. Coffee, of course. [laughter]

JOHN HUGHES: So who do you think should be the next Governor of Puerto Rico? [laughter]

GOVERNOR GARCIA PADILLA: I already choose. But being the President of the party that I was elected for, I think that will not be fair if anyone wants to run, knowing that the President of the party and the incumbent will try to tilt in favor or against any of the members of the party. So I think that we have a curious[?] of talent. I think we'll have more people that can do the job. And I will be glad to help any liberal candidate as me on there.

JOHN HUGHES: And what will you do when your term ends?

GOVERNOR GARCIA PADILLA: Even though I think here is progressive, right? So it will be progressive here. I'm sorry?

JOHN HUGHES: What will you do when your term ends?

GOVERNOR GARCIA PADILLA: I have three kids and a wife, and we need to move forward. We need to work. I'm a lawyer. I like to farm. I'm a lawyer but a very good person. [laughter] So I will go out and work. And I was in the private practice of legal profession prior to be a state Senator or a Consumers Affairs Secretary. And I like to go to court and represent clients, so is something that I like, I like very much. And I like to farm too, so I'll probably do both.

JOHN HUGHES: You, unlike most previous Governors of Puerto Rico, grew up on a farm. What did you learn down on the farm that has come in handy or been helpful to you as Governor?

GOVERNOR GARCIA PADILLA: That's a very tempting question. [laughter] But I will avoid any reference to cattle. [laughter] Cattle is, when you go in the horse with the other animals, right? No, I will avoid that. [laughter] My grandfather, who was my everything, I was most of the time with him, taught me how to drive standard, manual, in a tractor, when we were breaking the ground, plowing, plowing. And he always told me, "Look to the front. Never look back, because we need to make this straight. If you look back, inevitably, because the metals that break the ground are put in the side, you will get confused and you will steer. So look to the front. Forget about the ground."

And that was something that I have been trying to do in the last three years, keep my eyes focused on the end line, in the end line, and try not to look back and not to blame people for where we are. And that make it harder, as I said before, because people sometimes want someone to blame. People know everybody in Puerto Rico. I think 100 percent of the population know that we didn't create the crisis, and they are right, want us to solve it. That's why I ask Puerto Ricans to just look to the front and to try to keep their working line and to keep focused on our goal that is bring Puerto Rico out of the recession. But we'll really solve the issue that is preventing our [01:04:24].

JOHN HUGHES: Final question, Governor. Do you expect Puerto Rico to ever become a U.S. state? And if so, when?

GOVERNOR GARCIA PADILLA: The answer is no. *E Pluribus Unum*. We are not part of *E Pluribus Unum*, we are Puerto Ricans. And every time we have been asked, and a fair question, about Commonwealth's independence and statehood, we had never been—I'm sorry, in answer of Puerto Ricans, over 47 percent for statehood. The last time they did some kind of mass of more than one question with more than one answer. And if you—I called Puerto Ricans to vote blank because the Commonwealth wasn't on the ballot. And pro-statehooders said that they have more than 50 percent

because they do not count blank ballots. And the main back then opposite party called for a blank ballot. If you add the blank ballot again, 46 percent.

But let's get real. First, we are Puerto Ricans. And second, they go to the facts. [01:05:49], progressive people will tell you that it will not work. Pro-statehood people will say it works. Let's go to a general accountability office, GAO. They issued a report in March, 2014, last year. Go there on the burden of statehood for Puerto Rico, and you will see that statehood will destroy Puerto Rico economy. It's not [01:06:20] with their position. It's not pro-statehood position. It's a general accountability office position that we will lose every competitive advantage that we have today.

If you think that we have a deficit now, imagine, if I need to reduce my budget to allow federal taxes. It's just crazy. And, I will tell you a secret. Pro-statehooders never mention that report from the GAO, never. They don't like it. There's the answer. From a sociological reason, we are Puerto Ricans that are American citizens. We are not American citizens that born in Puerto Rico. We are Puerto Rican that have the American citizenship. And we fight for that in the wars, first. And second, it will destroy our economy. So the answer is no. and the second question was when, never. [laughter]

JOHN HUGHES: Ladies and gentlemen, how about a round of applause for our speaker.

[applause]

JOHN HUGHES: I'd like to thank all of you for coming today. And I'd like to thank all of our viewers and listeners. I'd also like to thank the National Press Club staff including its Journalism Institute and Broadcast Center for helping us organize this event. If you would like a copy of this program, go to our website, press.org. Thank you so much. We are adjourned.

(gavel)

[applause]

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