



CENTRO PARA RENOVACIÓN ECONÓMICA,
CRECIMIENTO Y EXCELENCIA



Freedom to Prosper in Puerto Rico

February 2024

Centro para Renovación Económica, Crecimiento y Excelencia (Center for Economic Renewal, Excellence and Growth) is a non-partisan, non-profit organization in Puerto Rico that cultivates free market solutions to foster self-reliance, economic growth and social wellbeing.

Gaither International is a full service marketing research and strategy firm in Puerto Rico, Latin & Central America, and the Caribbean.



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*Photo by: Giovaniel Torres,
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EXECUTIVE SUMMARY

INTRODUCTION

Established in 2013, the Center for Economic Renewal, Growth and Excellence (Centro CRECE, for its Spanish acronym) is a free market think tank organization based in San Juan, Puerto Rico. We cultivate solutions that foster self-reliance, economic growth, and social well-being.

Moved by our mission and values, in 2023, Centro CRECE set out to better understand how people in Puerto Rico view their prospects for growth on the island, their aspirations, and their attitudes about life in Puerto Rico. Moreover, we wanted to know the correlation between increased economic freedom and people's motivation to stay and invest locally.

Therefore, we partnered with Gaither International, a full-service research firm based in San Juan, Puerto Rico since 1984, to conduct a comprehensive investigation project, which consisted of a qualitative and quantitative study using a sample representative of Puerto Rico's population.

Data for the qualitative study was collected using the focus group method. In May and June 2023, six focus group sessions were conducted within a six-day span. The sessions involved 44 participants, who were categorized by generation group: Generation X (ages 41-57), Millennials (ages 27-42), Generation Z (ages 20-16). Two sessions were conducted per generation group. Participants came from two regions: San Juan Metro and San Juan Sub.

Data for the quantitative study was collected island-wide using the interview method. A total of 791 interviews were conducted online in August 2023. The sample was distributed according to the population by weight of the six demographic regions as defined by Gaither to represent Puerto Rico. The collected data was then adjusted by weight to address any imbalance.

MAIN POINTS OF THE INVESTIGATION

In the qualitative and quantitative studies, we asked participants what they thought about the following issues:

1. Individual liberty, economic freedom, and entrepreneurship
2. Value of economic freedom
3. Free markets and economic freedom
4. Self-reliance and entrepreneurship
5. Role of government
6. Migration dynamics

HIGHLIGHTS OF THE QUANTITATIVE STUDY

- 43% define economic freedom as the ability to work, generate income, invest, and own property without government interference.
- 71% believe that individuals are best equipped to make decisions about how to use their money.
- 62% indicate they lack financial freedom and live paycheck to paycheck.
- 60% think the economy is the same or getting worse.
- 39% say they would start a business if they had the money vs. 6% who dismiss the idea.
- Women (42%) are more inclined to start a business than men (36%).
- 67% think that starting a business in Puerto Rico is difficult vs. 3% who think it is easy.
- The five most valuable freedoms according to individuals are those related to: (1) raising and educating children, (2) tax policies that incentivize work and alleviate the burden of the working class, (3) government's respect for people's life and integrity, (4) privacy and intimacy, (5) owning property without the government's interference or fear that others will take it.
- 59% think that success is driven by an individual's efforts, persistence, and hard work.
- 72% see it as very important to have the skills to be self-sufficient.
- 93% think the government spends too much money.
- 51% believe that current government social welfare programs have not been successful.
- 22% agree that their individual freedoms are protected by the government.
- 66% don't feel comfortable giving the government more control over their lives.
- 71% perceive there is a correlation between government control of the means of production and distribution of collective goods and corruption.
- 77% think that the permitting process must be streamlined to unleash entrepreneurship and economic growth.
- 59% see competition in the economy as a driving factor of innovation and consumer benefits.



Photo by: Mia González, Portraits of Prosperity participant 2023

- Regarding who is best suited to handle innovation: private business sector (42%), individuals (31%), universities (14%) and government (13%).
- 51% think entrepreneurs contribute to the economy by creating jobs and providing goods and services, however, 28% perceive them as being privileged and drivers of inequality.
- 63% have considered leaving Puerto Rico at some point, including 78% of Generation Z.
- 85% say remaining close to family is the main reason for staying.
- The three worst things about living in Puerto Rico are: (1) crime, (2) government incompetence, and (3) government corruption; meanwhile, the best three things are: (1) tropical climate, (2) people, and (3) family.

CONCLUSION

The study found that expanding economic freedom and upholding individual freedom are essential to retain and attract productive individuals in Puerto Rico. Most island residents feel that they lack financial and economic freedom to achieve their personal and professional goals. As a result, while entrepreneurship is considered a viable path for progress, especially among younger generations and women, people hold back from pursuing it due to a lack of access to capital, punitive tax structure, and excessive bureaucracy.

The study points to an increasing distrust and frustration with the government. An overwhelming 94% of participants believe that the government spends too much money, and that the spending is not translating into better services, education, healthcare, and infrastructure. Respondents believe that social welfare programs have failed to lift people out of poverty, and instead, have created generations of people who depend on these programs. Simply put, survey participants feel that the government and its policies limit their capacity to prosper and achieve their goals. Indeed, only 22% of respondents agree that the government ensures their freedoms are protected.

Given these conditions, it should not come as a surprise that 64% of those surveyed feel that achieving success in Puerto Rico is difficult. Moreover, over half of Puerto Ricans have considered moving away at some point, including 75% of adults between the ages of 18 and 34.

The most powerful tool to create prosperity and achieve success, according to those surveyed, is freedom: freedom to work, freedom of choice, freedom to set life goals and take risks to achieve those, to be self-sufficient.

RECOMMENDATIONS

1. Adopt policies that expand economic freedom and uphold individual rights to retain and attract critical human capital to achieve economic growth and prosperity.
2. Foster a political, social, and economic environment that restores trust in institutions and propels economic growth by:
 - Reducing government control over people's lives and activities (less taxes, less bureaucracy, more economic freedom)
 - Promoting values of hard work, merit, and responsibilities as keys to self-sufficiency and success
 - Stimulating competition
 - Incentivizing work (vs. dependency on social welfare)
 - Protecting and advancing freedom

QUANTITATIVE SURVEY DETAILS



Photo by: Kianleez Santos Matos, Portraits of Prosperity participant 2023

INTRODUCTION

Puerto Rico is facing considerable challenges to pursue and attain sustainable economic growth. While the island's labor participation has increased in the past two years, reaching 45% in November 2023, it remains the lowest in the US and far behind Mississippi, which has a labor participation rate of 53.3%. ("Nov 2023, Release Tables: Labor Force Participation Rate | FRED | St. Louis Fed"). Puerto Rico also has the lowest labor participation rate in Latin America and the Caribbean. (Velasco and Aravena)

Some of the hurdles affecting Puerto Rico's journey towards economic growth include migration of skilled workers and professionals, aging population, and negative natality rate. **Without human capital, the possibilities for economic prosperity are extremely slim.**

In the short-term, low labor participation impacts our capacity to (1) carry out critical improvements to infrastructure, (2) increase local food production through agriculture, and (3) spark new entrepreneurship and innovation to create local wealth.

In the long-term, the shrinking workforce and aging demographic trends will significantly reduce local production, limit sources of revenue and investment, and narrow job opportunities while increasing society's burden of caring for our elders. These are all critical considerations that must be tackled to build a thriving and prosperous Puerto Rico.

Puerto Rico must implement winning policy solutions to increase human capital by (1) incentivizing work among able-bodied individuals who are currently not part of our formal labor force, 2) retain talented, skilled youth so they are able to achieve their goals and aspirations in Puerto Rico, and 3) create opportunities to attract workers to relocate to Puerto Rico.





Photo by: Irmarié Sofía Lojo Pérez, Portraits of Prosperity participant 2023

OBJECTIVES

In collaboration with Gaither International, Centro CRECE conducted a qualitative and quantitative study in Puerto Rico to:

1. Gather information regarding perceptions of individual liberty, economic freedom and entrepreneurship;
2. Learn about future personal aspirations and motivations; and,
3. Evaluate public policy to understand which measures are considered beneficial to promote growth and prosperity in Puerto Rico.

Through the study, we also wanted to assess people's perceptions about the following:

1. Working and making a life in Puerto Rico
2. Value of individual freedom
3. Free markets, economic freedom
4. Self-reliance and entrepreneurship
5. Role of government
6. Generational differences
7. Migration dynamics

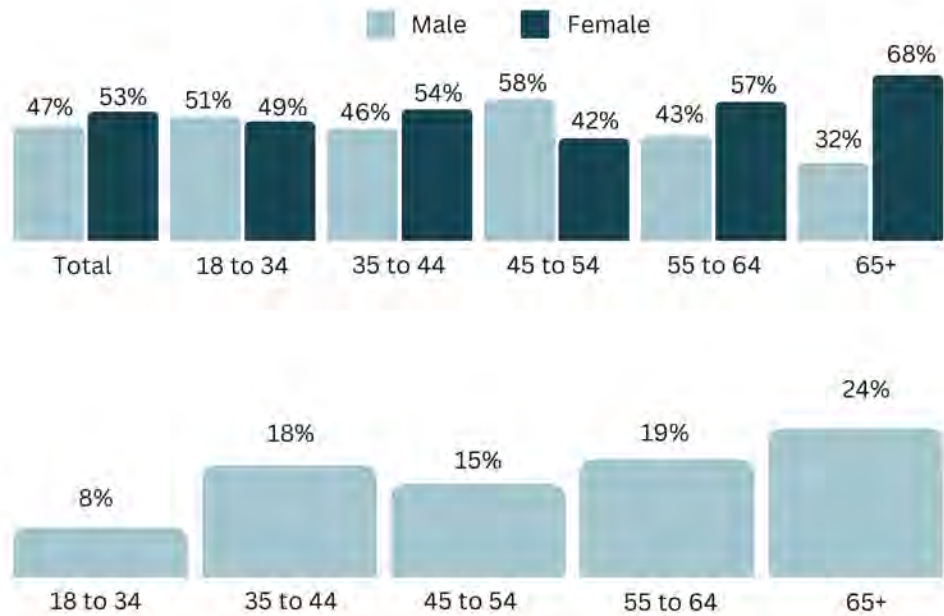
SURVEY METHODOLOGY AND DEMOGRAPHICS

In August 2023, 791 interviews were conducted in Puerto Rico using an online survey to collect the data to achieve representative demographic quotas of the population aged 18 and older. The collected data was then weighted to correct any imbalance in the sample profiles.

Demographics

The sample is representative of Puerto Rico’s population in terms of age and gender according to 2022 estimates from the US Census Bureau.

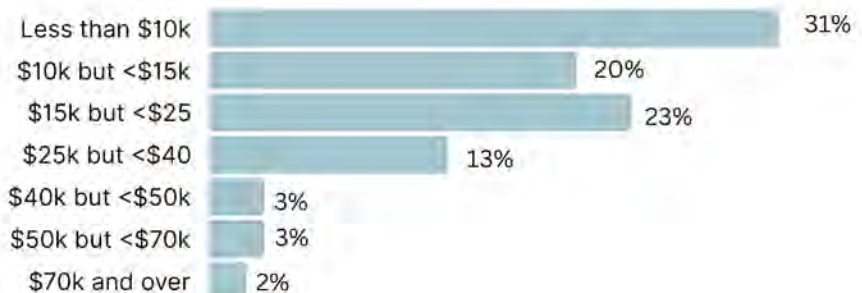
Figures 1 & 2.
Gender and Age Composition



Nearly 1/3 of the surveyed population reported an annual income below \$10,000. According to the US Federal Poverty Guideline for the 48 contiguous states and Washington DC, the median annual household income for a family of one is \$14,580, and \$30,000 for a family of 4. (“Federal Poverty Level (FPL) - Glossary”) Puerto Rico's median household income is \$24,002, according to the US Census Bureau.

Data weighted to represent the adult population of Puerto Rico by age and gender.

Figure 3.
Income/
Household



Demographic regions

Gaither uses six demographic regions to represent Puerto Rico, including San Juan metro, San Juan sub region, Arecibo, Ponce and Mayaguez. The interviews were conducted according to the population weight of each region.



Figures 4 & 5.

Income by Region; Gender and Age by Region

REGIONS	Less \$10K	\$10K but <\$15	\$15K but <\$25	\$25K but <\$40	\$40K but <\$50	\$50K but <\$70	\$70K and over
San Juan Metro	22%	28%	28%	39%	33%	31%	58%
San Juan SUB	19%	7%	12%	20%	6%	18%	16%
Caguas	15%	25%	23%	16%	13%	13%	6%
Arecibo	8%	12%	6%	6%	19%	9%	0%
Ponce	17%	15%	16%	10%	14%	18%	5%
Mayagüez	19%	13%	15%	9%	15%	11%	15%

REGIONS	Total	Male	Female	18 to 34	35 to 44	45 to 54	55 to 64	65+
San Juan Metro	29%	28%	29%	33%	29%	29%	29%	22%
San Juan SUB	15%	14%	15%	14%	11%	10%	19%	17%
Caguas	19%	19%	19%	13%	16%	17%	27%	23%
Arecibo	8%	9%	7%	9%	8%	13%	6%	4%
Ponce	15%	13%	17%	14%	20%	12%	11%	21%
Mayagüez	14%	16%	13%	17%	16%	19%	9%	11%

GENERAL FINDINGS

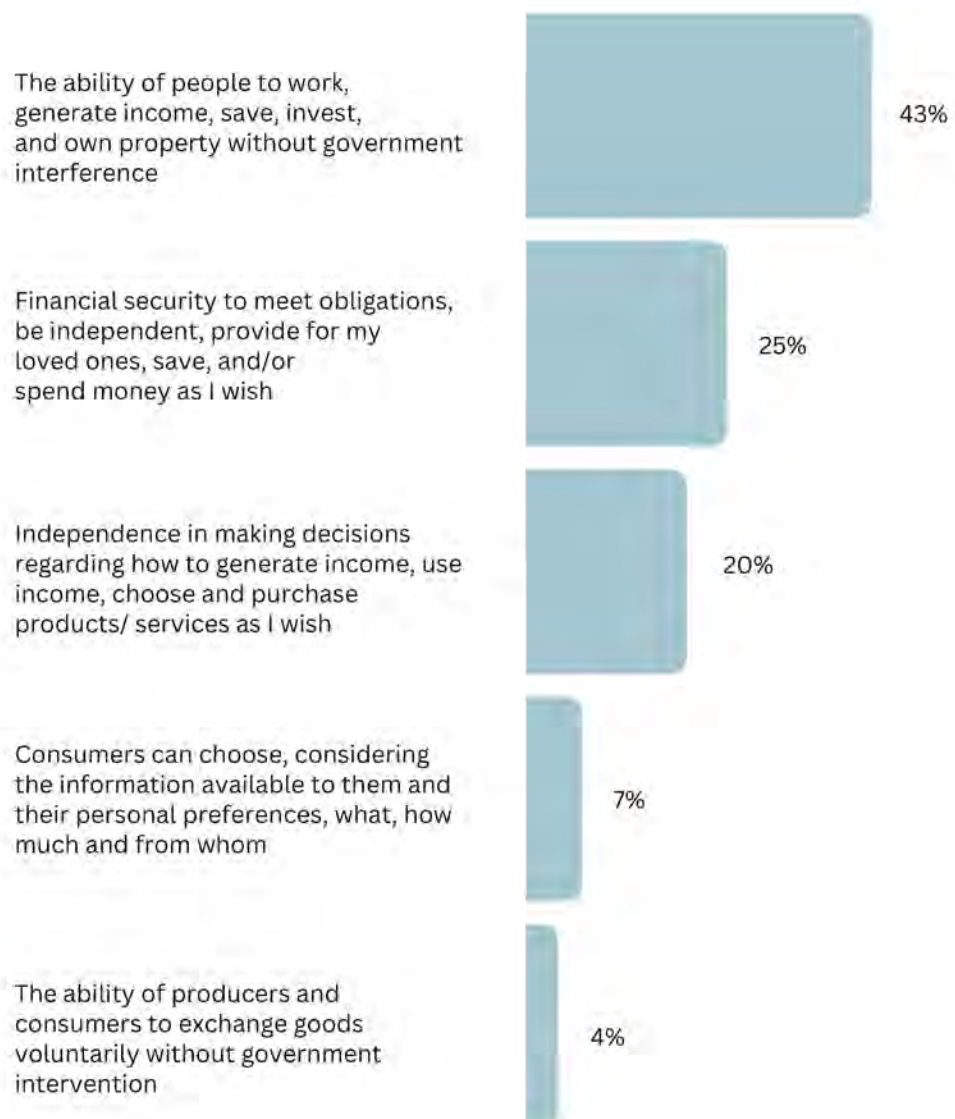
Perceptions about economic freedom

Freedom is important because it enables individuals to build purposeful lives. Economic freedom is the most fundamental of all freedoms. When people are able to work, trade, create wealth and own property to provide for themselves and others, they can focus on exercising other rights such as freedom of expression, worship or assembly, among others.

Do people in Puerto Rico feel that they have economic freedom?

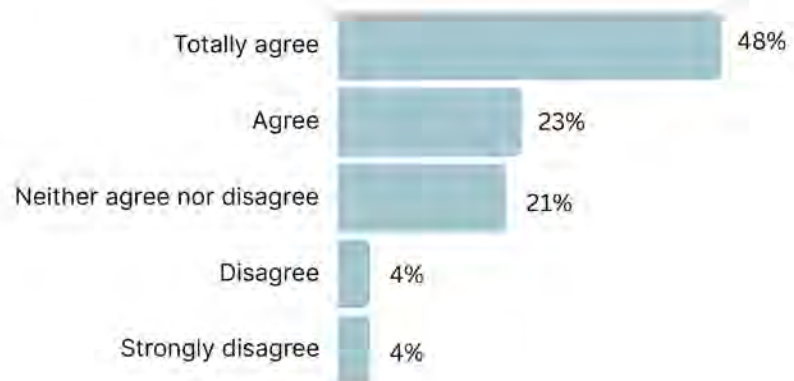
To answer this question, we first asked participants about the meaning of economic freedom. Forty three percent (43%) of the respondents define economic freedom as the ability to work and generate income, invest, and own property without government interference.

Figure 6.
What does economic freedom mean to you?



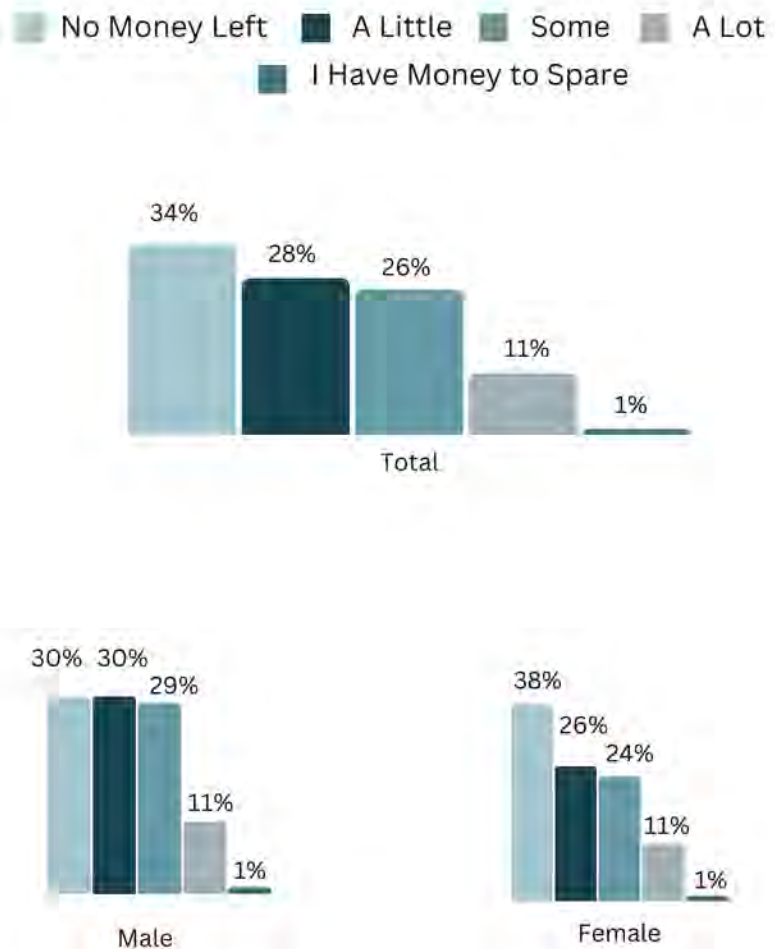
Overall, the study shows that most people think they lack financial freedom, even though 71% of the respondents say they are best equipped to manage the income they generate.

Figure 7.
Agree or Disagree:
"The individual is best qualified to make decisions regarding the money he/she earns."



Most people live paycheck to paycheck, with 62% of the respondents stating they have very little or no money left to spend after deductions and taxes.

Figure 8.
Distribution of Disposable Income Among Respondents



No Money Left
 A Little
 Some
 A Lot
 I Have Money to Spare

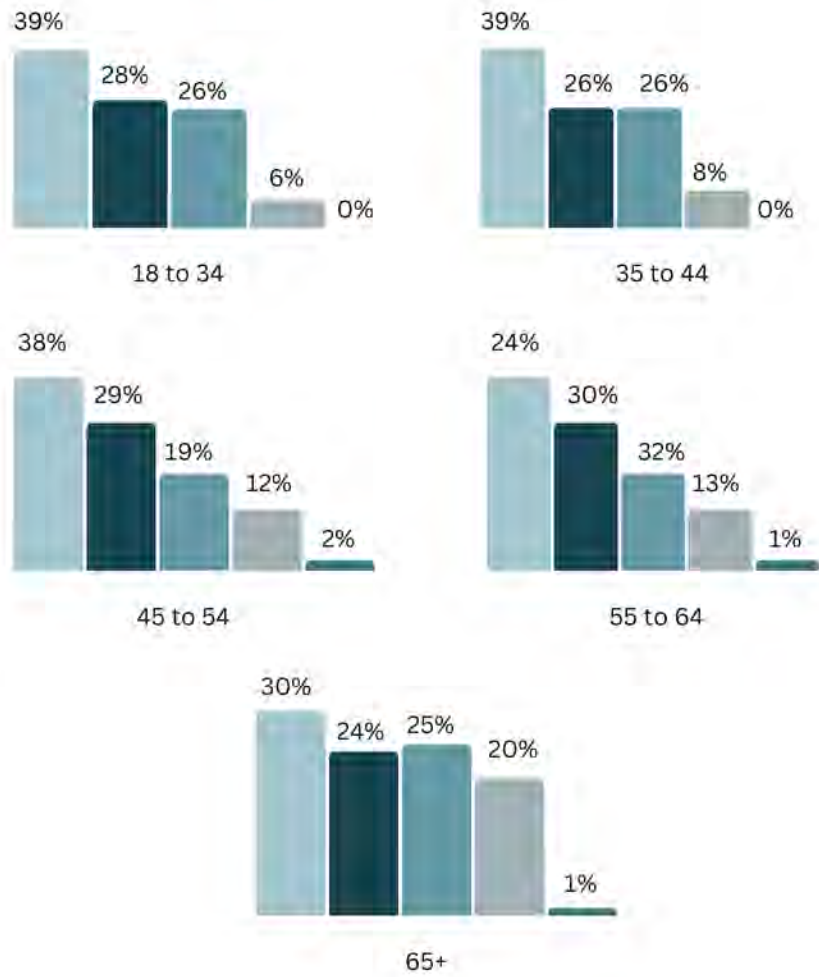


Figure 9. Distribution of Disposable Income Among Respondents, by Age

Consequently, there is a general negative perception and outlook about the economy. When asked about the current state of the island’s economy, 60% of respondents said it is getting worse.

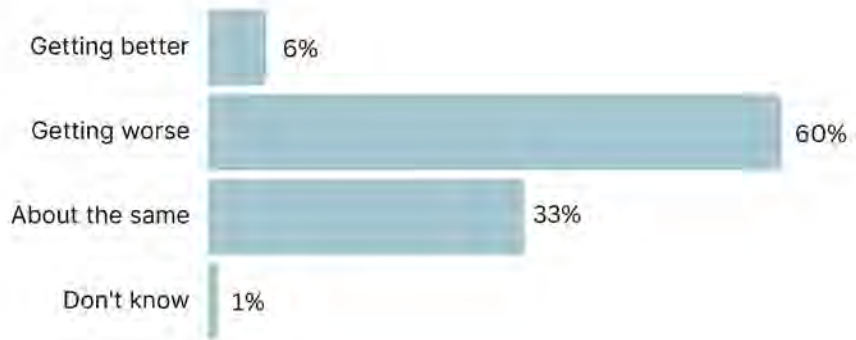


Figure 10. Perception about the economy

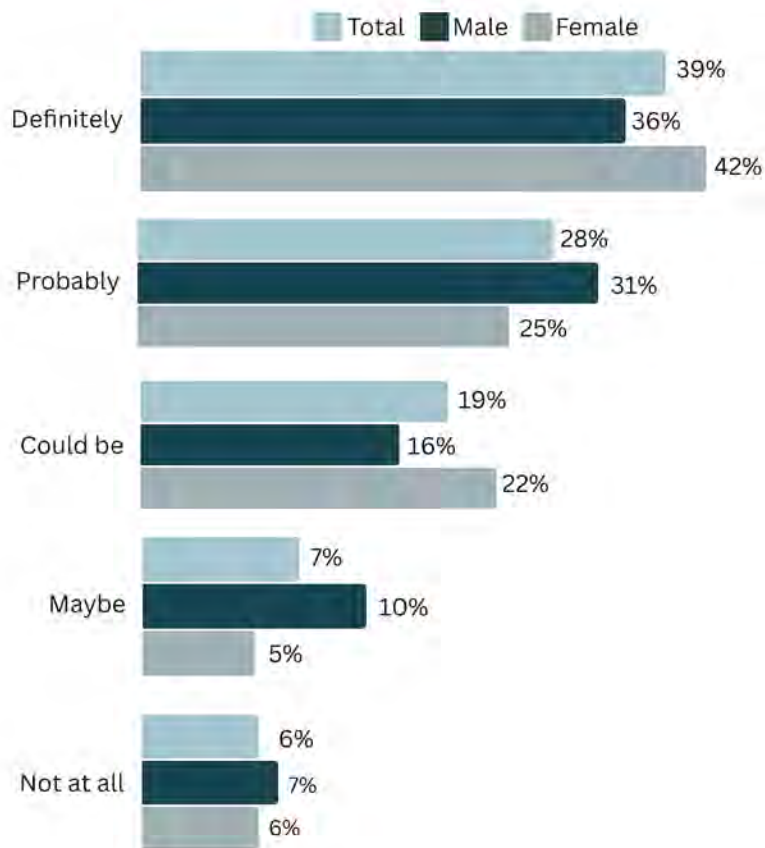
Sixty percent (60%) of respondents perceive that Puerto Rico’s economy is going in the wrong direction, getting worse every day. One third believe it will remain as it is, and 6% believe it is improving. More men than women see the economic outlook in a positive light.

Perception	Male	Female	18 to 34	35 to 44	45 to 54	55 to 64	65+
Getting better	9%	3%	6%	9%	6%	7%	3%
Getting worse	55%	64%	61%	61%	65%	52%	61%
About the same	35%	32%	31%	29%	28%	42%	35%

Negative views on Puerto Rico’s economic outlook and lack of financial freedom hinder entrepreneurial intent. Therefore, people are less inclined to take risks, make investments and plan for the future. These are requirements for entrepreneurship to grow.

Despite feeling that they are prepared for, and have the skills to start or manage a business, the majority opt out of pursuing entrepreneurial endeavors. Women and young adults are more likely to consider entrepreneurship.

Figure 11. Would you start a business if you had the money?



	18 to 34	35 to 44	45 to 54	55 to 64	65+
Definitely	50%	54%	38%	34%	15%
Probably	23%	20%	35%	30%	32%
Could be	14%	13%	15%	23%	34%
Maybe	7%	7%	9%	8%	5%
Not at all	5%	6%	3%	5%	15%

Perceived challenges contribute to 67% of respondents indicating that achieving success in Puerto Rico is difficult.

Figure 12.

How easy is it to achieve success in Puerto Rico?



Valuation of individual freedoms

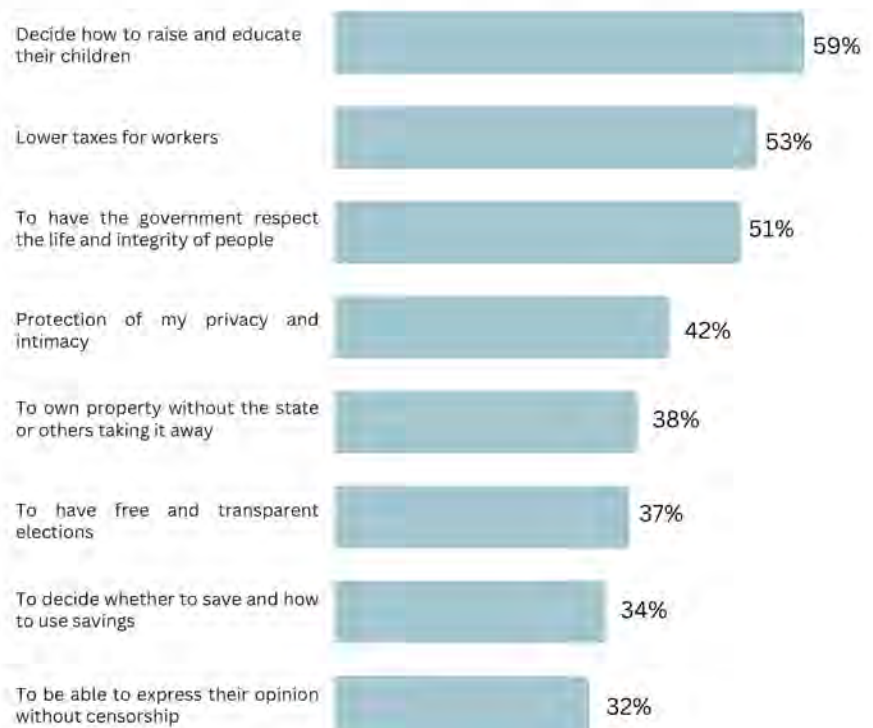
In a democracy, individual freedom means that people can create, produce, worship, and express their opinions openly, while respecting other's freedom to do the same and in accordance with the rule of law.

Perceptions about individual freedom in society can shed light on our values and priorities, the way we interact with others and how we view the role of government.

People in Puerto Rico recognize and value their freedom. They are particularly concerned with being free to make decisions regarding their children's education and upbringing. They also value the right to a tax environment that incentivizes work and rewards workers with a lower tax burden. Moreover, they cherish the right to privacy and intimacy.

Figure 13.

Which individual freedoms do people value most?



Respondents understand that success is mainly driven by an individual's effort, persistence, and work. They also believe that having faith in God and support from the family contribute to a person's ability to succeed.

Factors that help individuals achieve economic progress and success

	Extremely important	Very important	Somewhat important	Not very important	Not important
Attitude / No fear of failure	52%	37%	8%	1%	2%
Effort, persistence, not giving up	59%	29%	8%	1%	3%
Good work ethic	46%	36%	12%	2%	3%
Good training program	39%	40%	16%	2%	2%
Support from family	44%	34%	16%	4%	2%
Quality of education received	41%	37%	17%	3%	3%
Belief in God	55%	21%	12%	5%	7%
Intelligence or natural ability/skills to do the work	33%	42%	20%	2%	3%
Access to capital/money	24%	38%	27%	7%	4%
Support from friends	18%	33%	33%	12%	5%
Access to government aid/programs	15%	29%	40%	11%	6%
Students Loans	11%	24%	34%	16%	15%
Coming from a well-connected family	10%	16%	37%	22%	14%
Coming from a wealthy family	5%	11%	27%	29%	28%

Photo by: Esdras Juarbe Santos, Portraits of Prosperity participant 2023



Distrust in government

People in Puerto Rico don't trust the government when it comes to the protection of their individual freedoms. Only 22% believe that their individual freedoms are protected by the government. Most of the respondents view the government as an obstacle, both for businesses and individuals.

Figure 14.
Agree or Disagree:
"The government makes sure your freedom is protected."

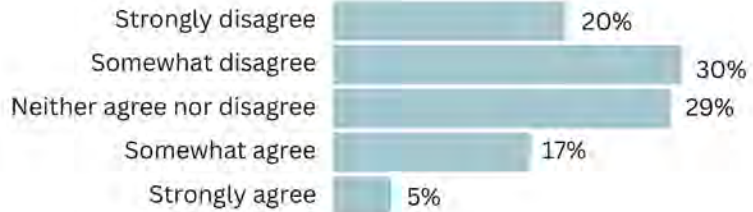
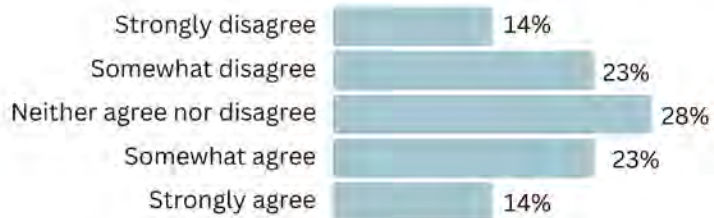
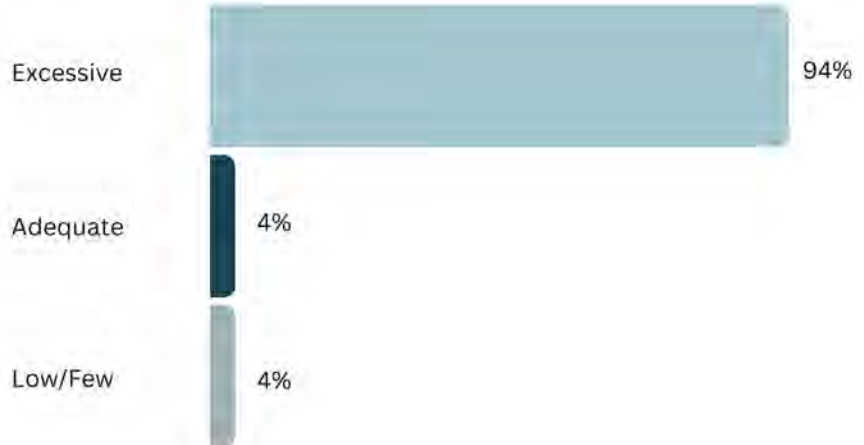


Figure 15.
Agree or Disagree:
"Compared with other countries, your individual freedom is respected in Puerto Rico."



In terms of government spending, an overwhelming majority of Puerto Ricans (9 out of 10 adults) believe that the government spends too much.

Figures 16 & 17.
Rating government spending



	Total	Less \$10K	\$10K but <\$15	\$15K but <\$25	\$25K but <\$40	\$40K but <\$50	\$50K but <\$70	\$70K and over
Excessive	93%	88%	89%	97%	97%	98%	100%	93%
Adequate	4%	5%	5%	2%	3%	2%	0%	7%
Low	4%	7%	6%	1%	0%	0%	0%	0%

Moreover, those surveyed say that government expenditures are not benefiting them, or reaching communities with real needs. The majority is convinced that social welfare programs disincentivize work and fail to lift people out of poverty. This is particularly telling when more than 40% of Puerto Rico’s population depends on federal assistance programs for daily subsistence.

Figure 18.
Agree or Disagree:
"Government welfare programs encourage people to stay at home instead of looking for work."

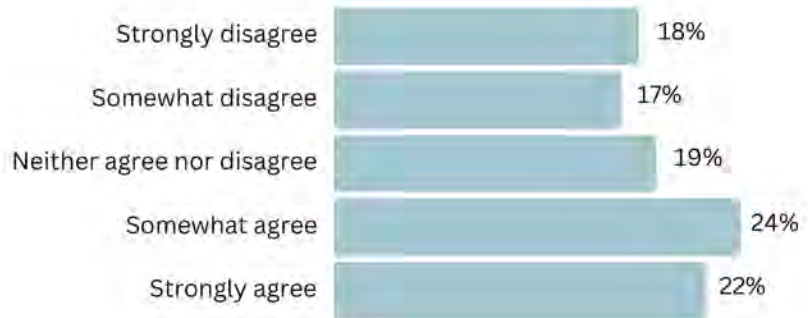
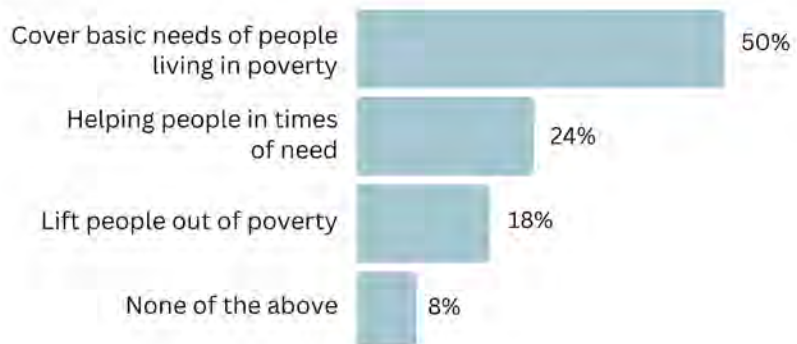


Figure 19 & 20.
What do you believe is the purpose of social welfare programs? (Total and Breakdown by Age)



	18 to 34	35 to 44	45 to 54	55 to 64	65+
Cover basic needs of people living in poverty	52%	47%	35%	56%	60%
Helping people in times of need	18%	27%	29%	29%	19%
Lift people out of poverty	21%	16%	30%	9%	13%
None of the above	10%	9%	6%	7%	8%

While few people (26%) believe that government welfare programs help people get ahead, the majority (51%) believe that the programs currently in place have failed.

Figure 21.
Agree or Disagree:
"The government has effective programs that help people get ahead."

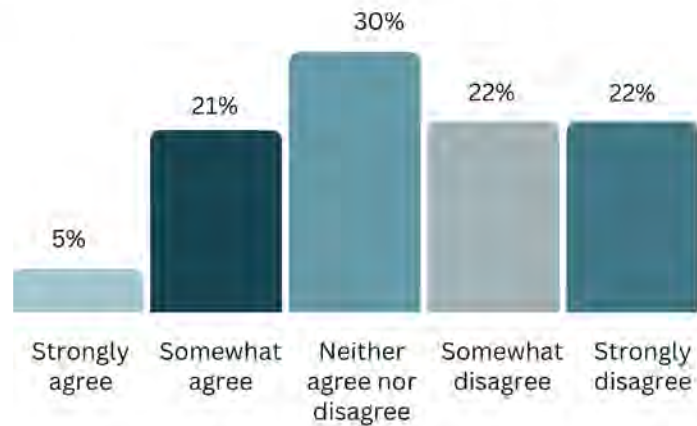
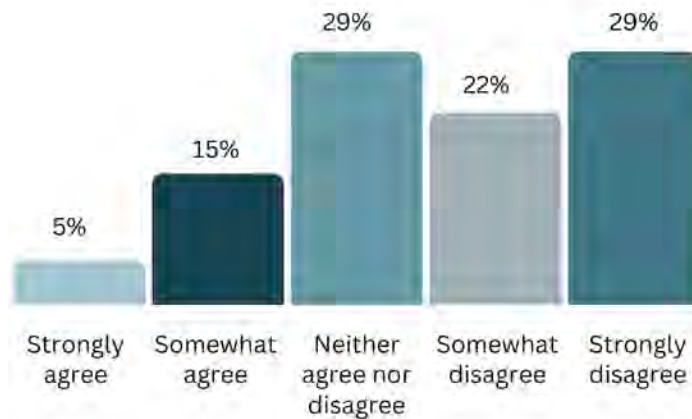
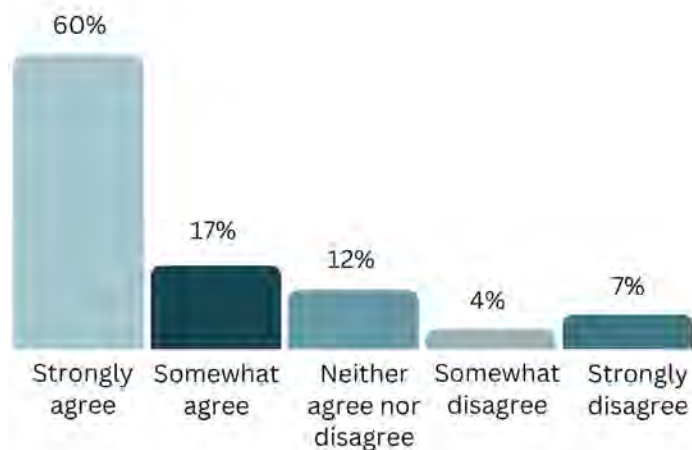


Figure 22.
Agree or Disagree:
"Welfare programs have been successful."



The majority of respondents (77%) say that the processes to approve permits in Puerto Rico should be streamlined to unleash entrepreneurship and economic growth.

Figure 23.
Agree or Disagree:
"Government should streamline procedures and requirements to obtain new business permits."



Lack of trust in institutions, such as the government, can lead to political, economic and social instability. It also increases negativity regarding the prospects for achieving success and having a good quality of life in Puerto Rico.

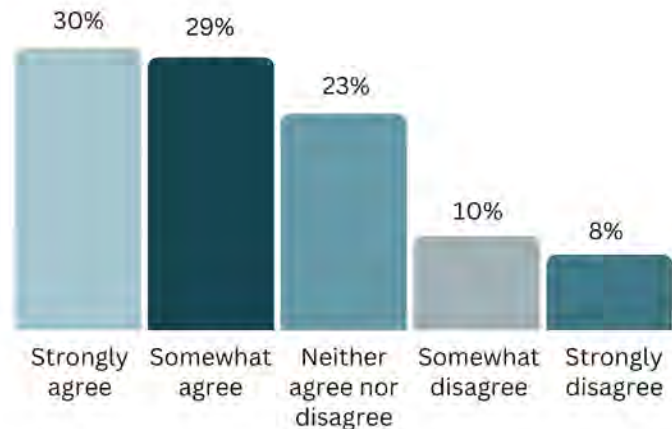
Increasing economic and individual freedoms can improve quality of life in Puerto Rico

People in Puerto Rico view economic and individual freedoms as paths for prosperity.

Of the respondents, 59% agree that competition in the economy sparks innovation and benefits consumers.

Figure 24.

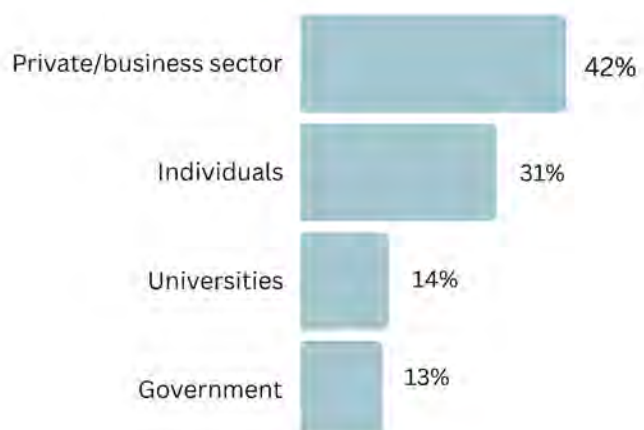
Agree or Disagree:
“Competition in the economy is necessary to encourage innovation and ensure that consumers have the ability to choose between products and services.”



The majority of respondents (87%) believe that individuals, the private sector, and academia are best suited to promote innovation. Only 13% of the respondents say the government should promote innovation.

Figure 25.

Which sector is best suited to lead innovation?



Of the respondents, 74%, say it is Important or Very Important not to be dependent on the government. Many have a negative perception of the reliance on government welfare programs, which are believed to encourage dependency, instead of work.

Figure 26.

Agree or Disagree:
"One should not depend on the government or others for subsistence."

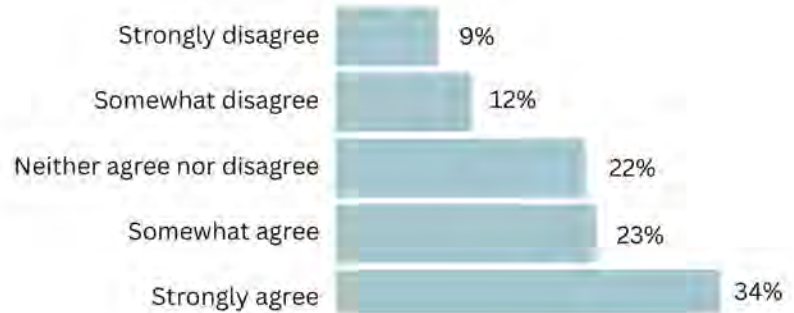


Figure 27.

How important is it to not depend on the government or others for subsistence?

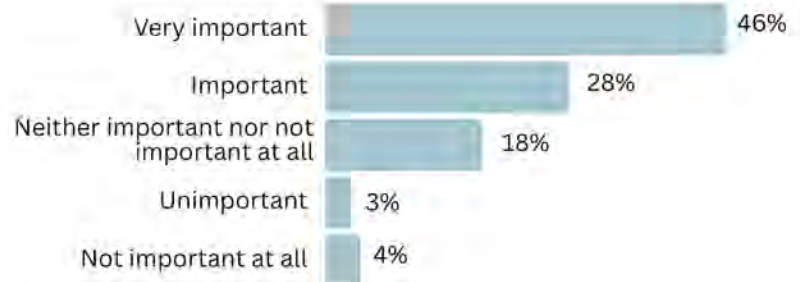
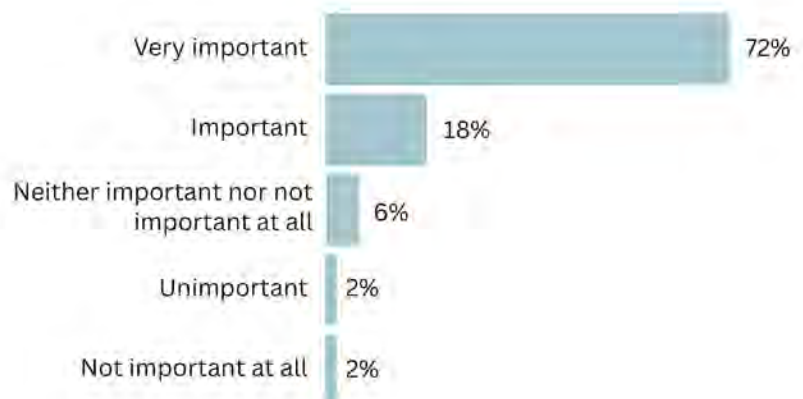


Figure 28.

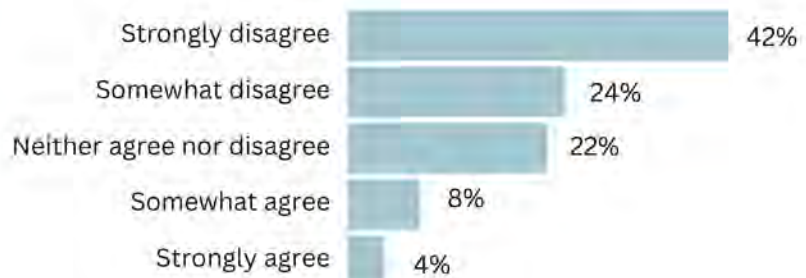
How important is it to have skills to be self-sufficient?



Two-thirds (66%) of the respondents do not feel comfortable giving the government more control over their lives. It should be noted, however, that 22% are indifferent about giving the government more control.

Figure 29.

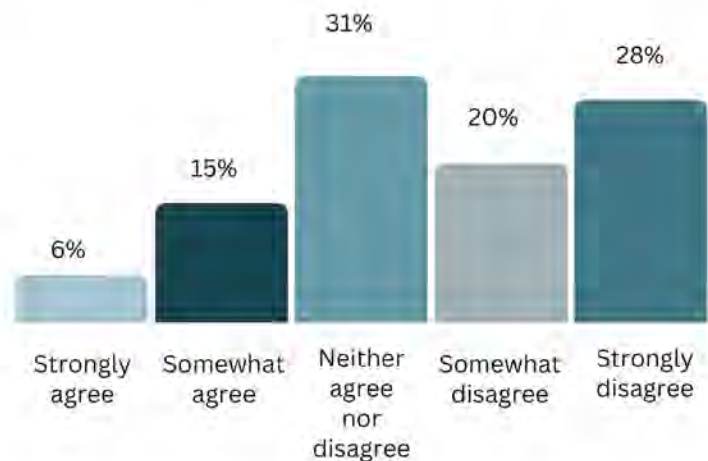
Agree or Disagree:
"I feel comfortable giving the state more control over my life for it to run the country."



Regarding the role of government in managing the production and distribution of collective goods, 48% say the government is not capable of doing it efficiently and equitably.

Figure 30.

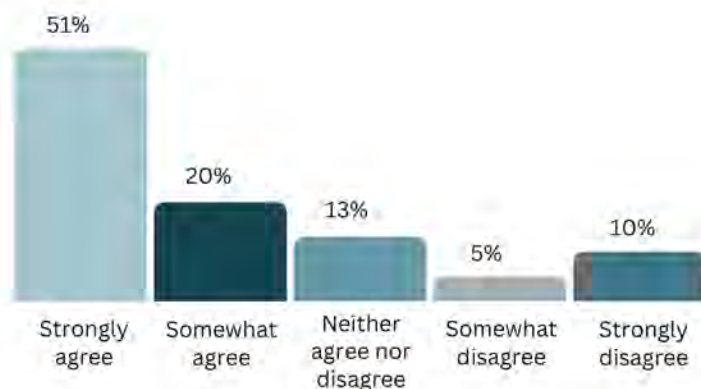
Agree or Disagree:
"Government can manage the means of production and distribute collective goods efficiently and equitably."



Moreover, the majority believe that corruption and governmental control are related, with 71% saying that there would be more corruption if the government had more control over the means of production and distribution of collective goods.

Figure 31.

Agree or Disagree:
"The greater the government's control over property and distribution of wealth, the greater the corruption."



Perceptions about entrepreneurship in Puerto Rico

People in Puerto Rico are skeptical about entrepreneurs. Close to half of those surveyed do not believe that business owners create jobs and benefit the economy, while 28% of respondents believe entrepreneurs have a privileged position and foster inequality.

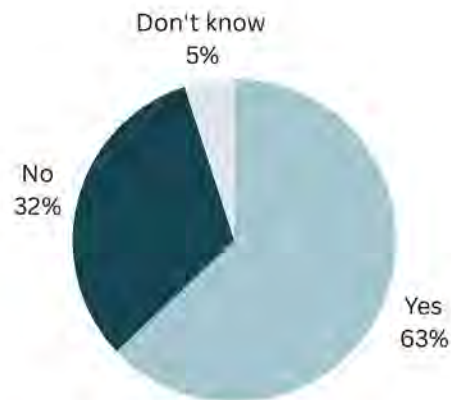
Figure 32.
Which statement best describes Puerto Rican entrepreneurs?



These perceptions, and the general distrust for government and the private sector (as shown by their views on entrepreneurs), are among the factors that make it difficult to achieve success in Puerto Rico. This social or socio-economic divide presents a challenge if we want to retain and attract young people so they build a future in Puerto Rico.

Regarding migration, 63% of the respondents say they have considered moving from Puerto Rico. A significant 75% between the ages of 18 and 34 say they have considered living somewhere else.

Figure 33 & 34.
Have you considered moving out of Puerto Rico? (Total and Breakdown by Age)



	Total	Male	Female	18 to 34	35 to 44	45 to 54	55 to 64	65+
Yes	63%	63%	62%	75%	69%	66%	52%	47%
No	32%	34%	31%	21%	29%	29%	45%	40%
DNK	5%	3%	7%	4%	2%	5%	4%	13%

The one thing holding people back from leaving is family (85% say family is the main reason to stay in Puerto Rico). Respondents say crime, government incompetence, and corruption are the worst things about living in Puerto Rico. High cost of living and the economy are also reasons included among the top 5 in the list.

Figure 36.
Worst things about living in Puerto Rico

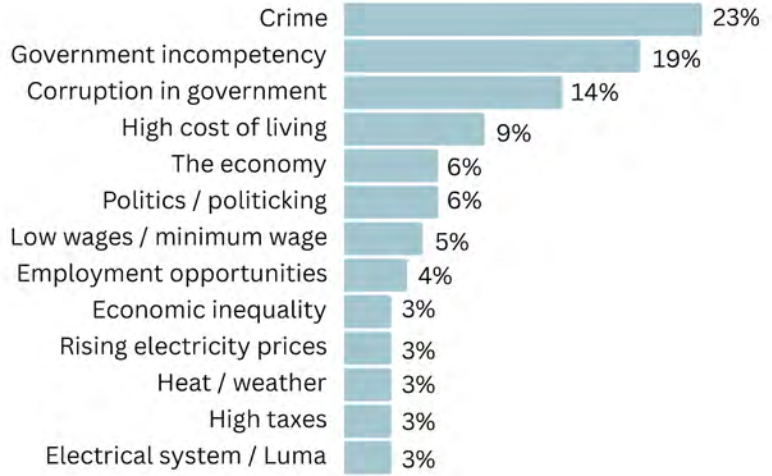
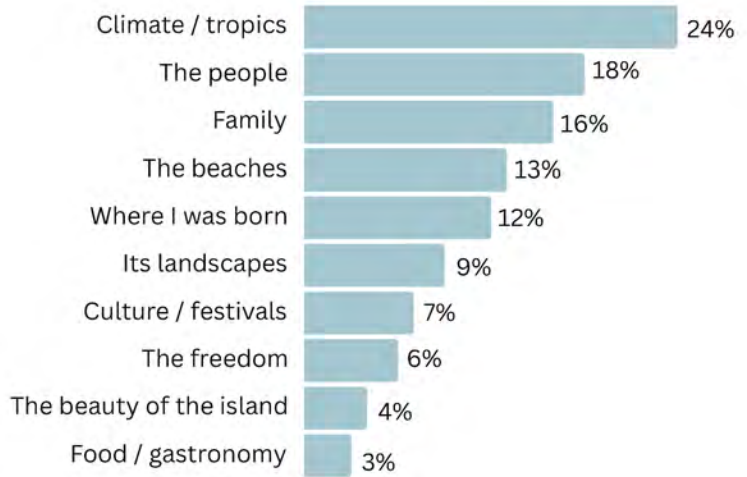


Figure 37.
Best things about living in Puerto Rico



QUALITATIVE SURVEY DETAILS



Photo by: Alfredo Meléndez, Portraits of Prosperity participant 2022

METHODOLOGY

Qualitative data was obtained through focus groups, which allowed for the collection of information regarding attitudes, perceptions, and opinions on the aforementioned topics, while also exploring generational differences.

In June 2023, a total of six focus group sessions were conducted, involving 44 participants. Participants were categorized by generation: two groups aged between 41-57 (Generation X), two groups aged between 27-42 (Millennials), and two groups aged 10-26 (Generation Z). The participants, who were either working or studying, represented a mix of ages and genders from the San Juan Metro and San Juan Sub regions.

Generation profiles and definitions

Generation X

- Generation born after the Baby Boomers and before Millennials, typically defined as being born between the years 1965-1980
- Educated, raised by parents of the Silent or Boomer generations, with traditional and conservative values
- Trained to be self-sufficient and independent at an early age
- Grew up after World War II and the Korean War, at the beginning of the automation and computer era

Generation Y (Millennials)

- Commonly known as Millennials, Generation Y is defined as those born between 1981-1995
- Digital natives, highly educated, socially conscious and technologically savvy
- Known for their use of social media and desire for work-life balance

Generation Z

- Also known as Gen Z, this generation is typically defined as being born between 1996-2012
- Digital natives; used to having access to information, technology and communication.
- Known for being open to diversity, socially conscious, having a global view, with a strong focus on individuality and authenticity
- Ability to multitask and preference for visual communication



KEY FINDINGS

The information obtained from the sessions presents a clear picture of the different aspects that drive productive individuals in Puerto Rico to consider moving away to make a better future.

Understanding of free markets and economic freedom

- Some respondents view individual freedom as the freedom to act and make choices without interference from external forces, such as the government, as long as their actions don't represent a danger to others or infringe upon their rights.
- Other respondents see it as the freedom each individual has to act, make choices, pursue personal goals and interests, and to live according to personal values and beliefs.
- When asked about economic freedom, respondents see it as the ability of individuals and businesses to make economic decisions without interference from external forces. It includes the freedom to buy and sell goods and services, and participate in the economy without excessive regulations or restrictions. It is associated with capitalism and considered a key component of economic growth.
- Economic growth is one of the main drivers of migration.

Knowledge about economic and political systems

- In general, participants:
 - Cannot tell the differences between capitalism, socialism, and communism. This is especially true for Generation Z.
 - Know that capitalism is the economic system in the US, including Puerto Rico.
 - Associate communism with Cuba and China, and socialism with Nordic Countries.

Success

- Most participants associate success with economic and financial freedom. To them, success is the ability to:
 - Afford a comfortable life
 - Provide for their families
 - Have little debt
 - Work less, enjoy life and family

Employment conditions

- When asked about their ideal job or line of work, 51% say they would like to be business owners or entrepreneurs, and 11% say they would like to work as independent contractors. Working for a private company is the choice for 27%, while 11% say they would consider working in government.
 - The younger the person, the more open to consider entrepreneurship and/or self-employment.

Quality of life

- Participants defined quality of life as the overall well-being of a person, including physical, emotional, social and economic factors. According to them, quality of life refers to a person's happiness and satisfaction with their life, including access to healthcare, education, warm climate, and work opportunities.
- Other factors that may influence the quality of life according to participants are:
 - Income and employment
 - Housing
 - Nutrition
 - Safety
 - Entertainment and leisure

Challenges in Puerto Rico

There are several challenges that curtail personal and professional development in Puerto Rico. All participants conclude that addressing the following issues is critical to improve the quality of life on the island:

- **Lack of financial freedom:** While the cost of living is high, salaries are not. The high cost of food, utilities, gasoline, transportation, and housing leads them to feel as if they are surviving, instead of thriving, in Puerto Rico.
- **Brain drain:** Many educated young people have left the island to pursue individual goals elsewhere with better opportunities and a higher standard of living. Thus, contributing to a shrinking workforce and aging population.
- **Limited job opportunities:** The market offers limited opportunities to match education levels. Compensation, benefits, and advancement prospects are also limited.
- **Political instability:** Participants believe that the island has been poorly managed for decades; and that the Government can't be trusted. The debt crisis, the hurricanes in 2017, the protests and governor's resignation in the summer of 2019, and the COVID-19 pandemic exacerbated this feeling of distrust.
- **Outdated infrastructure:** Energy, sewer and aqueduct, roads, and more importantly, education, are considered inadequate.
- **Quality of education:** The younger generations feel that schools and universities have failed to equip them with the skills and knowledge required to be successful in the labor market.
- **General feeling of dissatisfaction** among productive citizens who feel they are carrying the burden, because there is a significant part of the population that does not contribute to the economy.
 - Respondents feel that the government is not helping them progress. Welfare programs, in their view, don't encourage a work ethic. The system keeps the people poor in mind and in spirit.
 - Participants emphatically believe that economic stagnation in Puerto Rico is a social-cultural problem. They say poor quality education creates a system of government dependency, which perpetuates generational poverty, and hinders upward mobility. Participants also think that people who are poorly educated, whose livelihoods depend on welfare programs, can be easily controlled or manipulated.



Photo from Canva

Staying or moving?

- Slightly less than half of participants have considered moving outside of Puerto Rico in the next five years. Most of them have considered moving to the US mainland, while younger participants would consider countries in Europe, mainly Spain.
 - The decision of where to move is influenced by family and friends. They say that having family or friends in the new location is a factor because it helps ease the transition by providing emotional support, practical assistance, and local knowledge.
- According to participants, the greatest obstacles to pursue a future in Puerto Rico include:
 - Low wages
 - Poor public education
 - Poor healthcare
 - High taxes
 - Onerous bureaucratic hurdles, including the access to public documents and permits, which make entrepreneurship challenging
- The need to improve the quality of life, especially professional growth tied to greater financial freedom (income), forces young people to seek better opportunities elsewhere, mostly on the US mainland.
- What drives people to stay or return to Puerto Rico? Most if not all participants say family is the main driver when deciding to stay or return to Puerto Rico. For them, family attachment is the bond between family members, including parents, children, siblings, grandparents and other relatives. It provides a sense of security, belonging, and identity. Some mentioned that family contributes to a healthy social and emotional development and can help individuals navigate life's challenges and transitions with greater confidence.

- Some of the participants had already experienced life outside of Puerto Rico, most of them after hurricane Maria. Despite having better paying jobs, they decided to return to be closer to family and/or lifestyle.
 - Besides the proximity to family and friends, those who returned cite lifestyle, nightlife, beach, weather, amenities, as other factors that influenced their decision to return to Puerto Rico.
 - With respect to lifestyle, they mentioned that while compensation in the US mainland is better, life is mostly about work, leaving little time to enjoy family and friends.

Takeaways

- Across generations, people in Puerto Rico feel that the government doesn't respond to their needs and/or aspirations. Policy makers and politicians have little incentives to improve the quality of life of residents. They feel that the government has too much control over their lives and their income.
- The deterioration of the public education system, including higher education, is a source of great concern and frustration among participants. While participants from Generation X feel that the quality of the education they received was adequate, Millennials and Generation Z said that the education they received was mediocre and did not prepare them for life and the employment market. It should be noted that Millennials are the most educated generation, with multiple university degrees, and that Gen Z's are following the same educational path. Yet, both groups mention feeling ill-prepared.
- Understanding of the values of individual and economic freedom also diminishes across generations. While having difficulty expressing the meaning of these concepts, they understand and support free market conditions, including competition, choice, entrepreneurship, wealth creation, rule of law.
- The majority of participants wish to pursue life and career goals in Puerto Rico. Those who are inclined to move are driven by higher incomes, and plan to return after making money or building their careers. Participants show a high appreciation for family, lifestyle, access to diverse nature, and warm climate in Puerto Rico.
- The majority of participants say they have voted and are highly motivated to vote in the 2024 election. They are frustrated with traditional political parties and are open to considering new political parties and new leadership.



CONCLUSION

No society can survive, let alone thrive, without individuals who are able to produce, create wealth, trade, and participate actively in the economy. In the last decade, Puerto Rico has lost nearly one million of its population (“U.S. Census Bureau QuickFacts: Puerto Rico”). Its natality rate is negative, and the labor participation rate is the lowest in the United States, Latin America and the Caribbean (Velasco and Aravena).

As older adults retire and the young move away to the US mainland for increased financial freedom and opportunity, Puerto Rico’s capacity to grow is dramatically reduced by the absence of human capital.

The study conducted by Centro CRECE found that expanding economic freedom and upholding individual freedom are essential to retain and attract productive individuals in Puerto Rico. The majority of island residents feel that they lack the financial and economic freedom to achieve their personal and professional goals. As a result, while entrepreneurship is considered a viable path for progress, especially among younger generations and women, the intent to act on it is hindered by what people view as a lack of access to capital, a punitive tax structure, and excessive bureaucracy.

The study points to an increasing distrust and frustration with the government. An overwhelming 93% of those interviewed believe that the government spends too much money, and that the spending is not translating into better services, education, healthcare, and infrastructure. Respondents believe that social welfare programs have failed to lift people out of poverty, and instead, have created generations of people who depend on these programs. While recognizing the need for a safety net to care for those who are most in need, they reject the current system and believe that it is used to control or manipulate citizens, while creating inequality between those who are not contributing to society and those who carry the burden of supporting this segment of the population through their labor and taxes. Simply put, survey participants feel that the government and its policies limit their capacity to prosper and achieve their goals. Indeed, only 22% of respondents agree that the government makes sure their freedoms are protected.

Given these conditions, it should not come as a surprise that 64% of those surveyed feel that achieving success in Puerto Rico is difficult. Moreover, over half of Puerto Ricans have considered moving away at some point, including 75% of adults between the ages of 18 and 34.

How can we foster a political, social and economic environment that restores trust in our institutions and propels economic growth for people to stay or come back to Puerto Rico? The answer lies in the attitudes and values of the residents of Puerto Rico. As the study reveals, people:

- reject more government control over their lives.
- believe that more government control leads to more corruption.
- cherish the values of hard work, merit, and responsibility as keys to success. They want less taxes, less bureaucracy, and more economic freedom to make financial decisions in their personal and professional lives.
- want an economic system that promotes competition and empowers individuals with choice and opportunity.
- believe that social welfare programs should be revisited to incentivize work and reduce dependency.

The most powerful tool to create prosperity and achieve success, according to those surveyed, is freedom: freedom to work, freedom of choice, freedom to set life goals and take risks to achieve those, to be self-sufficient.

To overcome the demographic challenges and labor shortfalls that plague Puerto Rico, public policy must focus on giving individuals the opportunity to make their own choices and pursue their life goals here. If we want people to remain on the island, the government must step aside and let people thrive. Investing in quality education, reducing the tax burden, streamlining permits, expanding competition and economic freedom will unleash entrepreneurship and innovation, attracting human capital and investment for sustainable economic growth.

Photo from Canva



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