

Puerto Rico Must Avoid Celebrating Initiatives Instead of Results

October 14, 2024

Francisco Rodríguez-Castro, President & CEO

The issues Puerto Ricans Must Listen to Before the Elections

We began discussing the seven key topics crucial to electing Puerto Rico's next Governor, 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 explore 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, 23, and 30, 2024)
5. Climate Change and Environment
6. Crime and Public Safety
7. Education

Comparative Analysis of the PNP, PPD and PIP Platforms

As Puerto Rico approaches another electoral cycle, the leading political parties and candidates have unveiled their platforms, each proposing distinct visions for the island's future. The New Progressive Party (PNP) Acción PR, the Popular Democratic Party (PPD) Fuerza de Futuro, and Puerto Rico Independence Party (PIP) Patria Nueva, each platform offers varying strategies to address the island's critical challenges—ranging from economic recovery to energy independence and government reform. While each platform reflects the candidate's or party's unique approach, common themes such as sustainability, economic growth, and government accountability underscore the urgent need for solutions to Puerto Rico's long-standing issues.

This comparative analysis will explore these three platforms in-depth, providing insights into how each seeks to navigate the island's political and economic landscape while responding to the diverse needs of its population. Whether through fostering innovation, empowering local communities, or promoting self-sufficiency, these plans offer differing paths for Puerto Rico's next chapter.

1. **New Progressive Party (PNP) Platform Acción PR:** The platform enhances innovation, education, and energy reforms by combining federal support with local initiatives.

- **Economic Development:** González stresses private-public partnerships (PPPs) to drive economic growth and efficiency. Her plan strongly focuses on tax reforms, aiming to reduce the tax burden on municipalities and businesses while increasing oversight on entities like LUMA (the island's energy provider) to enhance fiscal accountability.
 - **STEM and Education Reforms:** One of the cornerstones of González's platform is developing STEM (Science, Technology, Engineering, Math) culture in Puerto Rico's educational system. The proposal includes creating STEM academies across educational regions offering students hands-on learning experiences and real-world exposure through internships with local industries. Additionally, her focus on technical education would introduce innovative programs, such as technical degrees in renewable energy, computer networks, and public safety, to provide practical skills that meet the island's labor demands.
 - **Energy Sector Reforms:** González envisions a green energy transition by promoting solar and wind energy while reducing tax exemptions for LUMA. Her approach focuses on fostering energy independence, lowering consumer costs, and attracting new investments in energy infrastructure.
 - **Federal Support and Investment:** Leveraging her position in Congress, González seeks to maximize federal funding for Puerto Rico, improve municipalities' access to resources, and enhance infrastructure projects. She prioritizes fiscal stability and advocates for responsible funds management and government transparency.
2. **Popular Democratic Party (PPD) Platform: Fuerza de Futuro:** the PPD's "Fuerza de Futuro" platform is centered on public services, transparency, and decentralization of government power to strengthen Puerto Rico's future.
- **Government Efficiency:** The PPD advocates for a leaner, more efficient government, focusing on transparency in public spending and fiscal policies. They propose overhauling public services, especially in healthcare and education, to improve access and quality for residents.
 - **Debt and Fiscal Management:** Resolving the island's debt crisis is critical to the PPD's platform. They emphasize negotiating with creditors and working under the Financial Oversight and Management Board (FOMB) to ensure transparency in managing public debt. Their approach aims to protect public services while pursuing economic reforms that prevent future financial crises.
 - **Job Creation through Key Sectors:** According to the PPD, economic growth will come from targeted investments in agriculture, tourism, and technology. The party highlights local agriculture's importance in reducing import dependency and expanding Puerto Rico's domestic economy. Additionally, the platform includes plans for reviving the tourism industry, emphasizing rural tourism and sustainable development.
 - **Decentralization and Municipal Autonomy:** The PPD seeks to empower local governments by advocating for autonomy. They propose allowing municipalities more control over their finances and economic activities to tailor solutions to local needs. This decentralization would increase accountability and efficiency at the regional level.
3. **Puerto Rico Independence Party (PIP) Platform Patria Nueva :** Patria Nueva, under Juan Dalmau, presents a bold vision focused on sustainability, self-sufficiency, and renewable energy.
- **Economic Independence:** Patria Nueva emphasizes reducing Puerto Rico's reliance on external resources by developing local industries. A key element of their platform is fostering economic self-sufficiency through investments in local agriculture, which they believe can reduce the island's dependency on food imports while promoting sustainable growth.

- **Renewable Energy Transition:** Dalmau's platform focuses on transforming Puerto Rico's energy grid by investing heavily in solar and wind power. The goal is to create a more sustainable, resilient energy infrastructure that will lower energy costs, reduce reliance on fossil fuels, and provide green jobs for Puerto Ricans. Patria Nueva also envisions community-based energy production, where citizens contribute to energy generation.
- **Worker Cooperatives and the Circular Economy:** Patria Nueva proposes creating worker cooperatives as a core economic strategy. These cooperatives would empower local communities to control their businesses and resources, fostering economic equity and independence. The platform also supports adopting circular economy practices, focusing on recycling and minimizing waste to create a more sustainable and efficient economy.
- **Educational Reform:** Like the other platforms, education is a critical pillar in Patria Nueva's vision. Their focus is on aligning the educational system with the needs of a sustainable economy, fostering entrepreneurship, innovation, and technical skills needed for the island's development.

Insights of Each of the Platforms

Each platform proposes a distinct path for Puerto Rico's future, shaped by the different ideological and practical approaches of the candidates:

Jennifer González's and PNP's Acción PR focuses on innovation and technology, using private-public partnerships to modernize Puerto Rico's economy. Her emphasis on STEM education and federal investment sets her platform apart as a forward-looking, tech-driven approach to economic growth.

The PPD's Fuerza de Futuro focuses on strengthening public services, creating jobs through traditional industries like agriculture and tourism, and decentralizing government to empower local municipalities. Their practical approach focuses on fixing the government's existing systems and debt issues.

Patria Nueva's Program presents a vision of self-sufficiency and sustainability, emphasizing local production, renewable energy, and cooperatives to create a more independent and resilient economy. Their platform is the most radical in transforming Puerto Rico's socio-economic model toward sustainability and localism.

This comparison highlights how each candidate or party approaches Puerto Rico's complex economic challenges through unique strategies, reflecting their political philosophies and visions for the island's future.

The Final Word: The Art of Celebrating Initiatives Instead of Results

The analysis of the three platforms and their success highly depends on the party that wins faithfully executing them as the new government's plan of action.

Politicians in Puerto Rico have a habit of focusing on the launch of projects and initiatives, often celebrating them with great fanfare rather than delivering tangible outcomes. This approach offers the illusion of progress while obscuring the need for follow-up or completion. Celebrating initiatives has become a political tradition, marked by thousands of ribbon-cutting ceremonies and announcements that rarely produce concrete results.

While this phenomenon isn't new, My first taste of it was back in 1991 while working in Banco Central Hispano in Ponce. Mayor Rafael "Churumba" Cordero held a grand event celebrating Plaza del Mercado's renovation and comparing its new operational model to significant U.S. developments like Boston Common, Washington, D.C.'s National Mall, Savannah, Georgia's Forsyth Park or Philadelphia's Rittenhouse Square.

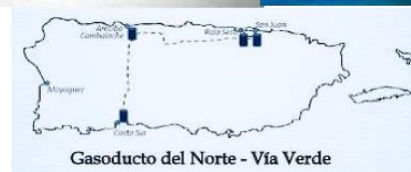
Yet, despite all the Pomp and Circumstance and the fact that all those invited received a ceramic miniature model of the facade several months later, the most stark deviation from the plan was the opening of the largest Pitusa store in Puerto Rico. Although the Ponce Chamber of Commerce and other business associations began to ask questions, not very many questioned the deviation from the Boston Common's promise.

A similar experience occurred in 2002 when I was President of the Economic Development Bank. A grand vision for a Government Financial Center, a skyscraper meant to consolidate finance-related agencies, was celebrated with a groundbreaking ceremony. However, the building was never completed, and the defunct Government Development Bank was to be the anchor tenant. The initiative was celebrated, but there was no result, leaving only a ceremonial shovel as evidence, which I still have.

Over the years, many such initiatives have been heralded, only to be forgotten or quietly abandoned.

Some examples include:

1. Gasoducto del Sur
2. Via Verde- Losss
3. Triangulo Dorado
4. Portal of the Future
5. Riviera del Caribe
6. Port of the Americas
7. Vieques and Culebra Economic Redevelopment
8. Escuela de las Américas
9. Tren Urbano Expansion
10. Novotren Caguas to San Juan



Puerto Rico lost an estimated \$1.6 billion across a series of failed projects. The most significant losses included \$285 million for the Port of the Americas and \$1 billion tied to the incomplete Tren Urbano expansion. Other notable failures include \$100 million for Gasoducto del Sur and \$90 million for Via Verde.

I remember saying to others like me present when the cranes were unveiled at the Port of Ponce that these cranes would become the most significant Public Arts Project in Puerto Rico and upstaying the famous letters of Ponce; sadly it turned out to be mostly correct.

These projects represent substantial financial investments that yielded little to no return, highlighting the consequences of prioritizing grand initiatives over tangible results.

As Stanford Economist Thomas Sowell said: **“It is hard to imagine a more stupid or more dangerous way of making decisions than by putting those decisions in the hands of people who pay no price for being wrong”.**

As we now focus on Puerto Rico's future, citizens must actively participate in the democratic process, demanding accountability and tangible results from their elected officials.

Politicians may relish the celebration of initiatives, but it is our responsibility to ensure that these announcements translate into real progress. We must foster a culture where outcomes matter more than grand gestures, where the accurate measure of success is not the number of ribbon-cutting ceremonies but the lasting impact of completed projects on our communities. Only then can we transform this cycle of unfulfilled promises into a legacy of effective governance that genuinely benefits the people of Puerto Rico, directing the island to economic growth and success.

Let us take the reins, voice our concerns, and champion the cause of accountability, ensuring that future initiatives lead to concrete results rather than mere celebrations. The path to a better Puerto Rico is paved with the commitment of its citizens to hold leaders accountable for their promises and to demand a future built on trust, transparency, and tangible achievements.



Francisco Rodriguez-Castro, President & CEO • frc@birlingcapital.com
PO Box 10817 San Juan, PR 00922 • 787.247.2500 • 787.645.8430

Think Strategically © is a publication prepared by Birling Capital LLC and is a summary of certain recent geopolitical, economic, market and other developments that may be of interest to clients of Birling Capital LLC. This report is intended for general information purposes only, is not a complete summary of the matters referred to, and does not represent investment, legal, regulatory or tax advice. Recipients of this report are cautioned to seek appropriate professional advice regarding any of the matters discussed in this report considering the recipients' own situation. Birling Capital does not undertake to keep the recipients of this report advised of future developments or of changes in any of the matters discussed in this report. Birling Capital. The man and log symbol and Birling Capital are among the registered trademarks of Birling Capital. All rights reserved.