

Reconstructing a Destructured Economy

By José J. Villamil

Background

Typically, development economists looked at development as a process that entails growth, a cumulative process with positive social and economic spillovers from that growth. Going back to the fifties and sixties, a time of great optimism with respect to development, the modernization paradigm, associated with Sociologist Talcott Parsons, and books such as W.W. Rostow's on the stages of economic growth reinforced this optimism. Development is good, possible and will modernize us. Furthermore, once the development process starts it invariably leads to a western mode modern society or, as Rostow labeled it, a final stage of mass consumption.

Much of the early literature on Puerto Rico's post war development had this literature as its theoretical framework. An important example is Henry Wells' book on *The Modernization of Puerto Rico* or the writings of Werner Baer and others. Wells used the Talcott Parsons framework and reached the conclusion that

Puerto Rico was well on the way to becoming a modern society. *The Annals of the American Academy of Political and Social Sciences* devoted its January 1952 issue to highlighting how Puerto Rico fit that mold with articles by well known academics and public figures.

More recent development literature introduced major changes on how development is viewed, including the work of A.K. SEN (*Development as Freedom*) and the report by the World Bank's Growth and Development Commission, among others. Romer and others developed the endogenous growth model that also changed perspectives on development by emphasizing structural concerns. New issues hardly dealt with in the development literature were introduced, including those related to inequality and sustainability. Although these new approaches have modified

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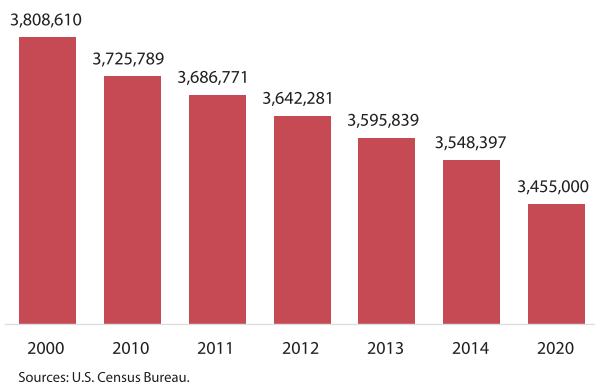
the excessive optimism of the fifties and sixties, they do not focus on the specific requirements of small, open economies and their role in a rapidly changing global environment. Much less do they consider the specific issues related to a rapidly shrinking economy such as Puerto Rico's.

There is, however, much literature on urban and regional redevelopment that sheds light on actions needed for restructuring cities and regions that have seen their economic base disappear and their populations shrink. It's interesting that within the globalizing economy, cities and metropolitan areas have assumed a much more important role in development. Recent books by Ohmae, Scott and a new program at the Brookings Institute, illustrate the new importance of sub-national entities and why for Puerto Rico the experience of sub-national entities, both regions and cities, is so important. Although some recent discussions on urban experiences have touched upon the subject of reconstructing urban economies where these phenomena have occurred, the subject of destructured economies and their reconstruction is mostly absent from the economic development literature.

Recent Trends

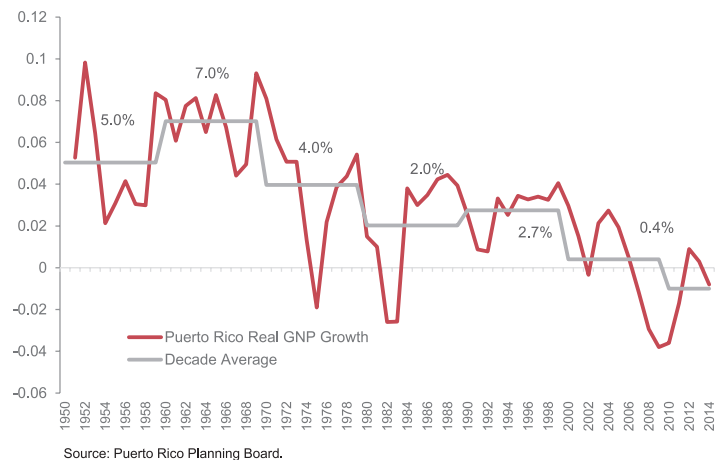
The population and the economy of Puerto Rico have both become smaller. By 2030 the former is estimated to be around 2.8 million, way below the actual 3.45 million and even more so from the 2000 projection of close to 4.0 million by 2020.

Graph I: Population



Some recent data illustrates the magnitude of what has happened in the Island's economy in recent years: upwards of 250,000 jobs lost since 2006; manufacturing employment down to 74,000 from a peak of 165,000 in 1996; Investment in construction down from a high of \$6.6 billion in 2004 to \$4.3 billion in 2015; home foreclosures reached a record high of 4,000 in 2015. What has happened in the economy over the past five decades is a collapse of the capacity to generate growth. The recent experience beginning in 2006 is clearly not a recession, but rather the culmination of a long process of weak economic performance. This is clearly reflected in the following graph that shows a rapidly declining rate of growth over the last six decades.

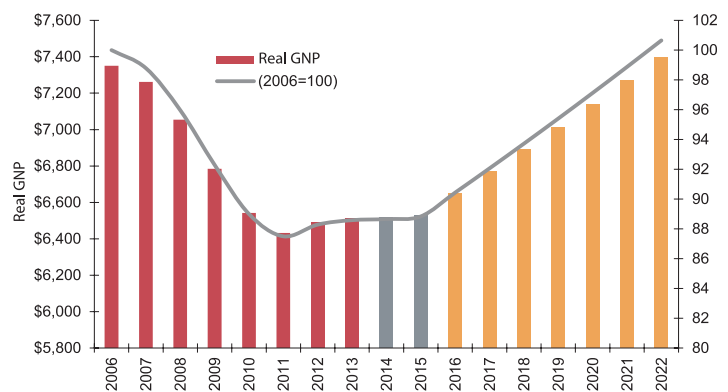
Graph II: Real GNP Growth for Puerto Rico



It's important to understand that Puerto Rico's economic malaise refers mostly to production, since consumption has help up fairly well over the years. The reasons include: federal transfer payments to persons that make up over 20% of personal income, government employment that, although reduced recently still is in excess of 20% of total employment, and a very large informal economy estimated at 28% of the formal economy. These three factors sustain consumption, isolate part of the population from economic volatility but, on the other hand, do little to stimulate investment and production since consumption is mostly imported.

The economy is not expected to reach 2006 real GNP levels until the late 20's if present trends continue. Assuming growth rates of 1.8% in real GNP beginning in fiscal 2015, it will reach the 2006 level in 2023. Forecasts are for at least three more years of "O" growth or contraction, so 2023 is an extremely optimistic projection. What this tells us is that the economy will have lost close to twenty years of economic evolution.

Graph III: Real GNP Growth for Puerto Rico



To assume that such a situation will not generate major structural transformations and continue to deal with it using the traditional economic tool kit for dealing with recessions would be a huge mistake. This is precisely what the recent *Plan for Fiscal and Economic Growth* does and for this reason is bound to be ineffective.

The Shrinking Process and its Consequences

When the implications of a smaller population and economy are broached, the process by which Puerto Rico arrived at prevailing conditions will have to be carefully analyzed since it will have generated major structural ruptures in the Island's demographics (including age composition and geographic distribution), and its economic structure, labor markets, government and even the spatial distribution of economic activities. Even culture, understood as the set of norms that regulates everyday life, including economic aspects, will have been impacted.

In other words, beginning from "0" is different than starting the development process after a long stretch of contraction in both population and the economy, accompanied by major structural dislocations. Reconstructing the various "infrastructures" (physical, institutional, social, cultural, etc.) that have been impacted by the prolonged interplay of a shrinking economy and population is a much more challenging task. Returning to a population age structure that characterized a growing economy after the major changes in age composition that have occurred, is an intractable problem. Likewise, reconstituting the supply of certain skilled occupations will be very difficult particularly in areas that have seen an exodus to jurisdictions with higher salaries.

Weakened local economic sectors, either because of the above processes or because of the introduction of new actors intent on securing market share, will mean that braking the vicious cycle and reconstructing the economy along lines that will generate stability and social equity will be more difficult. This is a major structural issue that needs to be dealt with. Having competitive conditions is a key component of the institutional framework essential for sustainable economic development. The market has changed in such a way that conditions that define a competitive market economy are no longer present in some sectors, specifically retail and wholesale, and perhaps in others. Competition must not be confused with *laissez faire*.

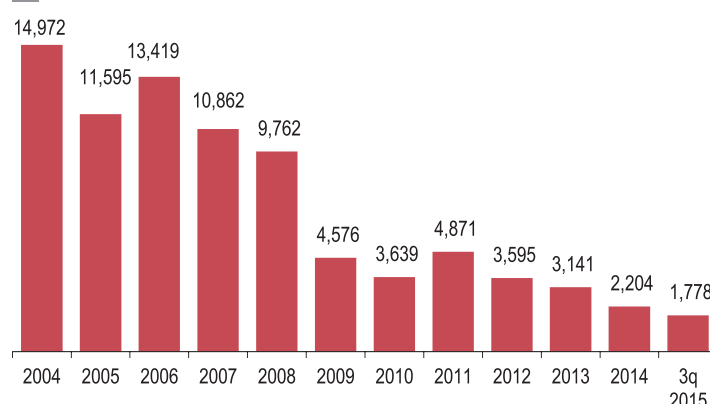
Major markets such as banking, housing, food, health services and other consumer goods and service markets will have been impacted and the industries involved substantially transformed. No one expects housing to reach the same level of sales that it enjoyed in 2006, 13,000 new units. Likely levels will be nearer the 2014 level of some 2,200 units for the foreseeable future. Much of the construction industry, for example, is not only smaller, but has disappeared completely. Reviving the industry will require major structural measures not marginal ones such as improving the permitting process or dealing with the Land Use Plan.

Graph IV: Investment in Construction



Source: Puerto Rico Planning Board.

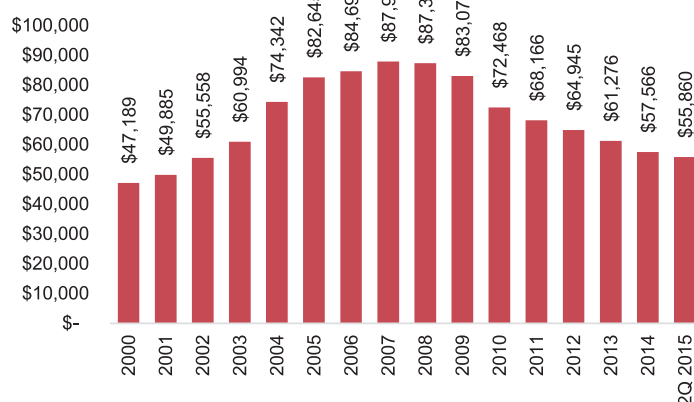
Graph V: Sale of New Housing Units



Source: Construction & Sales Activity Report. Estudios Técnicos, Inc.

The banking sector now has roughly 40% fewer assets than in its peak year of 2007, and there are four fewer banks. Reconstructing the sector and renewing its capacity to finance growth will not be an easy task.

Graph VI: Total Assets
Commercial Banks



Source: Office of the Commissioner of Financial Institutions.

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One major impact of a shrinking population and economy is on physical infrastructure planning, with excess capacity developing in some of the major infrastructures, a condition already noticeable in PREPA, for example. But this is also true of social infrastructure, as the Department of Education illustrates.

Table I: Department of Education
Enrollment and Employment

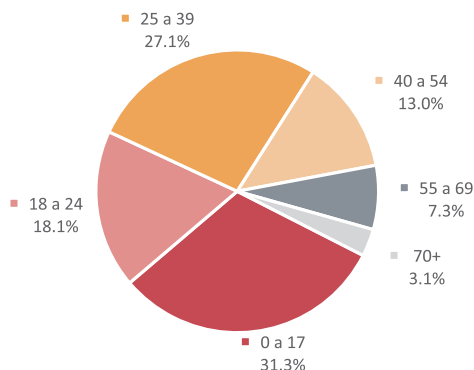
	Enrollment	Total Employment	Enrollment/Total Employment
2000	613,019	72,005	8.5
2001	612,725	71,967	8.5
2002	601,434	70,270	8.6
2003	580,154	74,770	7.8
2004	586,286	73,854	7.9
2005	558,600	74,966	7.5
2006	563,490	76,691	7.3
2007	548,072	73,687	7.4
2008	548,072	72,045	7.6
2009	500,157	72,638	6.9
2010	491,273	69,213	7.1
2011	471,677	59,295	8.0
2012	455,434	61,458	7.4
2013	434,609	60,948	7.1
2014	423,934	60,349	7.0
2015	410,950	55,912	7.3

Source: Office of Management and Budget. Department of Education.

Likewise, another component of the social infrastructure, health services, will require major shifts in delivery systems and on the priorities presently in place. It will have to serve a very different population, one with greater and very different needs, with fewer resources.

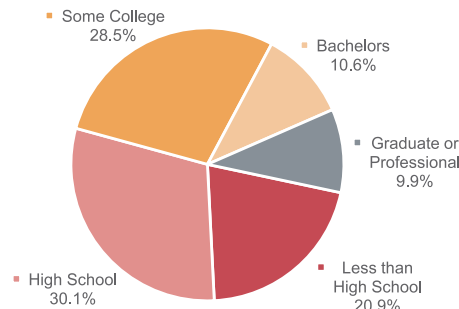
The worst impact of what has transpired in Puerto Rico is the erosion in human capital that has taken place. The lack of social mobility and an increase in inequality, amply documented, due to the shrinkage of the economy are other major consequences.

Graph VII: Migration by Age Group



Source: Migrant Profile 2013, Institute of Statistics of Puerto Rico.

Graph VIII: Migration by Level of Education



Many social programs and agencies were planned and implemented for a very different social structure than that which characterizes the Island at the moment. Changes in the age composition of the population, the structure of families, the manner in which poverty manifests itself and the lack of social mobility, make agencies such as the Department of the Family and a number of anti-poverty programs obsolete. Institutional innovation assumes an urgent character given the rapid and profound changes in social conditions.

What to Do

Understanding the process that has resulted in a smaller economy and developing approaches to deal with the situation are both influenced by whether the subject is a national or regional economy, its degree of openness and other conditions. Typically, nations respond to economic contractions by devaluing their currencies. When this is not possible, the case in Puerto Rico, but also Greece and Detroit, what takes place is “internal devaluation”, i.e. loss of wealth, asset devaluations, out migration and a shrinking economy. For regional entities, and Puerto Rico is a regional economy, the literature on urban and regional experiences is important as it recognizes the limits imposed by that condition with respect to the instruments and options available for economic regeneration. This is something that the Krueger team does not seem to understand when it put together its proposals.

There are examples of situations that can provide benchmarks and best practice models both at the national and sub-national levels; both are needed since Puerto Rico has some similarities to experiences at both levels. Nevertheless, although one can point to similarities there are also specific conditions that set Puerto Rico aside and that suggest prudence when benchmarking. One defining characteristic of Puerto Rico’s condition is what I have called “institutional dysfunction”. This refers to the fact that being part of a larger, more developed and complex system subjects Puerto Rico to decisions taken on the basis of system wide averages that do not necessarily respond to local needs or conditions. To the extent that the gap between the sub-system (Puerto Rico) and the major system (U.S.A) widens, the problem worsens. This is precisely what has happened in the last three

decades, with the U.S. economy growing at a faster rate than Puerto Rico's. Dealing with the implications of being a dependent sub-system must be part of the policymaking process. This condition is not a status problem as it is perceived by many in Puerto Rico.

As mentioned, dealing with a smaller population and a shrinking economy is not something that economists have paid much attention to. A useful framework for this purpose is provided by Myrdal and Kapp's Circular and Cumulative Causation model. It describes the manner in which a negative spiral is formed once contraction sets in, the need to stop it before it reaches a point of no return and provides the basis for putting in place corrective measures during the process (An excellent discussion on the model is Diego Iribarren's paper *"Puerto Rico's Circular and Cumulative Path: From Lock-In to Open-Ended Development"*, Occasional Paper #1, Estudios Técnicos, Inc., September, 2015). What typically happens, however, as is the case in Puerto Rico, is that both market and government actions accentuate the negative spiral. With respect to markets, lack of growth leads to lower salaries that, in turn, make skilled workers amenable to being recruited by other higher paying jurisdictions eroding the human and social capital (teachers, nurses, doctors, skilled industrial workers). Government revenues fall and this leads to higher taxes and austerity measures that make recovery more difficult.

Needless to say, when looking at the Island's economy in the next decade or two, the most likely scenarios related to its external environment will have to be considered since these will either open up new avenues for economic development or will generate additional constraints. Being such an open system makes the analyses of the external environment mandatory and a core component of any planning effort. Likewise, given the limits imposed by scale, its regional nature and the openness of the economy, knowing how to create or insert itself into existing networks for material and knowledge production should be a core competence in Puerto Rico.

An open economy that has shrunk and in which its institutional framework has been severely weakened - the case of Puerto Rico - faces greater risks from external shocks. The shrinking process reduces flexibility to deal with such shocks or others that are internally generated. This requires that risk management assume a central role in economic policymaking. Strategies should be put in place to promote stability and lower susceptibility to either internal or externally induced volatility. The degree of openness obviously influences both the nature and scope of risks. Recent events in Puerto Rico related to its financial situation illustrate the points made here. Decisions were made that increased risks for the economy. Network creation, as mentioned above, and some of the options suggested below, are in line with this need to consider risk management as an essential component of the decision-making process for an economy such as ours.

Obviously, the Island's economy cannot separate itself from its global environment, yet when dealing with the need to put in place major structural transformations, there is a need to focus on those structures that can be transformed in a relatively short period and that can be instrumental in braking the contraction cycle that has characterized the economy. Efforts at the municipal and community levels appear to have the potential to be the instruments for beginning the process of economic reconstruction. Puerto Rico must plan for an economy that will be smaller in economic and demographic terms, but that can be economically and socially sustainable.

The above suggests the need for a conceptual framework to develop specific strategies and actions for the short, medium and long terms. Previously suggested by us is a development roadmap with two parallel strategies. One relates to the need to insert Puerto Rico into the global context more effectively. The other relates to providing community and municipal initiatives the means to become effective players in the new context described above, and for local firms to assume a more robust role in economic activities. This second route has the potential for implementing needed changes in a shorter time frame and with less need for scarce resources. It can be a more effective approach to stopping the negative spiral and begin a process of structural transformation. This would require, to quote E.F. Schumacher, "... an articulated structure that can cope with a multiplicity of small-scale units." (*Small is Beautiful: a Study of Economics as if People Mattered*, Blond & Briggs, London, 1973).



Obviously, moving the economy back to a path of high growth rates will not be easy given the erosion of human, economic, financial and social capital and the need to reconstitute an institutional framework that is not functional with present and prospective economic and social needs. Changing the economic culture that has embedded itself in both the private and public sectors as a result of the prolonged contraction will add a restraining element. This is particularly noticeable in two areas. In the private sector a defensive culture has prevailed related to the fact that the economy has become a market share economy. In the public sphere, the political system has become what

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Acemoglu and Robinson (*Why Nations Fail*) call an “extractive” political system, one in which maintaining itself in power takes precedence over resolving society’s problems.

Turning around the cultural context reflected in the above, particularly with respect to the political system, will take time and leadership, most likely from Civil Society. In the business sector an emerging entrepreneurial culture is developing and this should be seen as positive, as long as it directs its efforts to “innovative” and not “repetitive” entrepreneurship (W. Baumol, *The Microtheory of Innovative Entrepreneurship*). Entrepreneurial activity is not necessarily a driver of development, as is generally thought. If it is merely a defensive mechanism and is of the repetitive type, it does very little for economic development.

Puerto Rico’s approach to development policies has been characterized for decades by a short term operational bias. Long term strategic thinking has been absent not only in government but also in private sector organizations. There have been isolated examples of attempts at putting together a longer term perspective, but these have had no impact in changing the prevailing mode of managing the economy (See, for example, The Puerto Rico 2025 project in 2004 and various reports by private sector organizations). Given the risk environment for the Island, the absence of resources and the structural deficiencies that have resulted from the prolonged and deep economic contraction, the change to a strategic and risk based decision-making approach is essential in order to minimize the Island’s risk profile and advance medium and long term economic perspectives.

Two dimensions of the strategy required are key. One is to minimize external risks by strengthening internal economic structures. One way of doing this is by stimulating internal linkages in the production and distribution systems. This requires changes not only on the demand side through various incentives, some already in place, but aggressive measures on the supply side aimed at creating a local production base that can be more effective in inserting itself in global and local supply chains. The other dimension that is important is centrality, identifying the points in the complex economic, political and social systems that have the largest leverage in order to generate needed systemic changes more effectively and efficiently. Centrality is particularly important in view of the scarcity of resources available and the complexities of the restructuring process.

There are very specific actions that need to be taken. One is to put in place measures that can brake the negative cycle relatively quickly. Stopping the circular and cumulative effects is an essential first step. The instruments available in the short term are few. They include serious rethinking of the tax system in order to stimulate

investment, reconfiguring infrastructure investment to favor small projects with short gestation periods that can be executed by municipalities and local firms, and identifying key structural aspects in the process that will characterize the economy and society in the next decade or two. Obviously, identifying the opportunities in specific sectors is helpful. A number of reforms have been proposed over the years, but these were based on the assumption that competitiveness is a function of lower costs alone. Among these were energy and labor reforms, improving the permitting process and lower taxes. These areas certainly need to be improved, but given the destructuring process, a different approach is needed with more emphasis on fundamentals such as a profound rethinking of the institutional framework and creating the foundations for the two track development strategy, briefly described above.

Among risk reducing and potential enhancement strategies, dealing with the mainland Puerto Rican population must be a priority. Interestingly it is only when a specific situation arises that requires mobilizing political power in DC that Puerto Rico has paid attention to its diaspora. Obviously, given the difficulties that the destructuring process has generated, a carefully drafted strategy on how the mainland Puerto Rican population, the businesses it has generated and the professional skills accumulated can provide support to the Island’s restructuring process on a continuing basis is essential. This will require an institutional framework at present non-existent to manage the integration process. This could generate one of those networks mentioned earlier that would reduce risk for the economy. In the science area, efforts exist to link the Island scientific establishment with mainland Puerto Rican scientists.

In a longer term perspective, it is necessary to construct scenarios of possible external events and their impact, including global displacements of economic activity, new geo-political realities, and market volatility in key products. Longer term planning must be based on specific assumptions related to managing growth in an economy that has seen its human, social and economic capital depleted. Specific attention needs to be placed on the consequences of a smaller and structurally restructured population and, finally, and perhaps the most central issue, come up with recommendations on required institutional changes to assure functionality, particularly of the political institutions, with the above mentioned strategic guidelines and with the need for a transition to a new economic system.

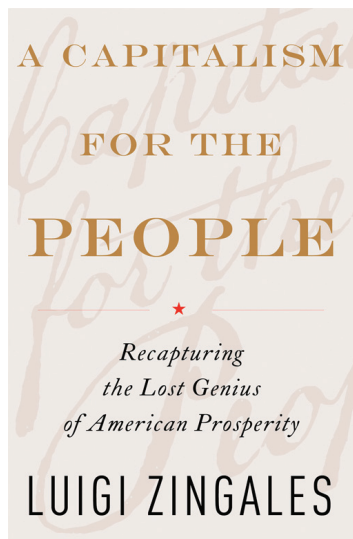
Note:

1. An abridged version of this paper was presented to the Board of Directors of the Puerto Rico Community Foundation on December 15, 2015.

Capitalismo para el pueblo

Por Los Editores

Hacemos esta breve reseña de un libro publicado hace unos años pues se trata de una obra importante, *A Capitalism for the People: Recapturing the Lost Genius of American Prosperity* (Basic Books, New York, 2012). Su autor es Luigi Zingales, Catedrático del Booth School of Business de la Universidad de Chicago y es un retrato de lo que anda mal con el capitalismo norteamericano. La sorpresa es que su autor es profesor en una escuela de negocios en la Universidad de Chicago, conocida por su conservadurismo.



Posiblemente lo que mejor define la visión del autor es el hecho de que su postura es, más que una defensa de la empresa, una defensa del mercado. Lo que ha ocurrido en los Estados Unidos es que las empresas han capturado el mercado y han creado una economía en que la competencia ha dejado de ser lo que define su organización. Incluso, el último capítulo del libro, en que resume su posición, lleva como título *Pro Market, Not Pro Business*.

Su punto de partida es el siguiente señalamiento en que indica su sentir con respecto al Capitalismo en Estados Unidos: "...the idea of free markets has been increasingly taken over by entrenched business interests, fundamentally altering the equilibrium of American Democracy." Es importante destacar que el autor no es anti Capitalismo. Por el contrario, hace el siguiente señalamiento: "For all its defects, that capitalist system offers the best hope for the most people." ¿Cuales son, entonces sus preocupaciones?

Algunos de los eventos que apoyan su posición fueron las ayudas que el gobierno federal le otorgó a entidades como Long Term Capital Management en 1998, AIG en el 2008 y otras, indicando que las ayudas tuvieron que ver con lo que él llama "*crony capitalism*". Menciona que el Partido Republicano abandonó los principios pro-mercado de Reagan bajo George W. Bush y se convirtió en defensor de los grandes intereses ("*pro big business*"). A través del libro menciona otros ejemplos de ese llamado "*crony capitalism*", uno en que los beneficios de una economía de mercado son sustituidos por el favoritismo y las "conexiones".

Las consecuencias de la erosión de la economía de mercado no es solo un problema de ineficiencia económica sino que ha generado impactos sociales que han contribuido a una sociedad en que la desigualdad se ha hecho cada vez peor. Cita números como que en la década del 2000 el ingreso real medio de una familia en Estados Unidos se redujo en 7.0% y que el ingreso de

un joven hoy es, en promedio, menor al de su padre cuando tenía la misma edad. Menciona algo que los economistas típicamente no mencionan, y es que la sociedad se ha convertido en una en que no hay movilidad social.

Hay dos capítulos del libro que merecen especial atención. Uno, el capítulo 12, con el título "*Simple is Beautiful*" es particularmente relevante para nosotros en Puerto Rico, pues si algo nos ha caracterizado ha sido la inclinación a la complejidad en nuestros sistemas fiscales y en nuestra reglamentación. En su capítulo hace un llamado a sistemas contributivos más sencillos, argumentando que al hacerlos más complejos con deducciones y múltiples tasas, lo único que se logra es tener que aumentar las tasas marginales y estimular la evasión. Esa lección no la hemos aprendido en Puerto Rico. Un señalamiento interesante que se hace en el capítulo es que hay profesiones que por su propia naturaleza propician la complejidad y que son estas las que típicamente ofrecen asesoramiento a las legislaturas.

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Otro capítulo que merece ser mencionado es el capítulo 6, "*The responsibilities of the Intellectuals*". En este, el autor hace el siguiente señalamiento: "...the interests of the specialized, technically competent elite diverge from those of the rest of the people....the causes of this divergence are various, but the outcome is always the same: the experts' interests increasingly align with those of the powerful incumbents.... This divergence leads to bad decision making, with the interests of entrenched business trumping support for the free market...." Ofrece soluciones al problema, como es entender mejor los sesgos presentes y crear los mecanismos para compensar por ellos. Pero es la oración que citamos la que mejor refleja su posición: "*Only with a high degree of popular control does a meritocratic system avoid degeneration into an oligarchy.*" Hace un llamado para que la información sobre los procesos de toma de decisiones en los gobiernos sea ampliamente difundida.

En resumen, un libro que merece ser leído pues presenta una posición poco común pero importante sobre la economía norteamericana. Está en línea con el libro del Juez Richard Posner, *A Failure of Capitalism* que cubre un terreno similar al de Zingales y que reseñamos en *Perspectivas* hace un tiempo.

La economía de Puerto Rico: 2012-2015

Por División de Análisis y Política Económica

Indicador	2012 (a)				2013(a)				2014 (a)				2015 (a)				Mes más reciente
	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	Oct. 2015	
Empleo Total (Encuesta Vivienda) (b)	-0.5%	0.6%	0.5%	0.6%	-1.8%	-2.5%	-2.7%	-2.5%	-1.7%	-1.8%	-2.1%	-1.7%	0.9%	1.0%	1.6%	2.3%	
Tasa de desempleo (b)	15.1%	14.4%	14.0%	14.3%	14.0%	13.6%	14.3%	14.9%	14.6%	13.6%	13.8%	13.8%	11.9%	12.4%	11.6%	12.5%	
Tasa de participación laboral	42.0%	41.4%	41.3%	41.4%	40.7%	40.3%	40.6%	41.1%	40.7%	39.8%	39.8%	40.0%	40.2%	39.7%	39.8%	40.4%	
Tasa de empleo (b)	35.6%	35.5%	35.3%	35.6%	35.2%	34.9%	34.6%	35.0%	34.9%	34.6%	33.9%	34.8%	35.6%	34.7%	35.0%	35.6%	
Fuerza trabajadora (c)	-0.4%	-0.5%	-0.6%	-0.6%	-0.7%	-0.7%	-0.7%	-0.6%	-0.5%	-0.4%	-0.5%	-0.5%	-0.6%	-0.5%	-0.5%	-0.6%	
Empleo no agrícola (AE)	1.2%	1.9%	1.9%	1.4%	0.1%	-1.4%	-2.4%	-2.4%	-1.9%	-2.1%	-1.7%	-1.4%	-1.0%	-0.4%	0.8%	0.5%	
Empleo privado	1.8%	2.8%	2.6%	1.9%	1.1%	-0.1%	-0.7%	-0.1%	-0.5%	-0.9%	-1.0%	-0.8%	-0.3%	0.0%	0.8%	0.7%	
Manufactura (Encuesta Establecimiento)	-1.4%	-2.0%	-3.0%	-4.3%	-7.8%	-7.8%	-7.4%	-4.0%	-2.8%	-2.0%	-1.4%	-1.4%	-2.1%	-1.5%	-1.2%	-2.3%	
Empleo gobierno (central y municipios)	0.0%	-0.4%	0.2%	0.3%	-2.5%	-5.0%	-7.1%	-8.6%	-6.0%	-5.3%	-3.8%	-3.1%	-3.4%	-1.8%	0.8%	-0.1%	
Redamaciones iniciales desempleo (No ajustado estacionalmente)	-14.5%	-12.1%	-13.8%	-20.4%	12.5%	5.2%	-3.6%	-1.6%	-32.3%	-13.7%	-7.0%	-23.0%	-11.5%	-9.4%	-9.1%		
PR PMI (Valor neutral 50)*	53.2	53.8	52.5	50.9	56.0	51.0	48.6	49.1	50.9	44.9	49.1	49.7	56.5	57.0	50.6	51.1	
Registro hotelero	5.3%	15.2%	8.0%	11.7%	3.5%	-2.4%	-1.6%	-1.4%	2.4%	4.6%	5.5%	3.3%	3.5%				
Tasa de ocupación hotelera (Hoteles y paradores)	72.9	74.2	69.9	67.1	74.2	70.6	69.1	64.7	73.7	72.5	68.7	66.7	77.3				
Ventas al detal (d)	0.6%	0.5%	0.9%	-1.0%	-2.1%	0.1%	-1.0%	-0.4%	1.9%	0.1%	-1.3%	-0.6%	0.1%	1.4%			
Ventas de autos	6.9%	17.8%	14.1%	2.0%	3.4%	0.6%	1.3%	-4.5%	-3.2%	-12.7%	-16.8%	-15.8%	-14.0%	-7.5%	-10.1%	-4.3%	
Tasa de inflación (Diciembre 2006=110)	2.1%	1.4%	0.4%	1.4%	1.4%	0.3%	1.6%	0.9%	0.3%	0.9%	0.7%	0.3%	-1.1%	-1.2%	-0.3%	-0.5%	
Índice de inflación subyacente ("Core index") (i)	1.1%	1.5%	1.6%	1.7%	1.5%	1.0%	1.5%	1.6%	1.6%	1.2%	0.9%	0.9%	0.5%	0.6%	2.3%	2.8%	
Consumo energía eléctrica comercial (e)	0.6%	-8.7%	6.6%	-1.9%	2.2%	10.7%	-3.5%	3.2%	-4.0%	-2.0%	-2.6%	-2.8%	-1.3%	-1.8%	-4.8%		
Consumo energía eléctrica industrial (e)	-10.0%	2.0%	-15.4%	-23.2%	-4.8%	-23.4%	-7.6%	-3.4%	-2.6%	-8.4%	-2.8%	6.6%	-6.0%	-1.1%			
Ventas de cemento (TM)	5.6%	13.2%	10.3%	-15.2%	-19.1%	-18.2%	-17.3%	-16.0%	-9.3%	-9.0%	-13.2%	-2.6%	-11.9%	-5.4%	-5.6%	-2.5%	
Número de permisos de construcción expedidos***	15.8%	54.5%	21.1%	8.7%	1.6%	-7.2%	-12.2%	-25.2%	-28.5%	-8.7%	-5.2%	8.1%	-7.7%				
Número de nuevas unidades según permisos***	17.8%	40.7%	13.9%	1.6%	-24.6%	-34.1%	4.0%	-55.3%	-19.5%	-23.3%	-25.4%		-58.5%				
Ventas nuevas unidades de vivienda (CSAR)	-42.1%	-26.4%	-22.9%	-15.3%	20.6%	-8.2%	-48.2%	-0.1%	-36.4%	-38.2%	-8.9%	-28.4%	1.8%	-6.5%	48.3%		
Originaciones hipotecarias (Volumen \$mm)	-4.1%	0.6%	23.2%	60.1%	22.0%	15.2%	-23.9%	-35.7%	-28.5%	-39.8%	-16.1%	-14.7%	-10.9%	20.4%	12.9%		
Ingresos netos Hacienda (f)**	14.3%	-2.8%	-7.4%	-4.7%	14.0%**	-10.9%	5.5%	19.5%	-1.4%	7.0%	4.4%	-12.3%	5.3%	0.5%	9.1%	8.1%	
Tasa morosidad bancos comerciales	13.1%	12.7%	12.6%	12.5%	11.0%	9.2%	9.2%	9.0%	9.1%	9.5%	9.2%	8.9%	8.9%	9.2%			
Residencial	12.6%	12.9%	13.2%	15.3%	14.6%	11.5%	11.8%	12.3%	12.8%	13.3%	12.9%	13.5%	12.2%	12.3%			
Construcción	62.3%	59.3%	59.9%	55.0%	49.3%	48.2%	41.5%	34.8%	32.7%	27.6%	27.5%	26.5%	39.7%	43.9%			
Número de quiebras	-8.0%	-6.8%	-11.2%	-5.9%	-3.8%	11.8%	4.6%	13.4%	5.2%	-5.2%	1.0%	-11.1%	-5.9%	-8.5%	-1.9%	23.2%	
Deuda total (\$mm)	\$426.1	\$574.2	\$746.6	\$613.2	\$411.9	\$462.1	\$517.7	\$516.2	\$491.1	\$495.4	\$447.9	\$430.0	\$481.2	\$414.4	\$474.4	\$128.5	
Número de ejecuciones hipotecas (g)	16.1%	11.4%	34.3%	18.4%	36.9%	36.8%	-12.2%	-15.6%	-33.1%	-38.7%	-10.4%	21.2%	17.5%	57.0%	43.6%	1.8%	
Monto (\$Mm)	\$141.6	\$151.2	\$154.5	\$165.2	\$178.8	\$193.0	\$119.5	\$118.9	\$109.6	\$100.0	\$106.0						
Exportaciones mercancía	4.9%	4.3%	5.4%	-5.8%	6.1%	15.7%	-1.9%	-1.4%	3.6%	-0.1%	12.9%	21.0%	17.3%	3.9%	3.4%		
Importaciones de mercancía	3.1%	-6.3%	-6.7%	2.4%	-3.7%	-5.1%	-1.6%	-8.9%	-9.5%	-2.5%	7.2%	-4.1%	3.2%	1.5%	-5.6%		
Consumo de gasolina (en millones de litros)	-2.6%	-4.7%	-6.0%	-3.0%	-8.3%	1.6%	1.0%	1.8%	-1.0%	-3.9%	-7.6%	-5.4%	-0.1%	-2.7%	0.9%		
Precio promedio de la gasolina al detal (¢/litro) (h)	93.3	95.4	92.5	92.0	92.9	87.9	95.9	90.6	93.2	94.4	92.7	81.2	62.1	72.9	71.6	61.2	

Fuentes: Junta de Planificación; DACO; U.S. Bureau of Labor Statistics; Plaza Motors; FDIC; Boletín Comercial de Puerto Rico; Instituto de Estadísticas de Puerto Rico; OCIF; DTRH; FRED; Estudios Técnicos, Inc. (a) Crecimiento respecto a igual trimestre/mes año anterior, excepto en el caso de la tasa de desempleo, precio promedio de la gasolina, tasa morosidad, tasa ocupación hotelera, tasa de participación laboral, y el PMI. (b) A partir de 2011 los estimados están ajustados estacionalmente, lo que afecta su comparabilidad hacia atrás. (c) Población civil no institucional de 16+ años. (d) Deflacionadas por el IPC de PR. (e) A partir de abril 2012 la AEE introdujo un nuevo proceso de facturación. (f) A partir del tercer trimestre fiscal 2008 y en adelante, lo que se recauda por concepto del impuesto al consumo durante julio y agosto no se incluirá ya que dichos ingresos están consignados para el Fondo General de Interés Apremiante. Igualmente, a partir de enero de 2011 los ingresos incluyen los recaudos por concepto de la Ley 154. (g) Bancos y otras instituciones financieras. (h) Refleja la revisión en la ponderación asignada a ambos tipos de gasolina para calcular el promedio, introducida en enero 2013. (i) En vista del efecto que tiene el subcomponente de transportación pública (marítima y terrestre), se ha excluido, aún con el peso pequeño que tiene. * Se introdujo en diciembre 2010. Promedio del trimestre. ** En el mes de marzo 2013 se transfirieron \$241.0 millones del Fondo de Redención de Deuda al FG. Sin estos el aumento interanual es de 2.5%.

*** En algunos trimestres no se incluye la información de Bayamón, San Juan, Carolina. Actualización: Enero 11, 2016.

Los indicadores para el tercer trimestre de 2015 reflejan una mejoría en todos los relacionados al mercado laboral con la excepción del empleo en la manufactura que continúa disminuyendo.

La tasa de inflación se vio impactada por la baja en el precio de energía. Sin embargo, la tasa subyacente que no incluye ni alimentos ni energía, sí reflejó un aumento del 2.3%. Las ventas de autos y cemento ambas bajaron. Las ventas de nuevas unidades de vivienda aumentaron en el tercer trimestre en comparación con el mismo trimestre del 2014. La proyección para el 2015 es de unas 2,300 unidades, cifra levemente superior a la del 2014.

Las importaciones de mercancía tuvieron una baja considerable de 5.6%, luego de dos trimestres en que hubo aumentos. Nuevamente, los indicadores envían señales mixtas aunque lo más positivo es que se consolida el aumento en empleos. Hay, por supuesto, un alto nivel de incertidumbre que incide sobre las perspectivas para el 2016.



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