MEMORANDUM OF SUPPORT
S.5542 (Rivera)/A.2970 (Fahy)
Sovereign Debt Stability Act

New York State Public Health Association (NYSPHA) supports the Sovereign Debt Stability Act (S.5542/A.2970). NYSPHA is a non-profit, membership organization of dedicated public health professionals, organizations, and advocates who work to improve the health of our communities. The impact of this bill resonates deeply with NYSPHA’s commitment to address the social determinants of health and their inter-connectedness with global economic stability. We commend the bill’s sponsors for their commitment to addressing pressing public health concerns both in New York State and abroad.

The world is facing a historic global debt crisis as countries experience increased financing needs driven largely by mounting debt burdens associated with the Covid-19 pandemic, geopolitical conflicts such as the war in Ukraine, and the consequences of climate change. The International Monetary Fund estimates that nearly 70 sovereign states – more than a third of the world’s countries – are in or at risk of debt distress. New York State, as the epicenter of global finance, occupies a position of unique responsibility in this unfolding crisis. Over half of international sovereign debt bonds are governed by New York State laws. However, the status quo in New York enables litigation by holdout creditors who refuse to participate in international debt restructuring. The Sovereign Debt Stability Act seeks to prevent abusive restructuring tactics by giving debtor states a greater ability to curtail holdout creditors and ensuring that sovereign debt accumulated under the laws of New York State can be restructured if it becomes unsustainable.

By taking action, New York State can simultaneously unlock vital resources for critical areas such as health, hunger, climate action, and education in poor nations, and protect our own taxpayers from vulture funds. The bill also recognizes that New York is a microcosm of the global community. New Yorkers represent a wide range of diverse backgrounds and countries that are affected by unsustainable debt. We understand that the impact of international debt relief extends beyond our borders and has direct relevance to the well-being of the diverse populations residing in our state. The COVID-19 pandemic is the most recent example of a health crisis that has had severe financial impact on countries around the world, with a reach that was felt here in New York State. When emerging diseases occur in countries that are unable to provide adequate public health and healthcare services, a health crisis is created. As a state that has a perpetual influx of migration, New York will rapidly experience the consequences of any international health crisis. In the past year, New York State has seen an increase in migration as a result of political and financial instability in developing nations, leading to the widespread use of our state’s health care resources to care for these immigrant population. Systems that support debt relief are necessary to allow developing countries to allocate appropriate monetary support
towards public health and healthcare services and towards improving social determinants of health, thus lessening the pressure for people to immigrate. Additionally, this legislation can provide some relief to the diverse diasporas within the state by lessening the economic pressure that debt imposes on their loved ones to whom they send their hard-earned remittances.

This bill underscores the importance of responsible and equitable debt relief practices, which directly impact the socio-economic conditions and public health outcomes of developing nations. By supporting S.5542/A.2970, we are taking a significant step toward promoting global financial stability and improved public health outcomes.

In conclusion, we believe that S.5542/A.2970 not only addresses critical financial issues but also aligns with broader public health principles.

NYSPHA strongly supports S.5542 (Rivera)/A.2970 (Fahy). We are grateful for the opportunity to voice our support and to collaborate with others to ensure the health and well-being of all New Yorkers.

For more information, contact advocacy@NYSPHA.org
2/21/2024