Puerto Rico in Crisis

Marie T. Mora
The University of Texas Rio Grande Valley

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:


• 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.

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**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

<table>
<thead>
<tr>
<th>Characteristic (as of July 1st)</th>
<th>Estimates</th>
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<tbody>
<tr>
<td>Population of Puerto Rico in 2006</td>
<td>3,926,744</td>
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<tr>
<td>Population of Puerto Rico in 2017</td>
<td>3,337,177</td>
</tr>
<tr>
<td>Total change in population: 2006-2017</td>
<td>-589,567</td>
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<tr>
<td>Natural increase (live births – deaths): 2006-2017</td>
<td>129,164</td>
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<tr>
<td>Estimated net migration from Puerto Rico: 2006-2017</td>
<td>-718,731</td>
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<tr>
<td>Net migration as % of 2006 population</td>
<td>-18.3%</td>
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<tr>
<td>Estimated net migration to U.S. mainland</td>
<td>-555,803</td>
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<tr>
<td>Estimated net migration to other countries or other U.S. territories</td>
<td>-162,928</td>
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</tbody>
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### Island-Mainland Migration & Settlement Patterns of Puerto Ricans: 2006-2016

- **Out-Migration**
- **In-Migration**

- **Florida**: -250,000
- **Penn.**: -200,000
- **New York**: -150,000
- **Texas**: -100,000
- **Mass.**: -50,000
- **New Jersey**: -25,000
- **Conn.**: -10,000
- **Puerto Rico**: -500,000
• 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.