

Puerto Rico 2028 Transformational Agenda: Achieving Economic Growth of 4% by 2028

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Discussing the issues all Puerto Rican's Must Listen to

We began discussing the seven key issues crucial to electing Puerto Rico's next President, or for that matter, any candidate running for public office. These issues impact the Governor, Resident Commissioner, Mayors, and Legislators alike. We aim to offer recommendations to improve the quality of life for all Puerto Ricans. We will explore each of these topics leading up to the elections:

1. Immigration (Published August 19, 2024)
2. Economy and Inflation (Published August 26, 2024)
3. Healthcare (Published September 2 and 16, 2024)
4. The Puerto Rico Transformational Agenda (Published September 9, 2024)
5. Climate Change and Environment
6. Crime and Public Safety
7. Education

Is Puerto Rico the Poor House of the Caribbean Again?

As we embark on this journey of understanding, let us peel back the layers of statistics and economic jargon to reveal the human stories at the heart of this pressing issue. It is time to confront the challenges head-on, armed with compassion and an unwavering determination to create a more just and equitable Puerto Rico for all its inhabitants.

A chasm in income inequality casts a long shadow over Puerto Rico's potential, creating a barrier to progress for many residents. As we delve deeper into this pressing issue, we must move beyond mere statistics and economic jargon to uncover the human stories driving these numbers. Income inequality is a global socioeconomic issue affecting individuals and communities.

Puerto Rico's economic landscape paints a challenging picture, as highlighted by **the Gini Coefficient**, which measures income distribution on a scale from 0 (perfect equality) to 1 (maximum inequality), **which is approximately 0.545 in Puerto Rico**. This is significantly higher than the U.S. average of 0.411, highlighting the stark income inequality on the Island.

Poverty rates in Puerto Rico are alarmingly high, with around **43% of the population** living in poverty, compared to the U.S. average of approximately **11%, representing a 290.9% increase**, underscoring the severe economic disparity within Puerto Rico.

The median household income in Puerto Rico is approximately \$22,419, significantly lower than the U.S. average of around \$65,000, a 189.9% difference illustrates the financial struggles many Puerto Ricans face.

Puerto Rico's education system also faces significant challenges. Inadequate infrastructure, outdated materials, and limited resources result in lower academic performance than the mainland U.S., as evidenced by lower scores on the National Assessment of Educational Progress (NAEP).

While Puerto Rico boasts a higher graduation rate (52.2%) than the U.S. average (46.4%), only 27.4% of the population holds a bachelor's degree, compared to 53.7% in the U.S. This 51.05% lower rate in higher education attainment contributes to broader income inequality.

The Puerto Rico 2028 Transformational Agenda

In this fifth installment, we will focus on the Puerto Rico 2028 Transformational Agenda, an ambitious yet achievable set of goals to propel the island toward sustained economic Growth, social reform, and technological advancement. These targets are intended to shape Puerto Rico's comprehensive development plan from 2024 to 2028, ensuring that:

1. Achieving Sustained Economic Growth of 4% by 2028.
2. Puerto Rico's industrial structure must be transformed, with knowledge-based industries comprising 25% of the gross national product (GNP).
3. Add 300,000 new private-sector jobs by 2028.
4. Increase the labor participation rate to 55% by 2028.
5. Reduce the Unemployment Rate to at least 4.3% by 2028.
6. Narrow the development gap across the island.
7. Increase the Median household income by 40% from the current \$20,873.80.
8. Government services must undergo a digital transformation to become more efficient and accessible.
9. The education system must be reformed, emphasizing entrepreneurship, trade, and innovation.
10. Puerto Rico's progress must be measured using global benchmarks and rankings.
11. 50,000 new businesses must be created by 2028, supported by an automatic permitting system.
12. A long-term plan for public debt sustainability must be established with a citizen board created to prevent another bankruptcy.

51.2% of Puerto Rico is below the US Poverty Level creating two Puerto Rico's



West of the red imaginary line is a very different Puerto Rico from the eastern side.

13. Enact the Total economic freedom agenda by reducing regulatory barriers, eliminating price controls, and promoting free-market policies across all sectors.

To ensure the success of these initiatives, a bill must be presented to the legislature that would enshrine the Puerto Rico 2028 Transformational Agenda as the law of the land. This legislation would serve as a binding framework for implementing the country's long-term development plan.

Achieving Economic Growth of 4% by 2028

We explore how Puerto Rico can achieve robust economic development with a sustained 4% annual growth rate by 2028. This target aligns with Puerto Rico's historical average real growth rate from 1950 to the present, a rate our global peers have surpassed in recent years. Given that Puerto Rico's GNP growth was just 0.7% in 2023 (approximately \$77 billion), achieving 4% growth could expand the economy by an additional \$3.08 billion annually.

- **Comparison Between 0.7% and 4%**

The difference between 0.7% and 4% growth is \$2.54 billion.

At 4%, Puerto Rico's economy would have grown by an additional \$2.54 billion in one year compared to the actual Growth of 0.7%.

- **Projected 5-Year Growth at 4%**

Using the compound growth formula, Puerto Rico's economy could reach \$93.88 billion after five years of 4% growth, contributing \$18.77 billion in total economic expansion.

Strategies to Achieve This Growth

1. Revitalizing Manufacturing

- Puerto Rico must reestablish itself as a major pharmaceutical, biotech, and pioneering industry center. This could attract new investments and ensure the retention of high-value-added activities on the island.

2. Treat Investment in Plant and Equipment as Current Expense

- A proposal to treat investment in plant and equipment as a current expense would accelerate decision-making and incentivize investments, particularly in hotels and manufacturing plants. A sunset provision could boost activity within the first two years of approval.

3. Accelerating Public Works

- A specialized working group should be established to unblock stalled public works projects. This group would streamline permit and regulatory processes, prioritize projects based on economic impact and readiness, and fast-track approval for projects close to completion.
- Prioritize high-impact infrastructure projects like roads, ports, energy grids, and healthcare facilities.
- Deploy \$100 billion over four years, with annual investment targets of \$25 billion.
- Leverage public-private partnerships (PPP) to attract additional capital and expertise.
- Implement a robust monitoring system to ensure timely progress and efficient fund utilization.
- Public-Private Partnerships (PPP).

- Puerto Rico should expand its scope of PPPs, focusing on large-scale infrastructure projects, such as renewable energy, toll roads, and hospitals. Tax incentives and co-investment opportunities can help attract private capital and reduce project risks.

4. Harmonization of Municipal Requirements

- A commission should harmonize construction requirements, patents, and taxes across municipalities. An automatic permit system could help establish 50,000 new businesses, contributing approximately \$25 billion to the GDP and creating 250,000 new jobs over four years.

5. Macroeconomic Stability: Implement a multi-year economic plan to ensure fiscal discipline and economic stability.

6. Government Efficiency: Streamline government agencies, adopt modern technology, and eliminate redundant positions to reduce operational costs and improve services.

7. Infrastructure Modernization: Develop a coordinated infrastructure plan to enhance connectivity, support economic activity, and improve residents' quality of life.

8. Tax and Fiscal Reform: Reduce top tax rates to 21% for corporations and individuals while improving tax compliance and ensuring fiscal sustainability.

9. Energy Reform: Transition to renewable energy sources and modernize Puerto Rico's energy grid to ensure long-term stability and sustainability.

10. Remove the Government from any business activity that can be better performed in the private sector.

By focusing on these strategies, Puerto Rico can position itself for sustained Growth, enhanced competitiveness, and improved quality of life for all its residents.

The Final Word: A Sustained Growth of 4% is Achievable

With a projected 5-year growth of 4%, the Puerto Rican economy can add \$18.77 billion annually and \$93.88 billion in total economic expansion by using our tools and determination to change our direction and focus. Puerto Rico's future is on the balance of decisive action, visionary leadership, and collective effort. The transformative changes outlined in the Puerto Rico 2028 Agenda provide a clear roadmap to break free from stagnation and dependence, driving sustainable Growth, innovation, and prosperity.

The next chapter of Puerto Rico's story is one we can shape—where opportunity thrives, and every citizen benefits from the Island's renewed vitality. By harnessing our shared strength, we can turn challenges into opportunities, move beyond the old cycle of poverty, and ensure that wealth and success are generated and distributed across the Island.

The time to act is now. It is preferable to state that through our activities, we created \$93.88 billion in new economic activity rather than continuing to rely on Federal Fund handouts.

We can once and for all begin to distribute wealth instead of poverty.



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