

Puerto Rico in Crisis

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Puerto Rico: The Road to Recovery and Reconstruction

Albert Shanker Institute, American Federation of Teachers, and the Hispanic Foundation

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Disclaimer: The views expressed herein are those of the author and not necessarily those of respective institutions/affiliations.

Background & Context

- This presentation is based on my work/research with **Alberto Dávila** (UTRGV) & **Havidán Rodríguez** (University at Albany, SUNY), including:
Population, Migration, and the Socioeconomic Outcomes of Island and Mainland Puerto Ricans: La Crisis Boricua, Lexington Books, Nov. 2017.
- A **century** after the passage of the Jones-Shafroth Act, which granted Puerto Ricans **U.S. citizenship by birthright**, Puerto Rico confronts an **economic crisis** (ongoing since 2006), and a **humanitarian crisis** that started **before** Hurricane Maria.

- **Why the U.S. should care:**
 - Puerto Ricans are **U.S. citizens by birthright**.
 - Puerto Ricans represent a significant population: **3.3 million** on the island (pre-Maria) and **5.3 million** on the mainland (*Note: 21 states & DC have populations < 3.3 million*).
 - Their **presence and impact are increasing** on the mainland, including in Florida and non-traditional settlement areas, such as Texas.
 - The longer the crisis takes to address, the longer will the **vicious cycle** of net outmigration, demographic shift, economic decline, and human suffering continue.

Hurricane Maria – Escalating Humanitarian Crisis

- On September 20, 2017, with sustained windspeeds of 155 MPH (just two miles shy of a Category 5 Hurricane and equivalent to an EF-3 tornado), Hurricane Maria brought **catastrophic devastation and suffering** across Puerto Rico.
- In the immediate aftermath, the island's 3.3 million residents (American citizens) were left **without electricity, running water, and telecommunications**.
- **Five months later**, hundreds of thousands of Americans still lack basic services and amenities.

But....Consider Pre-Maria Puerto Rico

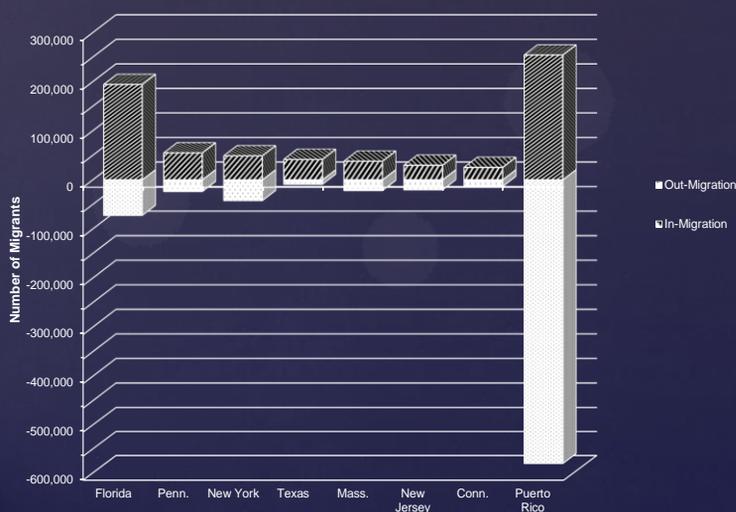
- 2006 marked the year of the “perfect storm”
- A crippling shut-down of high-tech industries, spurred by full expiration of IRS Code Section 936
- A significant loss in public and private sector jobs
- Massive net outmigration never seen before (*2nd largest in relative terms*)
- While outmigration was generally not “high skilled”, there was a significant loss of doctors/physicians
- A shrinking and rapidly aging population
- Deteriorating infrastructures, including healthcare, education, & public utilities

- Significant loss in bank deposits (~ loss of capital)
- High cost-of-living, including an 11.5% sales tax & costs of transported goods via Jones Act (U.S.-owned/U.S.-built/U.S.-crewed ships/flights)
- \$123 billion in debt (\$74 billion in public debt plus \$49 billion in unfunded pension obligations)
- Defaults on payments to bondholders
- Controversial PROMESA legislation, reinvigorating debates on Puerto Rico’s *de facto* colonial status
- Filing for federal bankruptcy protection (*May 2017*)
- One consulting firm projected in 2016 that the island’s economy would not be restored to its 2006 level until 2034.

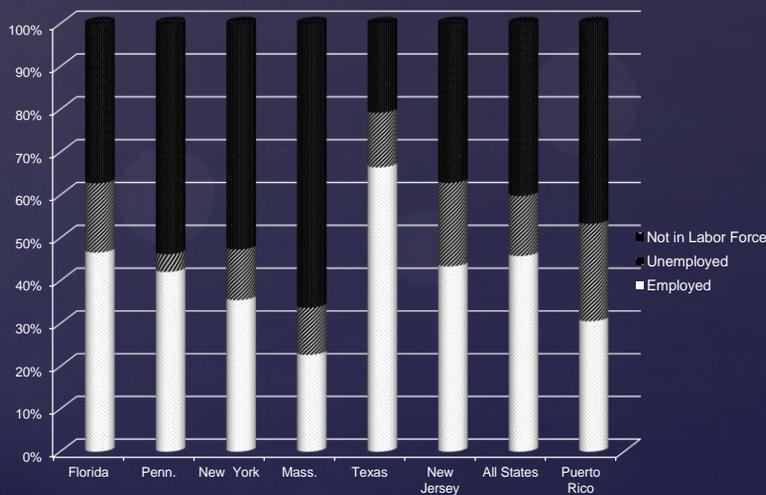
Estimated Net Migration from Puerto Rico: 2006-2017

Characteristic (<i>as of July 1st</i>)	Estimates
Population of Puerto Rico in 2006	3,926,744
Population of Puerto Rico in 2017	3,337,177
Total change in population: 2006-2017	-589,567
Natural increase (live births – deaths): 2006-2017	129,164
Estimated net migration from Puerto Rico: 2006-2017	-718,731
Net migration as % of 2006 population	-18.3%
Estimated net migration to U.S. mainland	-555,803
Estimated net migration to other countries or other U.S. territories	-162,928

Island-Mainland Migration & Settlement Patterns of Puerto Ricans: 2006-2016



Mainland Labor Force Participation: 2006-2014 (Recent Island-Born Puerto Rican Migrants Ages 25-64)



- Maria & the slow rebuilding have **escalated the massive exodus** from the island that started more than a decade ago.
- **Major industries** – including agriculture – **are decimated**, unlikely to recover for years.
- **Other challenges** include the unpayable debt, PROMESA provisions, demographic changes, taxes (incl. on intel property), etc.
- **It is imperative** to rebuild Puerto Rico and ease the humanitarian crisis that is causing suffering, disease/illness, and fatalities among **millions of American citizens**.