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By: Abelardo M. Ruiz

In addition to the Economic Dependence that many puertorricans live under U.S Government Federal Programs, we have added, in the face of the Federal Congress Financial Control Board, the Economic Dependence of **“Thought, Initiative, and Creativity” (TIC)**. Everybody is “waiting” for the Board in hopes that it would “give” us something, what programs they would implement, etc., and us, why can’t we do something for ourselves? Hence the

## **ECONOMIC DEVELOPMENT AND GROWTH PLAN FOR PUERTO RICO**

### **Actual Development Plan for PR**

There is discussion as to if there is in fact an Economic Development Plan for PR, and certainly there must be a number of documents that prove that definitely there is a Plan, but same has been and still is ineffective, and has failed in providing economic **Growth** of the local economy.

One of the key elements that must be taken into consideration, and perhaps the most important one, is to acknowledge that each industry is different from one another, each having its own characteristics, special needs, and uniqueness that must be addressed separately, and not like “cattle”, as the saying goes: **“one size doesn’t fit all”!**

Acknowledging the above, then, the **Economic and Growth Plan for Puerto Rico:**

- Create a “working team” which would be made of Top **business representatives** from each industry, no politicians or academia or technicians, that will make the decisions about which incentives and business parameters will apply to each industry, including Market size, Competition, quantity of resources and their academic qualifications are available, etc.
- Change actual paradigms where economic incentives are provided the same to all industries, especially directed to the **seller or manufacturer**, when in many occasions the incentive should be directed to the **purchaser/buyer**, especially in those industries where the local companies

face foreign/outside competition, providing the incentive to the **buyer**. For example, should Wal-Mart get a tax credit on its purchases to local companies, this would have a double effect: the companies receiving the purchases would increase their business volume, thus paying a higher tax dollar to Treasury, would make the local company a stronger viable business, and would increase the **local** market for that particular industry, allowing the economic growth of those companies. Wal-Mart would not object this initiative, as it opposed the special tax that Treasury wanted to imposed upon them, to the contrary, it would welcome the new incentive, as its business is a low margin profit relying on volume, and this would allow an additional way of improving that margin. This credit would be by industry, as applicable, and will be available to foreign companies, as well as local companies, for example, **transfer** the incentive credit from the local chicken and egg producers (sellers), to the Supermarket/Groceries chains/stores (buyers), again producing profit for the final entity responsible for the pricing to the consumer.

- Actually, the economic incentives are tied to the creation and commitment of additional employment by the company that solicits the incentives. The commitment is made by the business without really knowing if it can accomplish same, while the government uses the commitment for propaganda and political objectives (have obtained from X company a commitment of six additional employees in the next five years!). In addition to the uncertainty, it is **highly expensive, and inefficient**, to supervise the process in a serious and adequate manner. It is hereby proposed to change the paradigm instead with a vision of increasing/growing the business, resulting obviously in additional employment required to service the additional business volume. This provides the businessman, and the government, to take away “that ax that hovers over their head”, that commitment that is made in “darkness” and that responsibly weighs in their conscience.
- The main industry for exportation is that of Services, and among those, the ones provided by the technological companies. Presently, and most certainly in the future, the majority of the technological services are provided remotely via technological tools that allow for a more effective and efficient service to its customers. In this industry, Puerto Rico’s human resources are at a par with any country in the World, as our technicians are educated with American technology, and is appropriate to export that knowledge, especially, with the objective of becoming the “**Technological Hub**” of our Region, The Caribbean, and once we achieve that level and recognition, then we can go outside of our Region for technological exportation to other countries. Actually, Panamá, Venezuela, and Colombia are ahead of Puerto Rico, to the point that principally, Venezuela, has been acquiring local companies, and/or establishing their own operations on the Island clearly competing against the locals, and employing Venezuelan expatriates in their operations.
- Incentives for exportation of products and/or services are similar, if not exactly the same, for all industries, when in fact each presents opportunities and challenges unique to their businesses. For example, how is it that the same incentives would apply to the exportation of Technological

Services with the exportation of furniture? The exportation of Insurance Services with the exportation of textiles? Etc.

### Expected Plan Results

- Create a local market in which the native companies are allowed the opportunity to achieve real success, and can compete in its growth
- That it becomes a vehicle to achieve **economic growth** in order to create **“Big Local Companies”**, and avoid trying to **continue** “depending and surviving” with the “PYMES” (Small and Medium Enterprises), and the “peanuts” that are thrown their way so they will always remain PYMES.
- Promote and facilitate **local investment**. The local investor is by its nature very conservative, and lacks real Capital for investment, or is timid in “risking” the one they have; this will provide a more secure business environment in which their investment should allow for a more sure return on that investment.
- It opens up the market for **“outside investment”** either through local companies, or by establishing their own companies to take advantage of the Market.
- Establishes the basis for a stronger Exportation activity for its own goods and services.
- Provides a good and solid business reason for the consumption of products and services “made” in Puerto Rico, and not only, as the government and some specific organizations plead for support of “made here”, as is often published in the following manner:

“Buy Puertorrican Products and Services, because they are produced here”,

and I add:

**“Even if they are more expensive than the imports and in some cases not the same quality”?**

- **The Financial Objective** of this “Plan” is that it be neutral cost-wise to the governments by “altering/changing” the business incentive paradigms, while increasing local market economic activity, thus augmenting local government revenues.