

FREE MARKET IN PUERTO RICO 2022

Ángel Carrión-Tavárez
Luz N. Fernández-López
Juan Lara



INSTITUTO
DE LIBERTAD
ECONÓMICA



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Introduction

The free market is an economic system based on supply and demand, without or with minimal government intervention (Chappelow, 2019, cited in Roby, 2019; Huynh & Hoang, 2022), in which the free movement of capital is allowed and people can access the market to buy and sell goods and services; consequently, prices, wages, and profits are determined by market activity and free competition between private companies. In this system, “the individual is free to pursue his personal ends and desires” (Hayek, 1944/2006, p. 76); and it is considered that, as they act in their own interest, an economy will grow and function efficiently.

The free-market system operates under four main pillars: (a) “Individual liberty,” the freedom of individuals to exercise rights considered to be outside the control of government and make choices for the satisfaction of their desires; (b) “Rule of law,” the supremacy of law, equal protection before the law, and impartial application of the law allowing the coexistence of individuals within a society; (c) “Property rights,” the individual possibility to acquire and own property for personal and commercial use; and (d) “Limited government,” the circumscription of state power to the constitution and the law to prevent arbitrary action. Financial freedom, fiscal freedom, investment freedom, labor freedom, and freedom from corruption are also important in the operation of these pillars.¹

Although free-market ideas have existed in Puerto Rico for centuries,² knowledge of the principles of this economic system and affinity with them on the Island had not been investigated. Faced with this situation, the Instituto de Libertad Económica (ILE) tasked itself with carrying out a study that would: (a) encourage stakeholders and those in public policy decision-making positions with regard to the economic development of the Island to learn about and take into account the opinion of the population; and (b) lay the foundations for other possible research, as well as for measuring variations in the valuation of those ideas, over time.

¹ It is possible to measure the degree of freedom in the markets of an economy based on areas such as size of government, legal system and property rights, sound money, freedom of trade internationally, and regulation. According to an analysis of these five broad areas, the 10 places in the world that enjoy the most freedom today are, in this order: (1) Hong Kong, (2) Singapore, (3) Switzerland, (4) New Zealand, (5) Denmark, (6) Australia, (7) United States of America, (8) Estonia, (9) Mauritius, and (10) Ireland (Gwartney et al., 2022).

² This appears in primary sources such as the *Revista de Agricultura, Industria y Comercio* [Journal of Agriculture, Industry and Commerce], published in the late 19th century, and a *Memorial de la Cámara de Comercio de Ponce* [Brief of the Ponce Chamber of Commerce], from the early 20th century. In the *Revista*, for example, there is praise for the inhibition of the government of everything that is not of the particular domain, offering the guarantees for business to take place and avoiding unnecessary interventions (Álvarez Curbelo, 2001, pp. 207-208). The *Memorial*, for its part, states that “as a general principle, we are openly opposed to government intervention in matters of public enterprises, such as the docks. In these, even less, we believe in governmental effectiveness or action, and we see it rather as a delay in the face of the increasingly pressing needs of business life” (Armstrong, 1906, Día 6).

Highlights

Among the survey results, the following are worth highlighting:

- Respondents have a negative perception about the direction of Puerto Rico's economy.
- The sample expresses that people need economic liberty to trade and cooperate with each other and indicates that economic liberty is fundamental to development and progress.
- Participants broadly support the free-market system and believe that it does not have the weight it should in the Puerto Rican economy.
- Almost the entire sample affirms that people should be free to make decisions in pursuit of their own well-being; and a similar number states that they should be able to earn a living honestly in whatever they wish, without obstacles on the part of government.
- Those who answered the questionnaire mostly believe in individual responsibility and one's own efforts to satisfy desires and achieve personal aspirations.
- The survey reveals that it is not possible to feel satisfied with the current state of the principles of economic liberty and the free market in Puerto Rico and there is room for improvement.

Objectives

The general objective of this study was to assess the knowledge of the main principles of economic liberty and the free market, and the affinity with them in Puerto Rico. The specific objectives of the research were:

1. To construct and administer a questionnaire based on principles of economic liberty and the free market;
2. To quantify the degree of affinity of participants with the topics included in the questionnaire;
3. To create a ranking of principles of economic liberty and the free market according to their importance to participants, and about the functioning of those principles in Puerto Rico.



Methodology

To achieve the objectives indicated, a descriptive, cross-sectional, exploratory study was conducted. The data collection technique selected was an online survey, because of its ability to reach a large number of potential respondents;³ the accuracy of the data collection it provides (Fleming & Bowden, 2009);⁴ the convenience of access and response for participants (Callegaro et al., 2015); and the opportunity to collect and corroborate data up until the last moment. A non-probabilistic sample was used by availability and the inclusion criteria were to reside or own a property or business in Puerto Rico.

The first part of the questionnaire consisted of the sociodemographic data of the participants (age, housing, education, work status, type of work schedule, type of organization in which they work, years they have worked, and type of stakeholder). The second part of the instrument was the dimensions of the investigation (current situation, economic liberty, free market and individual liberty, rule of law, property rights, limited government, challenges of free market, moral agency, social welfare, and meritocracy). Finally, several principles of economic liberty and the free market were included to measure their importance and functioning and build a ranking.

The items and methodology of the survey were submitted to peer reviewers and revised according to their observations. The questionnaire consisted of 8 profile elements and 25 multiple choice closed questions or assertions and was administered using Google Forms. In this survey management software, it was available all the time from the first week of January to the first week of April 2022. The instrument was divulged and participation was promoted through newspapers, radio programs, e-mails, as well as ILE's website and social networks Facebook and LinkedIn.

The desired number of responses was 500 and 550 were received, representing 110% participation.⁵ The information collected was assigned a code for data entry and counting. Google Forms groups the response frequency of each of the options; however, a descriptive analysis was performed using Excel to corroborate the Google Forms summary. Lastly, all the responses were organized into figures and tables taking the data directly from the latter program; therefore, all the figures and tables included in this report are of our own elaboration with the data collected in the survey.

³ Numerous works such as Jansen et al. (2007) highlight this quality of online surveys.

⁴ Fleming and Bowden (2009) assert that online surveys can be automatically inserted into spreadsheets, databases, or statistical packages, not only saving time and money, but reducing human error in data entry and encryption. In addition, data can be collected continuously, regardless of the day of the week and time of day, and without geographical limitation.

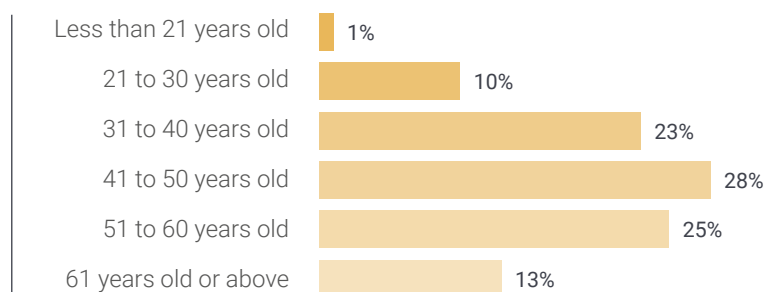
⁵ The margin of error in the survey is 4% based on the population standard deviation, sample size, and confidence interval applied (Fink, 2015).

Analytical Summary of the Results

Profile of the Sample

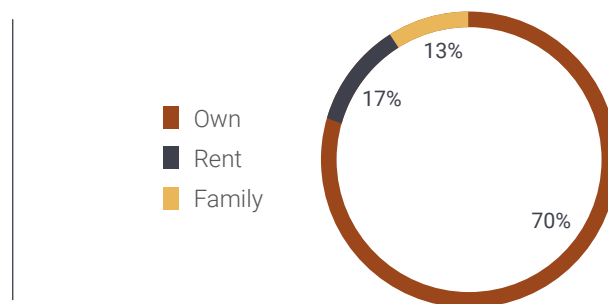
Three-quarters of the sample are divided into three almost equal groups between 31 to 40 years old, 41 to 50 years old, and 51 to 60 years old. The other quarter of the sample includes the youngest people, 21 to 30 years old, and the oldest, 61 years old or above (Figure 1). A tiny fraction is less than 21 years old. It can be concluded that the sample provides a good representation of Puerto Rico's adult population.⁶

Figure 1. Age



Seventy percent own their home and the remaining 30% are divided into similar fractions, between those who live in a rented home and those who live in a family home (Figure 2). The sample resembles the general population as well.

Figure 2. Housing



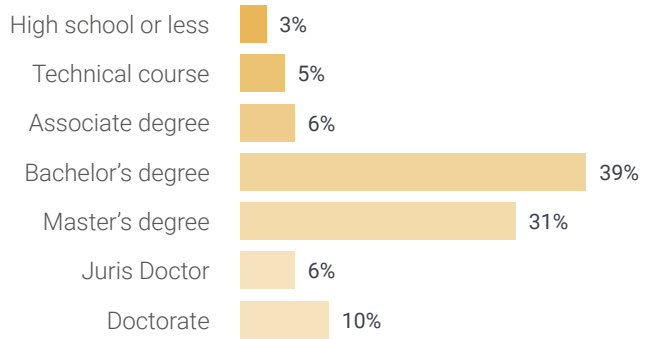
Respondents have a higher level of education than the general population, with 86% having a bachelor's, master's, juris doctor, or doctorate degree;⁷ of the remaining 14%, most have an associate degree

⁶ The resident population aged 18 and over was 83% of the estimated population of Puerto Rico as of July 1, 2020 and 2021 (U.S. Census Bureau, 2020, 2021). Registering a participation of the adult population higher than this percentage in the administration of the questionnaire was attempted and achieved.

⁷ According to census data, the percentage of people over the age of 25 who hold a high school degree or higher in Puerto Rico is 26.7 (U.S. Census Bureau, 2021). For additional information on higher education on the Island, the Lumina Foundation (2022) study can be consulted.

or a technical course (11%) and only a small fraction have a fourth-year high school education or less (Figure 3).

Figure 3. Education (highest grade obtained)



Eighty-two percent of the people in the sample are active in some occupation; only 13% of them are in some state of work inactivity, either because they are retired (10%), disabled (1%), or studying (2%). In addition, 5% are unemployed but interested in working (Figure 4). Among the vast majority of those who are actively working, the largest group are employees (42%), followed by self-employed (19%), business leaders (17%), and contractors (4%). Of the group of people actively working, 81% work full-time and the rest (19%) work part-time (Figure 5).

Figure 4. Employment situation

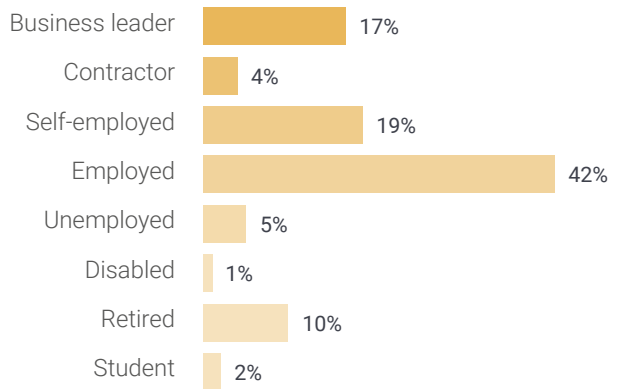
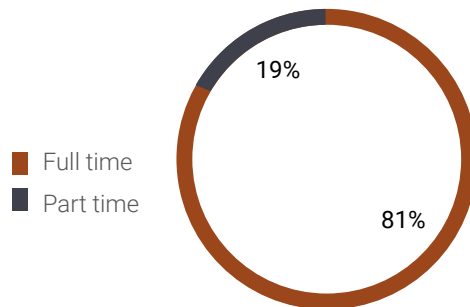


Figure 5. Type of work schedule of the persons actively working



Sixty-two percent of respondents work in private enterprise (35%) or in their own business (27%) and less than one fifth work in government (Figure 6). There is a group working in non-profit organizations (6%). The work experience of participants is considerable, as 86% have worked for more than 10 years and more than half of the sample have worked for more than 20 years (Figure 7).

Figure 6. Type of organization in which you work

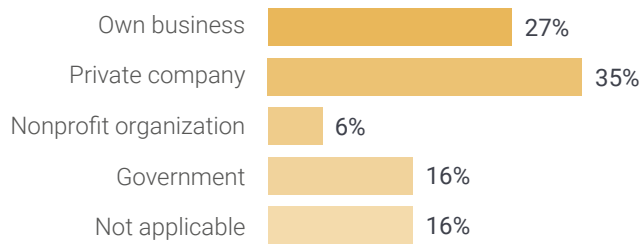
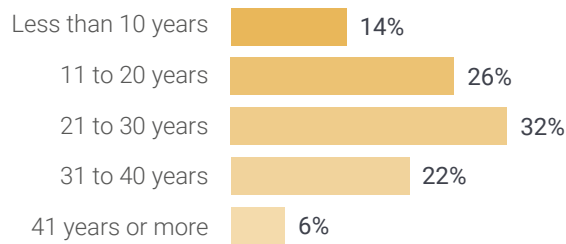
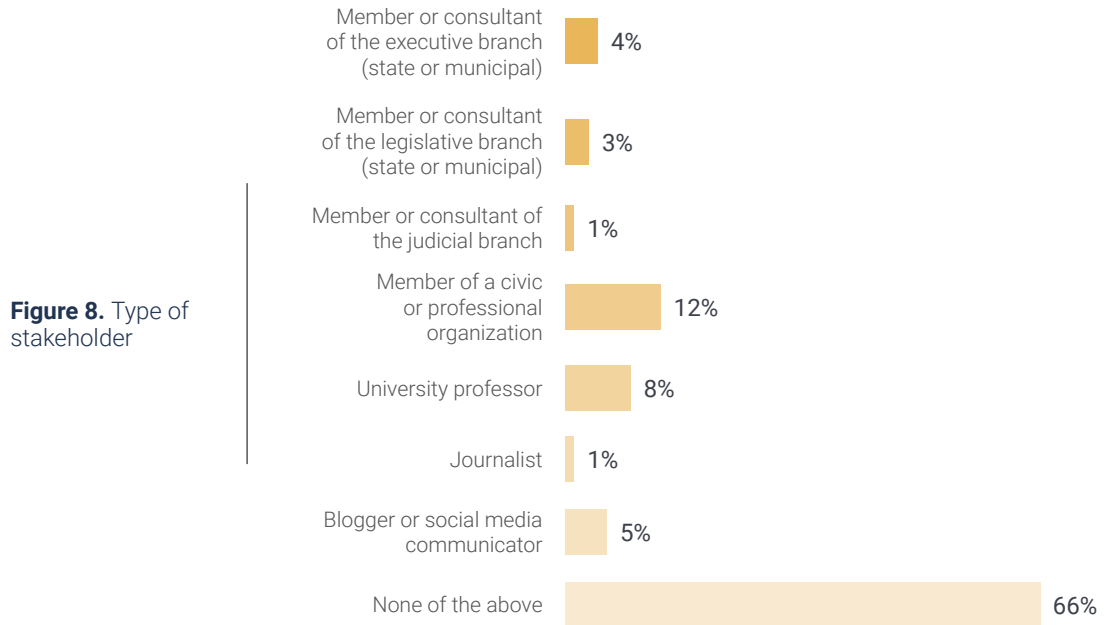


Figure 7. Years that you have worked



One in three respondents to the survey are stakeholders, since they are related to some branch of government or civil society entities such as civil or professional organizations, the higher education system, or the media (Figure 8).



Current Situation

Respondents are divided on how they assess their current economic situation. Fifty-eight percent report that their current economic situation is stable and secure, while 42% report that it is unstable and insecure (Figure 9); however, they tend to coincide with the perception of how Puerto Rico’s current economic situation is, with 88% responding that it is bad or very bad (Figure 10); in addition, 92% believe that the current direction of Puerto Rico’s economy is bad or very bad (Figure 11). These results indicate that a large majority of people in the sample have a negative perception of the local economy, although about half of them do not feel personally at risk.

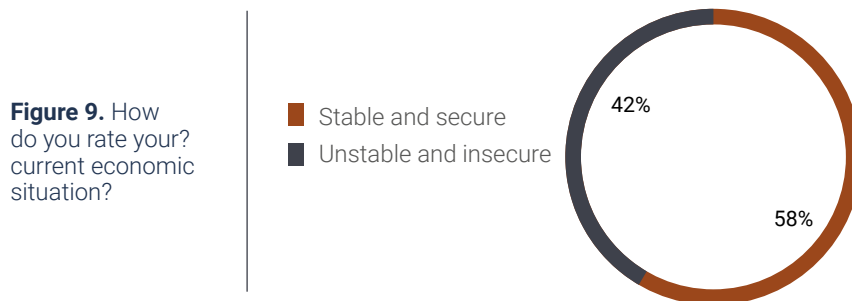


Figure 10. How do you rate Puerto Rico's current economic situation?

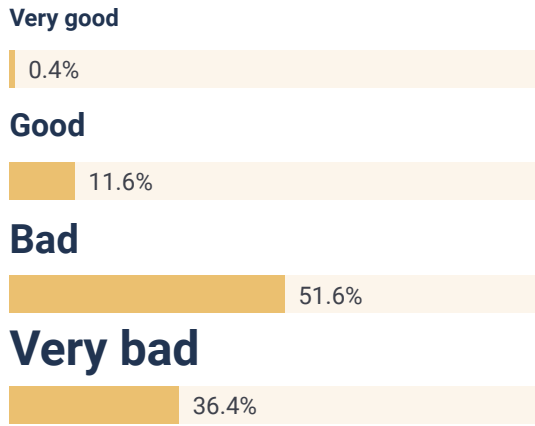
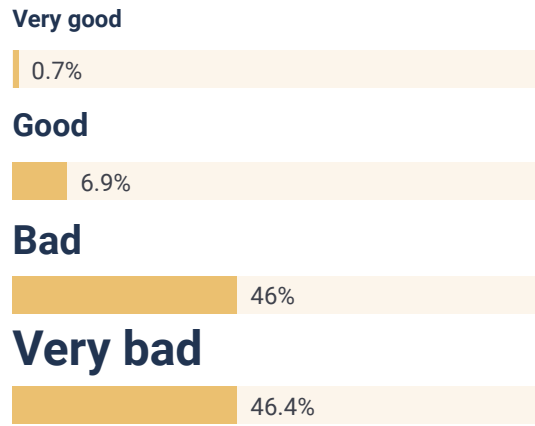


Figure 11. How do you consider the current direction of Puerto Rico's economy?



Economic Liberty and Free Market

By an overwhelming majority, respondents support and value economic freedom and free-market system, although more than half believe that the government has more weight than the free market in Puerto Rico’s economy. Ninety-five percent say that people need economic freedom to trade and cooperate with each other (Figure 12) and indicate that economic liberty is fundamental for development and progress (Figure 13). Eighty-two percent believe that free-market system is the most successful known in human history (Figure 14) and a similar number (81%) agree that the free market contributes to more employment, less poverty, and a better quality of life (Figure 15).

Figure 12. People need economic liberty to trade and cooperate with each other.

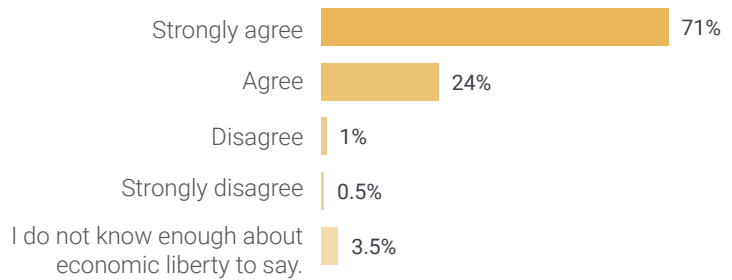


Figure 13. Economic liberty is fundamental for development and progress.

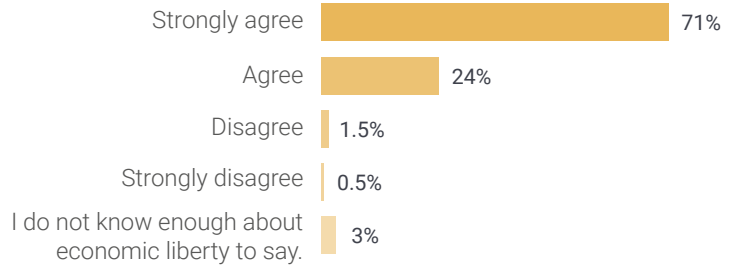


Figure 14. Free-market economy is the most successful economic system ever known in the history of humanity.

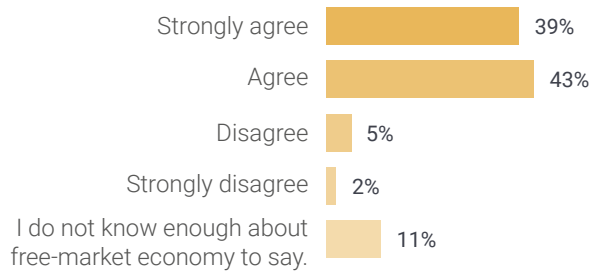
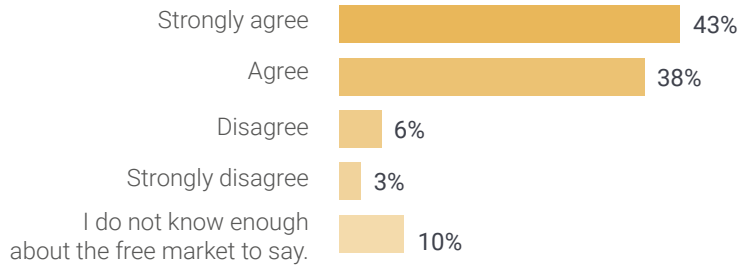
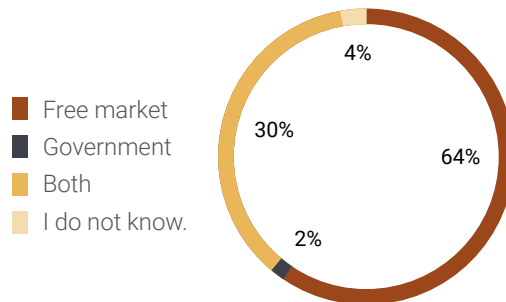


Figure 15. The free market contributes to more employment, less poverty, and a better quality of life.



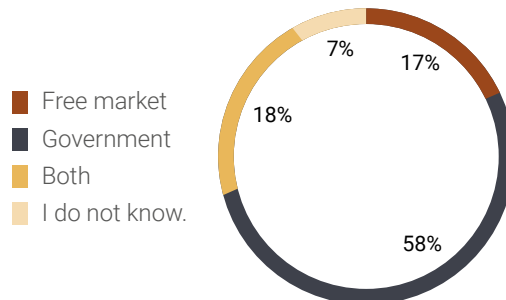
In the results of the survey, there is a significant body of opinion that identifies a collaborative role of the free market and government in promoting economic development. Thirty percent answered “Both” to the question of which they believe could contribute the most to the development of Puerto Rico’s economy; however, almost two-thirds (64%) answered “Free market” while only 2% answered “Government” (Figure 16).

Figure 16. Which do you believe could contribute the most to the development of Puerto Rico’s economy?



When asked which they believe has the greatest weight in the economy of Puerto Rico at present, 58% answered that it is the government, while the free market was almost tied with the answer that both have weight—17% versus 18%—(Figure 17). This important result reveals that the sample perceives a clear lack of alignment between the value aspirations and the prevailing reality, with regard to economic liberty and the free market.

Figure 17. Which do you think has the greatest weight in Puerto Rico’s economy today, the free market or the government?



Regarding the distribution of primary responsibility between the free market and government by thematic areas, respondents tended to prioritize the market in economic areas such as job creation, the economy, technological innovation, prices, and wages; while they identified a relevant role for government in K-12 education, environmental protection, and health. It is notable that in none of the areas government has

the greatest number of favorable responses, since even in those areas where it surpasses the free market, it is in turn surpassed by the option “Both” (Table 1). In other words, respondents primarily assign these areas to the free market or a joint action of government and the free market, but not to government alone as primarily responsible; this is true in the areas of education and health.

Table 1

Which do you think should be primarily responsible for these areas?

	Free market	Government	Both	I do not know.
Health	18%	33%	47%	2%
Higher education	25%	24%	50%	1%
K-12 education	22%	32%	45%	1%
Prices	54%	6%	38%	2%
Privacy of people online	32%	17%	48%	3%
Salaries	51%	8%	40%	1%
Technological innovation	54%	3%	42%	1%
The creation of jobs	56%	3%	40%	1%
The distribution of income and wealth	46%	12%	40%	2%
The economy	52%	4%	43%	1%
The environmental protection	13%	20%	66%	1%
The progress of Puerto Rico	24%	8%	67%	1%

Although government does not have the largest number of favorable responses in any of the 12 areas, the high percentages of the “Both” option suggest that many of the participants believe in shared responsibility in most areas.⁸ This belief or expectation should be investigated in more detail, for example, in the context of a focus group.

⁸ Hayek delimits the activity of the State: “To create conditions in which competition will be as effective as possible, to supplement it where it cannot be made effective, to provide the services which, in the words of Adam Smith, “though they may be in the highest degree advantageous to a great society, are, however, of such a nature, that the profit could never repay the expense to any individual or small number of individuals,” these tasks provide indeed a wide and unquestioned field for state activity” (1944/2006, pp. 40). Friedman adds the following in this regard: “The existence of a free market does not of course eliminate the need for government. On the contrary, government is essential both as a forum for determining the “rules of the game” and as an umpire to interpret and enforce the rules decided on. What the market does is to reduce greatly the range of issues that must be decided through political means, and thereby to minimize the extent to which government need participate directly in the game” (1962/2002, p. 15).

Individual Liberty

Almost all respondents strongly agree or agree that people should have the freedom to make decisions in the pursuit of their own well-being and the satisfaction of their desires (Figure 18). Also, 97% expressed that people should be able to earn an honest living in whatever they want, without obstacles from government (Figure 19).

Figure 18. People must have the freedom to make decisions in pursuit of their own well-being and the satisfaction of their desires.

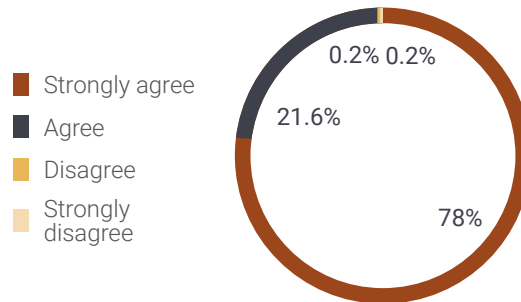
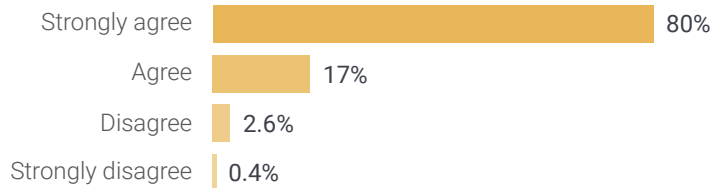


Figure 19. People must be able to earn an honest living in whatever they wish without hindrance by government.



Rule of Law

More than 80% of the sample strongly agree or agree that the rule of law is reflected in the freedom for the individual to acquire property and establish businesses (Figure 20); and 98% agree that government must be subject to the legal system to prevent it from acting arbitrarily and violating the rights of individuals (Figure 21).

Figure 20. The rule of law is reflected in the freedom for the individual to acquire property and establish businesses.

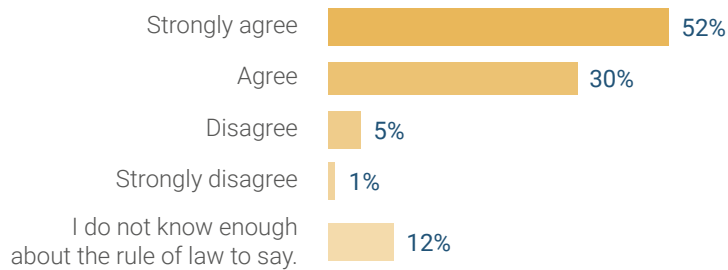
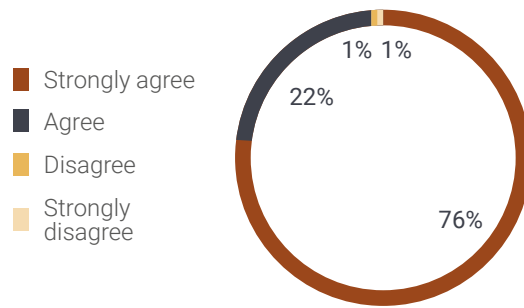


Figure 21. Government must be subject to the legal system to prevent it from acting arbitrarily and violating the rights of individuals.



Private Property Rights

Respondents largely favor the right to the enjoyment of private property. Ninety-four percent agree that this right gives people control over their assets and greater security; and 64% of these strongly agree (Figure 22). Ninety-six percent agree that all people should be able to own, enjoy, and make personal and commercial use of land, housing, automobile, and property, among other things; in this second question, almost 70% say they strongly agree (Figure 23).

Figure 22. Private property right gives people control over their assets and greater security.

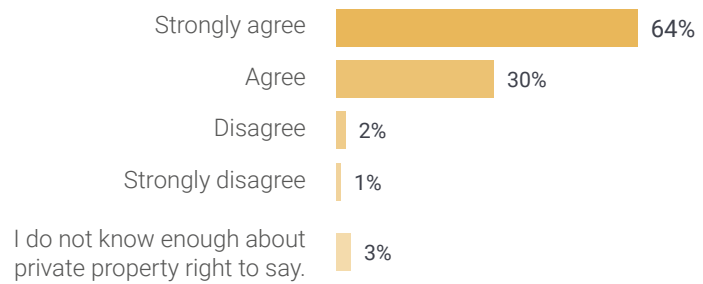
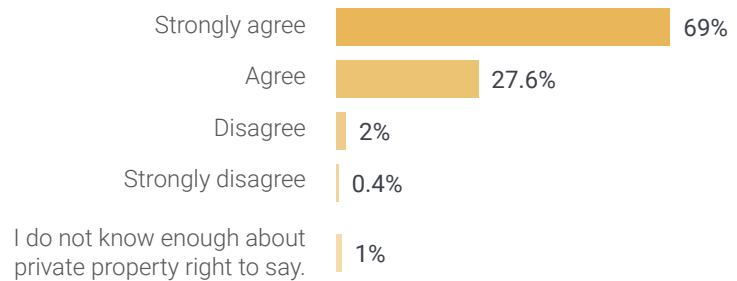


Figure 23. All people must be able to own, enjoy, and make personal and commercial use of land, housing, automobile, and property, among other things.







Limited Government

Most of the sample believes that government action should be limited to key areas and that government is not as agile as the private sector, with regard to promoting economic development; however, in this line of questions a significant, albeit minority, percentage of dissent was expressed. To the claim that government should confine itself to guaranteeing the safety, property, and rights of citizens, 19% say they disagree, compared with 80% that agrees (Figure 24). Similarly, 16% of the sample disagreed that government does not have the agility of the private sector to boost economic development (Figure 25). These minority but significant views confirm that the issue of the role of government should be further investigated.

Figure 24. Government must confine itself to ensuring the safety, property, and rights of citizens.

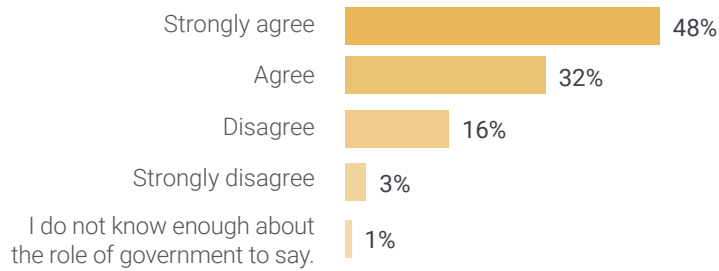
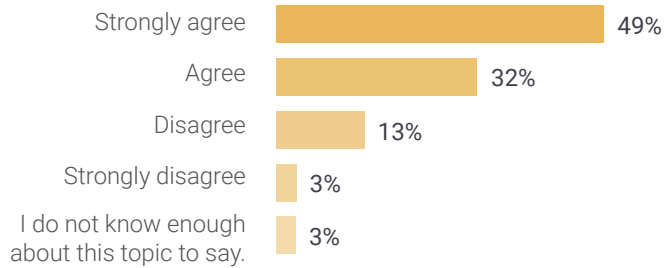


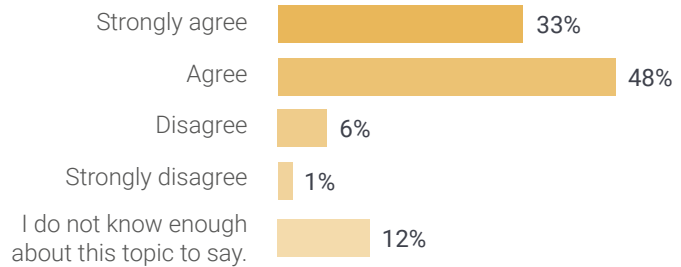
Figure 25. Government does not have the agility of the private sector to boost economic development.



Challenges of Free Market

Eighty-one percent of those surveyed strongly agree or agree that the free market is a proven economic system but faces challenges that may hinder its smooth functioning. It is of interest that 12% indicate that they do not know enough of the topic to give an opinion, which seems to reveal the need for education and guidance on the free market and its challenges (Figure 26).

Figure 26. The free market is a proven economic system, but it faces challenges that may hinder its smooth functioning.



By a very large majority, the respondents agree that some of the problems facing the free market, in order of high to low percentage, are government corruption, cronyism, nepotism, corporate corruption, lack of meritocracy, corporate handouts, unproductive entrepreneurship, clientelism, and rent seeking. In all these concepts, between 71% and 96% of the responses were either “Strongly Agree” or “Agree” (Table 2).

Table 2

Some of the problems and challenges facing the free market in Puerto Rico are:

	Strongly agree	Agree	Disagree	Strongly disagree	I do not know enough about this term to say.
Business corruption	55%	31%	7%	1%	6%
Clientelism	45%	30%	5%	1%	19%
Corporate handouts	56%	27%	8%	1%	8%
Cronyism	72%	20%	3%	1%	4%
Government corruption	80%	16%	1%	0%	3%
Lack of meritocracy	55%	29%	6%	1%	9%
Nepotism	62%	26%	4%	1%	7%
Rent seeking	42%	29%	4%	1%	24%
Unproductive entrepreneurship	45%	35%	9%	3%	8%

It is important that nearly a quarter indicated that they do not know enough to say whether rent seeking is a free-market challenge in Puerto Rico; and nearly a fifth of respondents answered the same about clientelism. This may indicate the need for education and guidance on these concepts and their consequences.

Moral Agency⁹

Respondents express by a large majority the conviction that each individual is primarily responsible for their situation and achievements, and that positive changes in each individual's life come primarily from their own efforts. This does not prevent mixed opinions on some of the dimensions of personal agency, indicating that respondents perceive a strong influence from factors beyond their will and action.

Ninety-six percent strongly agree or agree that when they get what they want it is because they worked hard to get it; and 90% say that their well-being is the result of their own actions. Ninety-eight percent say they are capable and responsible for achieving their goals and 93% say they prefer to make a living by working (Table 3).

On the other hand, more than half of the sample disagrees with statements such as (a) what happens in their life is determined by powerful people, (b) their situation is due to circumstances beyond their control, (c) they cannot act and produce changes for their benefit and that of others, or (d) they cannot realize their dreams unless someone helps them. It is remarkable, however, that a considerable percentage of the sample, 24% or more, strongly agreed or agreed with three of these statements (letters a, b, and d), and the other statement (letter c) received the endorsement of more than 15% of the people.

98%

say they are capable and responsible for achieving their goals.

93%

say they prefer to make a living by working.

One striking result is that 61% of the participants strongly agreed or agreed with the Spanish saying "*Si no tiene padrino no se bautiza*" (If you do not have a godfather you do not get baptized), no matter how prepared one is. This result suggests that although respondents generally give primacy to the individual agency, they perceive that in Puerto Rican society people's action is limited by the culture of favoritism.

⁹ Moral agency can be defined as people's knowledge and experience of themselves and others, and their ability to act based on their beliefs and goals (Pasupathi & Wainryb, 2010); therefore, it refers to the realization of a capacity (as an individual or group), to act morally and change a situation (Edwards et al., 2011).

Table 3

To what extent do you agree or disagree with the following statements?

	Strongly agree	Agree	Disagree	Strongly disagree
Being a leader depends primarily on me.	64%	29%	6.3%	0.7%
I am capable and responsible for achieving my goals.	68%	30%	1.6%	0.4%
I cannot act and produce changes for my benefit and that of others.	5%	12%	57%	26%
I cannot realize my dreams unless someone helps me.	5%	19%	53%	23%
I prefer to make a living by working.	63%	30%	5%	2%
My situation is due to circumstances outside of my control.	8%	27%	53%	12%
My well-being is the result of my own actions.	53%	37%	8.6%	1.4%
No matter how prepared one is, "if you do not have a godfather, you do not get baptized." ¹⁰	25%	36%	29%	10%
What happens in my life is determined by powerful people.	7%	20%	55%	18%
When I get what I want, it is because I worked hard to get it.	69%	27%	3.3%	0.7%

Social Welfare

The majority evaluation of social welfare programs is that they are not well designed, not very effective, and require modification; however, opinions in these areas are more diverse and divided than in other parts of the survey. More than 80% of the sample disagrees that these programs are designed to lift people out of poverty; and two-thirds disagree that they give people the opportunity to stand on their own feet and start over (Table 4).

Three-quarters of respondents agree that these programs only meet the basic needs of people while they are poor; and just over three quarters agree that programs should be limited to people who cannot work for reasons of age or health. An even higher number, 84%, indicates that these programs must be conditional on people taking responsibility for providing for themselves. It is interesting, however, that only 15% agree that programs should be eliminated, although there is a clear majority in favor of them being modified.

¹⁰ This phrase is derived from the saying "Whoever does not have a godfather is not baptized," which alludes to the need to have a protector in order to succeed, whether in professional or social life (Molina Sangüesa, 2011).

Table 4*Social Welfare Programs*

	Strongly agree	Agree	Disagree	Strongly disagree
Are designed to lift people out of poverty.	3.5%	13%	54%	29.5%
Create dependency and perpetuate poverty.	57%	27%	11%	5%
Give people the opportunity to stand on their own feet and start over.	6%	27%	47%	20%
Must be conditioned on people taking responsibility for providing for themselves.	53%	31%	14%	2%
Must be eliminated.	5%	10%	58%	27%
Must be increased.	11%	19%	45%	25%
Must be preserved as they are presently.	4%	12%	55%	29%
Must be reduced.	21%	29%	40%	10%
Only meet the basic needs of people while they are poor.	26%	49%	19%	6%
Should be limited to people who cannot work for reasons of age or health.	52%	25%	18%	5%

Meritocracy¹¹

The people in the sample broadly support meritocracy, although a significant fraction of 13% indicated that they did not have sufficient knowledge of the subject to comment. Eighty-three percent strongly agree or agree that meritocracy is fundamental to the development and retention of a country's best human resources (Figure 27). More than 90% agree that the labor market and public administration must prioritize the most capable and best prepared people (Figure 28).

¹¹ Several authors define meritocracy in a general way as the idea (implicit or explicit) that compensation will be received in proportion to our merits, as long as our conduct remains within the limits of the legal structure and what is socially acceptable. (Castillo et al., 2019, p. 2).

Figure 27. Meritocracy is fundamental for the development and retention of the best human resources of a country.

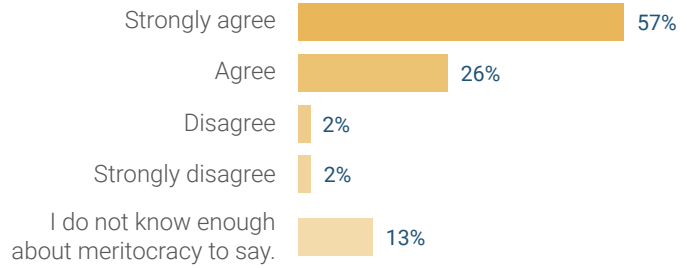
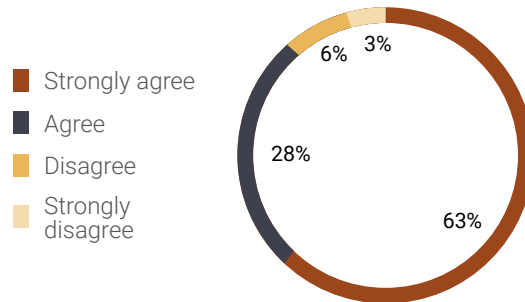


Figure 28. The labor market and public administration must prioritize the most capable and best prepared people.



Importance of Free-market Principles

Respondents indicated the importance they attribute to each of the 22 principles and it is interesting that more than half of them were classified as “Extremely important” or “Very important” by 90% or more of the sample. Of the 22 principles on the list, 20 received endorsement as “Extremely important” or “Very important” by more than 70% of respondents; and the remaining two were favored by more than half of the sample with 62.9% and 55.9% (Table 5).

The five principles that received the highest ranking in the “Extremely important” and “Very important” classifications reveal a fairly balanced perception of the importance of the three areas of social action: public, private, and individual; these were “Government transparency” (98.9%), “Public sector efficiency” (96.3%), “Equal opportunities” (96.0%), “Corporate transparency” (95.4%), and “Individual liberty” (95.3%). The principle with the lowest score in the “Extremely important” and “Very important” classifications was “Privatization of government assets and services” (55.9%) followed by “Agency” (62.9%).

The principles related to the distributive dimension had majority support from around three-quarters of the sample, but not as broadly as the other principles on the list. Income equity and the distribution of income and wealth were in positions 19 and 20, that is, almost at the end of the list.

90%
or more of the sample attributes great importance to most of the free-market principles.

Table 5

Indicate how important the following principles are to you.

	Extremely important	Very important	Important	More or less important	A little important	Not important
Agency	35.3%	27.6%	21.5%	10.0%	2.5%	3.1%
Business social responsibility	66.5%	18.0%	9.8%	3.1%	1.5%	1.1%
Business transparency	81.8%	13.6%	3.8%	0.4%	0.0%	0.4%
Distribution of income and wealth	53.8%	19.3%	12.7%	5.6%	3.6%	5.0%
Economic liberty	72.2%	20.4%	6.2%	1.1%	0.0%	0.1%
Entrepreneurship	65.6%	24.5%	8.0%	1.3%	0.4%	0.2%
Equal opportunities	83.8%	12.2%	3.1%	0.5%	0.0%	0.4%
Free competition	70.4%	19.3%	7.1%	2.2%	0.7%	0.3%
Free market	59.3%	24.7%	12.0%	2.2%	1.5%	0.3%
Government social responsibility	74.4%	15.3%	5.8%	2.7%	0.7%	1.1%
Government transparency	92.4%	6.5%	0.7%	0.0%	0.0%	0.4%
Incentive to individual effort	78.2%	16.9%	3.8%	0.5%	0.2%	0.4%
Income equity	60.2%	15.8%	10.7%	4.9%	4.0%	4.4%
Individual liberty	78.9%	16.4%	3.8%	0.7%	0.2%	0.0%
Individual responsibility	75.1%	18.7%	5.3%	0.5%	0.0%	0.4%
Limited government	55.5%	21.1%	14.4%	5.6%	2.2%	1.2%
Meritocracy	70.9%	16.9%	7.3%	2.2%	0.5%	2.2%
Private sector efficiency	72.5%	20.4%	5.8%	0.9%	0.2%	0.2%
Privatization of government assets and services	33.5%	22.4%	21.5%	9.5%	5.1%	8.0%
Public sector efficiency	82.5%	13.8%	2.9%	0.2%	0.4%	0.2%
Right to private property	77.3%	16.4%	5.5%	0.7%	0.1%	0.0%
Rule of law	68.7%	21.3%	8.0%	1.6%	0.2%	0.2%

Functioning of Free-market Principles

Respondents' assessment of how these principles function in Puerto Rico can be characterized as poor to negative, since 20 of the 22 principles were classified as functioning bad or very bad by one third or more of the sample (Table 6). This indicates that in practically all dimensions there is room for improvement and that it is not possible to be satisfied with the current state of realization of the principles of economic liberty in Puerto Rico.

A dichotomy in perceptions regarding the public and private sectors is striking. In general, the perception of the functioning of these principles in the public sphere is negative, while that is not the case in the private sphere; for example, while 98.9% of the sample say that government transparency is extremely important or very important, 81.1% say that it works bad or very bad. The same applies to the principle of public sector efficiency: 96.3% say that it is extremely important or very important, but 79.4% say that it works bad or very bad. In government social responsibility, 89.7% classify it as extremely important or very important and 70.9% assess that it works bad or very bad. In general, the functioning of the principles applicable to government appears to be inversely proportional to their importance, indicating a serious problem of perception about the role and performance of the government.

In contrast, 92.9% of the sample consider private sector efficiency to be extremely important or very important and only 14.7% consider it to work bad or very bad in Puerto Rico. The private sector does not seem to have the same credibility problem as the government sector.



Table 6

How good or badly do you think each of these principles function in Puerto Rico?

	Very good	Good	Regular	Bad	Very bad	I do not know.
Agency	4.0%	4.9%	28.7%	29.6%	19.6%	13.2%
Business social responsibility	4.0%	12.7%	43.1%	20.7%	16.9%	2.6%
Business transparency	4.7%	12.7%	43.3%	22.5%	14.0%	2.8%
Distribution of income and wealth	2.5%	3.5%	25.5%	29.5%	34.5%	4.5%
Economic liberty	7.1%	10.7%	38.5%	24.5%	17.0%	2.2%
Entrepreneurship	7.6%	16.0%	41.1%	22.0%	11.6 %	1.7%
Equal opportunities	7.6%	7.1%	31.5%	23.6%	26.7%	3.5%
Free competition	8.7%	15.3%	37.5%	20.9%	15.1%	2.5%
Free market	7.6%	13.1%	34.4%	24.9%	17.6%	2.4%
Government social responsibility	3.1%	2.7%	19.8%	30.4%	40.5%	3.5%
Government transparency	3.5%	1.1%	12.5%	26.7%	54.4%	1.8%
Incentive to individual effort	4.0%	3.8%	27.5%	31.1%	31.8%	1.8%
Income equity	2.9%	4.2%	26.0%	30.0%	32.7%	4.2%
Individual liberty	9.1%	19.3%	32.7%	21.3%	16.0%	1.6%
Individual responsibility	8.4%	9.3%	35.3%	26.1%	18.4%	2.5%
Limited government	5.1%	4.7%	22.5%	27.8%	36.0%	3.9%
Meritocracy	2.7%	3.8%	25.5%	29.6%	32.4%	6.0%
Private sector efficiency	9.5%	30.5%	44.2%	10.2%	4.5%	1.1%
Privatization of government assets and services	4.5%	4.7%	24.9%	26.2%	33.6%	6.1%
Public sector efficiency	2.9%	2.9%	13.8%	30.7%	48.7%	1.0%
Right to private property	11.8%	27.1%	33.1%	17.1%	8.4%	2.5%
Rule of law	7.1%	13.3%	35.5%	22.9%	16.9%	4.3%

Ranking of Free-market Principles

The ranking created with the data collected clearly demonstrates the distance between the importance of the principles for participants and their assessment of how good or bad they function in Puerto Rico. In the ranking of the principles, it stands out that 12 have 90% or more of importance and 17 have more than 80%. In contrast to these results, almost half of the principles have less than 10% of good performance and none exceeded 40% (Table 7).

Of the principles considered to be pillars of the free market, the highest ranked were “Individual liberty” (5), “Right to private property” (8), and “Rule of law” (12) — the three with an importance in the range of 90%. For its part, “Limited government” fell behind in position 18, with 76.6%; this result is consistent with other answers from respondents about government’s participation in a free market.

Four of the principles related to individualism included in this section of the survey appear at the top of the ranking; these are: “Equal opportunities,”¹² “Individual liberty,” “Incentive to individual effort,” and “Individual responsibility.” The positions they occupy and the importance given to them confirm the sample’s belief in one’s own effort to satisfy desires and achieve personal aspirations.

¹² López Gómez points out that the individualistic conception of equal opportunities centers its attention on the personal result and not the group result, considering that there will be differences between individuals in the same circumstances that derive from their individual effort. In the social conception of equal opportunities, two people under the same conditions in terms of “social opportunities” can have very different results depending on their effort and talent (2017, p. 156). For Rodríguez Burgos, “equal opportunities is the preservation of a rule of law that creates the conditions for the pursuit of individual happiness” (personal communication, 15 August 2022). Equal opportunities, therefore, is not the product of the action of the State, but rather of the individual in the free market.



Table 7*Ranking of the Principles of Economic Liberty and the Free Market in Puerto Rico*

Rank	Principle	Importance¹	FN +²	FN -³
1	Government transparency	98.9%	4.6%	81.1%
2	Public sector efficiency	96.3%	5.8%	79.4%
3	Equal opportunities	96.0%	14.7%	50.3%
4	Business transparency	95.4%	17.4%	36.5%
5	Individual liberty	95.3%	28.4%	37.3%
6	Incentive to individual effort	95.1%	7.8%	62.9%
7	Individual responsibility	93.8%	17.7%	44.5%
8	Right to private property	93.7%	38.9%	25.5%
9	Public sector efficiency	92.9%	40.0%	14.7%
10	Economic liberty	92.6%	17.8%	41.5%
11	Entrepreneurship	90.1%	23.6%	33.6%
12	Rule of law	90.0%	20.4%	39.8%
13	Free competition ⁴	89.7%	24.0%	36.0%
14	Government social responsibility ⁴	89.7%	5.8%	70.9%
15	Meritocracy	87.8%	6.5%	62.0%
16	Business social responsibility	84.5%	16.7%	37.6%
17	Free market	84.0%	20.7%	42.5%
18	Limited government	76.6%	9.8%	63.8%
19	Income equity	76.0%	7.1%	62.7%
20	Distribution of income and wealth	73.1%	6.0%	64.0%
21	Agency	62.9%	8.9%	49.2%
22	Privatization of government assets and services	55.9%	9.2%	59.8%

¹ Combined percentage of the responses "Extremely important" and "Very important" of each principle.

² Combined percentage of the responses "Very good" and "Good" on the functioning of each principle.

³ Combined percentage of the responses "Bad" and "Very Bad" on the functioning of each principle.

⁴ Positions 13 and 14 were determined based on the combined percentage of the responses "Extremely important," "Very important," and "Important" of these principles.

Conclusions and Recommendations

The study achieved the general objective of assessing the knowledge of the main principles of economic liberty and the free market and the affinity with them in Puerto Rico. The constructed and administered questionnaire served to obtain the data with which it was possible to quantify the degree of affinity of the participants with the topics included. Finally, the created ranking enabled us to see the importance of these principles for respondents and their opinion on how good or bad they function in Puerto Rico.

Those who were part of the sample have a diversity similar to that of the general population in several sociodemographic aspects. Respondents (a) have a mostly negative perception about the direction of the economy of the Island; (b) broadly support and value economic liberty and free-market system; (c) consider that the latter does not have the weight it should in Puerto Rico; and (d) negatively rate the functioning of the government as far as transparency, efficiency, and social responsibility.

Based on the results, the following recommendations are made:

- Publish the results of the survey and the validated instrument so that they can be discussed and used.
- Carry out new research on specific survey issues to broaden the knowledge and perspectives of the topics, as well as similar research in other jurisdictions in collaboration with local institutions.
- Explore techniques and identify opportunities to educate on topics such as the relationship between individual freedom and responsibility, and the consequences of delegating the latter to government in a free-market system.
- Periodically repeat this research to measure and analyze variations in the knowledge and valuation of the principles.
- Expand sociodemographic data to, among other things, include the municipality or region of the participants.

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Contact Information

Dr. Ángel Carrión-Tavárez
 Director of Research and Policy
carriona@ilepr.org

Institute for Economic Liberty
 PO Box 363232
 San Juan PR 00936-3232

Tel.: +1 787.721.5290
 Fax: +1 787.721.5938

Research Team

Dr. Ángel Carrión-Tavárez
 Research direction; literature review; design, construction, and administration of the survey; elaboration of the ranking; drafting of the report; and editing

Dra. Luz N. Fernández-López
 Literature review; drafting of the objectives; methodology; design, construction, and programming of the survey; tabulation; and figures

Dr. Juan Lara
 Analysis of the results and drafting of the report

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Magda Rocío Barrero

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