



## PRESS RELEASE

San Juan, October 22, 2024

### **New Report Exposes Regulatory Excesses of the Government of Puerto Rico and Proposes Public Policy Solutions**

**The Island has more than 50 laws and regulations that limit private investment and hinder business and job creation.**

Puerto Rico has been subject to state control over productive assets and heavy government intervention in the market for decades. This situation has limited growth by reducing private investment and entrepreneurship, resulting in a low labor force participation rate, low wages, high poverty levels, and significant emigration.

This is revealed in the report *Acciones de libertad económica para un Puerto Rico justo y próspero* (Economic freedom actions for a fair and prosperous Puerto Rico), published by the Institute for Economic Liberty (ILE by its Spanish Acronym). The purpose of the report is to highlight more than 50 laws and regulations that limit opportunities in Puerto Rico and provide a guide for the next government to establish new public policies that unlock the Island's potential.

ILE's proposals aim to eliminate barriers to economic freedom for individuals; promote the development of the private sector based on competitiveness and innovation; allow individuals to determine what is best for themselves; and reduce tax burdens that disincentivize wealth creation, in order to reduce poverty and dependence.

The report proposes specific actions in areas that affect individuals and businesses, such as occupational licensing, tax burden, property registration, ease of doing business, inventory tax, price control, container inspection, corporate subsidies and incentives, and municipal businesses, among others.

The recommendations included are particularly important for the Island's micro, small, and medium-sized enterprises (MSMEs), as they have less capital and resources to cope with the costs of excessive regulations. A reasonable regulatory environment contributes to the creation and development of MSMEs, which are considered the backbone of the economy.

The report also addresses the size of the government and public spending, raising the need to evaluate whether it is justified to maintain the 132 existing state agencies and entities in Puerto Rico. There are states with similar populations that operate with only 37 agencies, which leads to the question of why Puerto Rico needs almost 100 more agencies.

The author of the report is Dr. Ángel Carrión-Tavárez, director of Research and Public Policy at ILE. He stated, “The laws and regulations studied and included are the result of paternalistic and protectionist public policies that failed to achieve their purpose and have ultimately harmed those they intended to help or benefited some at the expense of others.”

“This inequity and injustice have prevailed for far too long and have been detrimental to Puerto Rico. Ending unnecessary government intervention in private initiative and creating a favorable environment for investment are fundamental to repairing the socio-economic damage caused by the regulatory excesses of current policies,” he added.

The report states that the comprehensive implementation of the proposed reforms would promote private investment and entrepreneurship by reducing production burdens and improving the return on private investment. This would result in the creation of new businesses, more jobs, better wages, greater labor force participation, and a reduction in the informal economy.

According to Jorge L. Rodríguez, founder and CEO of ILE, “The government must allow the people, with their talent, creativity, and innovation, to be the driving force of Puerto Rico’s prosperity. This report clearly shows the many undue barriers and the government’s centralized economic planning, which deprive people of the opportunity to make a living for themselves and their families.”

Rodríguez expressed his hope that “this study will serve as a roadmap for the next government, especially for the legislature, with the goal of unlocking the potential of Puerto Ricans and allowing them to fulfill their dreams and life projects, and contribute to a better Puerto Rico. Only then can a firm and sustainable change be achieved toward prosperity and well-being for everyone on the Island.”

## **Contact**

Dr. Ángel Carrión-Tavárez | [carriona@ilepr.org](mailto:carriona@ilepr.org) • 787.478.1000

### **About the Puerto Rico Institute for Economic Liberty**

The Institute for Economic Liberty (ILE) is a 501(c)(3) non-profit, non-partisan, non-governmental organization created with the genuine desire to ensure that everyone on the Island has equal opportunities to unleash their maximum potential and create their own success. We believe that effort and merit should be rewarded and prosperity should be driven by people’s creativity, entrepreneurship, and innovation. We want to live in a Puerto Rico where everyone can be empowered to achieve their goals and progress in a free and open society. You can learn more about ILE at [institutodelibertadeconomica.org](http://institutodelibertadeconomica.org), as well as on Facebook and Instagram @ilepuertorico.