

Puerto Rico Defaults For the First Time



San Juan, August 4 (RHC-Euronews) -- For the first time in its history Puerto Rico, has gone into default, Moody's Investors Service said on Monday.

The default came soon after the island's Government Development Bank announced that it was only able to make a partial payment on its \$72 billion debt.

Earlier, Victor Suarez, the chief of staff for Governor Alejandro Garcia Padilla, said the U.S. Commonwealth doesn't have the money for the \$58 million bond payment that was due for payment.

The news comes after years of economic turmoil on the island, produced mainly by the 2007-2010 recession and housing crisis that have affected the United States, however this situation will directly hurt the island's residents, since the debt is mostly owned by residents through credit unions.

Many Puerto Ricans have abandoned the island in search of better opportunities and stability on the U.S. mainland, as the island struggles with high rates of unemployment and inflation.

Governor Padillas has said this is an historic moment in what he has described as a "death spiral." He added that a team is working hard to develop a plan that will restructure Puerto Rico's debt by the end of this summer.

In an interview with teleSUR English, Rafael Bernabe, spokesperson for the Working People's Party, argued that the local government's position on the debt issue has been inconsistent, saying though it claims not to have money, it keeps paying the debt.

Bernabe added that the island generates a lot of wealth which rarely benefits the Puerto Rican people because the local government fails to increase taxes on multinational companies.

The leftist politician said the government wants to impose severe austerity measures, just like those implemented in Greece, however he is confident that once people start to feel the burden of the austerity policies, they will join together to take to the streets, even if they have different political orientations.

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