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Nota de los Editores

La publicación de Occasional Papers responde a la necesidad de proveer una oportunidad para la difusión de trabajos académicos a un público más amplio. Los trabajos se publican tal y como son sometidos y refleja exclusivamente el punto de vista del autor. En esta cuarta publicación de Occasional Papers, presentamos el trabajo de Olivier Perrinjaquet, quien cursa su segundo año doctoral en la Escuela de Administración y Política Pública Reubin O'D. Askew de la Universidad Estatal de Florida (FSU). Previa a sus estudios doctorales, trabajó en la empresa privada, en consultoría y en el Gobierno de Puerto Rico. Olivier obtuvo un Bachillerato en Economía y Francés en la Universidad de Michigan - Ann Arbor y una Maestría en Administración de Empresas en la Universidad de Puerto Rico - Río Piedras. Fue parte del equipo de Estudios Técnicos, Inc. y contribuyó muy positivamente a los trabajos de la empresa. Su trabajo presenta una interesante discusión sobre temas relacionados a la necesidad de una reforma del marco institucional de Puerto Rico.

Los Editores

Lessons from George Washington: What a Public Sector Reform in Puerto Rico Must Include

By Olivier Perrinjaquet

Abstract

Puerto Rico is currently facing a critical point in its history. Its credit has been downgraded dramatically by the major credit agencies to below non-investment grade, its economy has been contracting in real terms for the last 10 years incessantly, the government's cash-flow problem is forcing government officials to choose between paying debt obligations, private sector suppliers and sending out tax reimbursements, population loss through net outmigration has reached unprecedented levels, and the people's trust of government officials is eerily low. Needless to say, Puerto Rico's policymakers must urgently and radically reform its government and archaic institutional matrix to better serve its people. While the clock continues to tick away, the people residing in the Island of Enchantment are beginning to hear the alarm bells of a potential humanitarian crisis. George Washington, a man whose thinking and actions were deeply influenced by Enlightenment philosophers including John Locke and Francis Hutcheson and who would become the first President of the United States, laid out a coherent framework of thirteen precedents or propositions to effectively and efficiently

administer the nascent democratic republic. Given that he was keenly aware of the failure of all previous experiments in the establishment of a republican form of government, he arduously strived to erect governance structures that would be supported and embraced by the American people. This framework, as described by Cook and Klay (2015), can serve as a guiding light for any government, including Puerto Rico, which is looking to enhance its legitimacy, elevate public support and strengthen its political viability. This article will use said framework to assess Puerto Rico's performance and condition with regards to each of the relevant precedents (e.g. rule of law, accountability, efficiency, merit selection, public service motivation) and suggest ways how these might be more adequately institutionalized. Potential criticisms aside, George Washington can provide valuable administrative guidance, through these thirteen precedents, in how to achieve greater economic and social prosperity. Puerto Rico and its leaders should attentively heed Washington's warnings and counsel.

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Method

Scott A. Cook's and William Earle Klay's (2015) article entitled "George Washington's Precedents: The Institutional Legacy of the American Republic's Founding Public Administrator" will be used extensively throughout this article. Cook and Klay provide an excellent presentation of Washington's thirteen precedents, how these precedents establish a coherent framework for practicing public administration, and the main Enlightenment era thinkers that shaped his political and administrative thinking.

To determine where Puerto Rico stands in terms of Washington's thirteen propositions, a number of sources will be used including

official government financial and nonfinancial documents, global reports that rank nations according to their competitiveness, ease of doing business and level of human development, publicly available data on Puerto Rico from both Puerto Rican and U.S. sources, books on the economic history of Puerto Rico, as well as newspaper articles, among others. Comparisons with the U.S. will be used when the data is available, as well as comparisons with other nations.

Puerto Rico's current political status, which is considered by many to remain a colonial,

undemocratic arrangement despite being removed from the United Nations list of non-self-governing territories in 1953, has adversely impacted Puerto Rico's economic development. It would be interesting to know how George Washington, who fought for the liberation of his nation and for the success of a representative democracy, would feel about the United States' current political relationship with Puerto Rico. A brief historical account of this relationship will be presented for those unfamiliar with this intriguing, yet highly controversial, political tie.

Puerto Rico's Relationship with the United States

A general understanding of the history of the political relationship between Puerto Rico and the United States is indispensable for contextualizing the development path Puerto Rico has taken and the constraints and opportunities that arose from this relationship. A brief account of this relationship dating back to the end of the 19th century is presented in the following section.

Puerto Rico became a non-incorporated territory of the United States in 1898 after close to four centuries of Spanish colonial control, following the signing of the Treaty of Paris, which ended the Spanish-American War (Trías Monge, 1999). The Foraker Act of 1900, after two years of U.S. military control, transitioned the Island to a civilian form of government characterized by broad control by U.S. interests, economic, military and political (Dietz, 1986). The Jones-Shafroth Act of 1917, commonly known as the Jones Act, bestowed U.S. citizenship on Puerto Ricans and created a new government structure which emulated the U.S. republican form of government with three branches, i.e., executive, legislative and judicial (Trías Monge, 1999). The governors of Puerto Rico were appointed by the U.S. president until 1948, when Luis Muñoz Marín became the first elected governor of Puerto Rico. Pursuant to Public Law 600, also known as the Puerto Rican Federal Relations Act enacted by the U.S. Congress in 1950, Puerto Ricans would look to establish their own government and Constitution, but would remain subject to the authority of Congress under the U.S. Constitution's Territory Clause (PR Taskforce 2005). After a local referendum and approval of the U.S. Congress, Puerto Rico enacted its Constitution in 1952, establishing

the Commonwealth of Puerto Rico (Estado Libre Asociado by its Spanish name) (Dietz, 1986). Although Puerto Rico did obtain a higher degree of autonomy with respect to local affairs, the sovereignty of Puerto Rico, as an unincorporated territory of the United States, would still reside in Congress. Puerto Rico's political status has remained unchanged. Although the statehood movement, that advocates the full annexation of Puerto Rico to the United States, has been gaining political ground through the decades following the establishment of the Commonwealth, it has yet to obtain an unequivocal majority.

Given the unresolved nature of Puerto Rico's political status debate, President Bill Clinton in December 2000 created The President's Task Force on Puerto Rico's Status (Task Force) through Executive Order 13183 "to help answer the questions that the people of Puerto Rico have asked for years regarding the options for the islands' future status and the process for realizing an option." The Obama Administration amended the executive order to expand the role of the Task Force, adding to the scope of its work an assessment of the latest socioeconomic trends and specific policy recommendations through the publication of reports. It is interesting to note that these reports, published in 2005, 2007 and 2011, reiterate Puerto Rico's status as an unincorporated territory of the United States whose sovereignty resides in Congress. Moreover, the 2011 report published under the Obama Administration, rather unconventionally, recognizes that "immediate and true forward movement on the issue of status would greatly benefit the people of Puerto Rico." The U.S. government, through the New York Federal Reserve Bank

and the Government Accountability Office, among others, has continued to publish reports, covering a wide range of topics including Puerto Rico's daunting economic and fiscal issues, but has taken few concrete steps to resolve the perennial status dilemma.

Puerto Rico, as an unincorporated territory subject to the Territorial Clause of the U.S. constitution, "shares key U.S. institutions; in particular, the region operates under U.S. judicial, monetary, and tariff systems" (Bosworth et al., 2006). In other words, Puerto Rico cannot establish trade deals with other countries unilaterally and cannot levy tariffs. Furthermore, people, capital, goods and services can move freely between Puerto Rico and the U.S. (Trías Monge, 1999). Finally, Puerto Rico is subject to most federal statutes and regulations that govern the 50 states of the union (Bosworth et al., 2006). It should be noted that in November, 1992, President Bush sent a letter to the heads of executive departments and agencies which stated the following: "I hereby direct all Federal departments, agencies, and officials, to the extent consistent with the Constitution and the laws of the United States, henceforward to treat Puerto Rico administratively as if it were a State." The sharing of these key institutions has provided Puerto Rico with a number of opportunities and constraints. Federal institutions in Puerto Rico are generally viewed as more efficient than those conceived by Puerto Rican policymakers. A decades-long problem for Puerto Rico, as will be widely discussed in this article, is the current public institutional framework that was created more than half a century ago and has remained essentially unchanged.

George Washington's Institutional Legacy: Lessons for the Puerto Rican Government

Out of all of George Washington's achievements and contributions, which are undoubtedly many, being "the progenitor of several important institutions of American public administration" as argued by Cook (2012) in his dissertation, is one that is not frequently mentioned or emphasized. Washington was keenly aware that his actions and words would have a lasting impact and understood the importance of "getting the institutions right" (Ostrom, 1990). Institutions and the importance of institutions, defined by North (1991) as "humanly devised constraints that structure political, economic and social interaction", was clearly in Washington's mind when thinking about how to structure the federal government and the precedents he would set for future public administrators of the United States. The founding document of the nation, the U.S. Constitution, did not delineate how exactly the new government would operate and it would

have to be up to Washington to better define it (Cook and Klay, 2015).

Washington's shaping and molding of these institutions was greatly influenced by Enlightenment thinkers, such as Francis Hutcheson and John Locke (Cook and Klay, 2015). Hutcheson and Locke influenced Washington's thinking in a number of ways including the right of a people to establish a government, the importance of instituting a system of checks and balances within the government (i.e. executive, legislative and judicial branches) and the virtues of a representative democracy (Cook and Klay, 2015). Hutcheson, who disciples the father of modern economics, Adam Smith, and was one of the founding fathers of the Scottish Enlightenment, also influenced Washington with his writings on utilitarianism and self-interest, which in turn shaped the precedents he wanted to systematize. The threat of a

government overthrow was a big concern for the country's first president given the failure of all other previous attempts to establish and sustain a republic. Hutcheson laid out reasons why a people could justifiably remove an incumbent government, and Washington certainly assimilated this warning (Cook and Klay, 2015). Washington was deeply concerned about the people's acceptance and embracing of the new government and fought fervently and worked industriously to solidify the legitimacy of said new government.

The subsequent sections of this article will present Washington's thirteen propositions as presented by Cook and Klay (2015) and how Puerto Rico's government stands with regards to each of these propositions or precedents. Political, social and economic analyses and data from a variety of sources will be utilized to substantiate the claims subsequently put-forth.

Rule of Law

Proposition: "Public administrators should exemplify acceptance of and adherence to the rule of law as expressed in the Constitution and statutes" (Cook and Klay, 2015)

Corruption and political malfeasance, to the chagrin of its people, has been a staple of Puerto Rican public administration for some time. According to Transparency International's 2014 Corruption Perceptions Index (CPI), Puerto Rico ranked 31st out of 175 countries with a score of 63, 0 being "highly corrupt" and 100 being "very clean", while the United States obtained a rank of 17 with a score of 74. Denmark, according to the Transparency's International latest index, ranked number one with a score of 92. Although Puerto Rico does not fare well when compared to the United States and other highly developed economies, it does obtain a score substantially higher than

the average global score which stood at 43.

Furthermore, the Civil Rights Division of the federal Department of Justice published a scathing report of Puerto Rico's Police Department, pointing to, as former Attorney General Eric Holder (DOJ, 2013) stated:

"A range of longstanding and entrenched deficiencies that were uncovered by an extensive Justice Department investigation - many of which caused or contributed to unlawful conduct, such as the use of excessive force, including deadly force; misconduct to suppress the exercise of protected First Amendment rights; unconstitutional stops, searches and arrests; and other discriminatory practices, such as a systemic failure to investigate sexual assault and domestic violence allegations".

These piercing allegations against the Puerto Rico Police Department, governmental entity which is supposed to be the enforcer of the law and whose mission is "to protect and serve the residents of Puerto Rico by designing and implementing policies and practices that control crime, ensure respect for the Constitution and the rule of law, and enable the Department to enjoy the respect and confidence of the public", illustrate the urgent need to promote and develop a culture of rule of law across the entire public sector. Despite the rhetoric of government officials that continually emphasizes the importance of being a nation operating under the rule of law, in practice, as exemplified with the case of the Police Department, the public sector falls short in this regard.

Civilian Control of the Military

Proposition: "Public administrators who serve in the military are especially obliged to accept and adhere to the rule of law as expressed through Constitutional and statutory provisions for civilian control of the military" (Cook and Klay, 2015)

As a territory of the United States, Puerto Rico does not have its own military forces and

depends fully on U.S. military forces for national defense (Bosworth et al., 2006). It should be noted, however, that when the U.S. took control of Puerto Rico following the Spanish-American War and the signing of the Treaty of Paris, during two years the Island was occupied militarily by the United States (Dietz, 1986). U.S. military and economic strategic interests fueled

the nation's quest for control of Puerto Rico, given its geographic location. Something else that should be noted, that is of great importance and is patently un-American, is the fact that people who are residents of Puerto Rico and want to serve in the U.S. armed forces have been unable to vote for their Commander in Chief since World War I.

Accountability

Proposition: “Public administrators derive their authority from the people through the Constitution and are accountable to the people, especially as expressed through accountability to their elected representatives.”

Former International Monetary Fund (IMF) economists, Anne Kruger, Ranjit Teja and Andrew Wolfe, were commissioned by the Government of Puerto Rico to carry out a comprehensive and objective assessment of the Island’s economic and fiscal condition. They ultimately published a report on late June 2015 entitled “Puerto Rico - A Way Forward” which also includes a number of recommendations, mostly comprised of austerity measures and structural reforms to help propel its economy. The report points to a number of areas where

public administrators in Puerto Rico are evidently not living up to the accountability standards espoused by Washington. The irresponsible management of public funds in detriment of the people of Puerto Rico is a common theme across the report. Krueger et al. (2015) highlight a number of financial mismanagement practices including “overly optimistic revenue projections and budget formulation”, “lack of expenditure control and the buildup of payables”, “cash crunch and tax bargaining”, among others. These deficiencies in the management of taxpayer monies provide compelling evidence of the poor financial accountability exhibited by public administrators in Puerto Rico. Furthermore, Puerto Rico’s Government has yet to produce

fully audited financial statements for the fiscal year ended June 30, 2014, a particularly serious omission given the precarious fiscal and financial situation. A working draft was made public on February 16, 2016, but is subject to completion and audit.

The statistical system of Puerto Rico, which is an indispensable tool for exercising accountability, has long been criticized by all stakeholders. Krueger et al. (2015) note the following in their report: “The legacy of budgetary laxity, non-transparency, and unreliable/ dated statistics must be overcome if the reform program is to work and command credibility.” This statement is nothing less than a damning assessment of the Puerto Rico’s government institutional integrity and credibility.

Obligation of Efficiency

Proposition: “Public administrators, as stewards to the people, are obliged to assure that the government is managed in ways that make it effective, efficient, and responsible” (Cook and Klay, 2015).

Although many of the assessments of Puerto Rico’s public administration that have already been presented speak to the inefficiencies of the government, there are a number of other sources that provide robust evidence of these inefficiencies. As part of the World Economic Forum’s widely used Global Competitiveness Report, respondents of the Executive Opinion Survey are asked to select from a list of factors (see figure 1) the five that adversely impact doing business the most in their respective jurisdiction. Inefficient government bureaucracy is overwhelmingly the main factor that hinders doing business in Puerto Rico, according to local respondents of the survey.

Given the large number of people working in government in Puerto Rico, one would expect the government to be highly responsive. According to the latest available U.S. Bureau of Labor Statistics data, as of March 2016, government employees (i.e. federal, state and local) represented 25.7% of total nonfarm

salaried employment while in Florida it only represented 13.2%. According to Bosworth et al. (2006), “the government of Puerto Rico, going against trends elsewhere, is ever expanding”, also noting that “it could be argued, moreover, that for many of these [government] employees, their marginal productivity is zero.” The current

governmental institutional framework with low levels of productivity, and lack of performance measurement and accountability systems is a considerable obstacle to provide services to the people of Puerto Rico in an efficient and effective manner.

Merit Selection

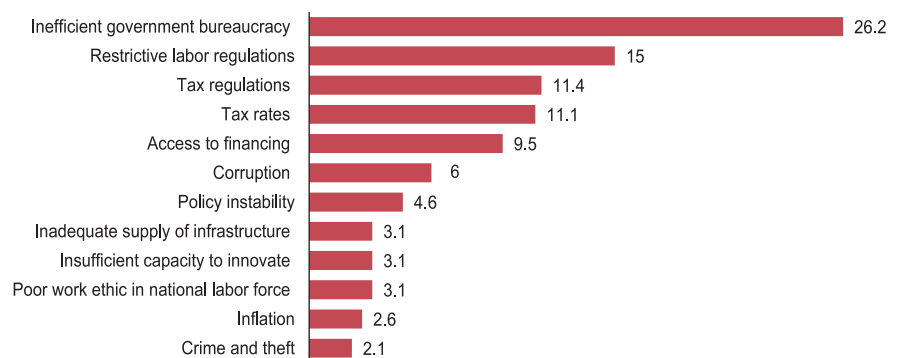
Proposition: “Public administrators are more likely to serve the public well when they are selected for their positions according to their personal merit” (Cook and Klay, 2015).

The Graduate School of Public Administration of the University of Puerto Rico in 2009 published a document proposing a new organizational model for the executive branch

of the government (Ríos, 2009). Public sector employees participated in a roundtable to share with the researchers their concerns and recommendations and agreed that the way the recruitment system is currently set up cannot guarantee that the principle of merit is being upheld. The researchers even recommended amending the Constitution of Puerto Rico to

include the principle of merit explicitly to assure its compliance. The urgency to move towards higher levels of professionalization and have a recruitment process that is merit-based in government was frequently mentioned in said report. It should be noted that a constitutional amendment does not guarantee public officials will necessarily execute what is stipulated.

Figure 1
The most problematic factors for doing business in PR*
(Percent of Responses)



Source: World Economic Forum, The Global Competitiveness Report 2014–2015. Puerto Rico was not included in the 2015–2016 report because of missing data from international sources and the resulting impossibility of ensuring international comparability.
* From the list of factors above, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

Article VI, Section 7 of the Commonwealth's Constitution stipulates that "the appropriations made for any fiscal year shall not exceed the total revenues, including available surplus, estimated for said fiscal year unless the imposition of taxes sufficient to cover said appropriations is provided by law" and Article

VI, Section 8 specifies that "in case the available revenues including surplus for any fiscal year are insufficient to meet the appropriations made for that year, interest on the public debt and amortization thereof shall first be paid, and other disbursements shall thereafter be

made in accordance with the order of priorities established by law." As has been made patently evident in recent years, Puerto Rico has grossly disregarded these critical constitutional provisions, running chronic fiscal deficits and enacting an emergency debt moratorium bill.

Public Service Motivation

Proposition: "Public administrators are more likely to serve the public well when they are motivated by a sense of duty and benevolence toward fellow citizens, both present and future" (Cook and Klay, 2015).

Public service motivation, which according to Perry (1996) has six dimensions: "attraction to public policy making, commitment to the public interest, civic duty, social justice,

self-sacrifice, and compassion", is arguably very low in Puerto Rico. The recruitment processes in the public sector should definitely incorporate public service motivation as an important trait of potential candidates. Given the present ruinous condition of the government finances at the state and local levels and the precarious condition of the government retirement systems (Krueger et

al., 2015) it can be completely understandable that the morale of public sector employees is low. Moreover, given the acute liquidity issues the government is facing, there are lingering threats of a government shutdown. The stabilization and subsequent strengthening of public finances will be critical in elevating public service motivation.

Representativeness—In Bureaucracy and in Contracting

Proposition: "A government will be better accepted if its administrators reflect the origins of its people and if its spending is perceived to be fairly distributed" (Cook and Klay, 2015).

George Washington's concerns regarding representatives in federal employee recruitment and federal contracting was geographic in nature (Cook and Klay, 2015). He understood the importance of adopting hiring and contracting practices that did not discriminate against any geographic region of the newly formed country. Creating a federal government apparatus that was representative of its people

(i.e. from the north, south, east and west), was deemed indispensable by the nation's first president to ensure the political viability of the United States as a unified country. In the 21st century, representativeness in terms of gender, race, and ethnicity are more relevant.

In the case of the government of Puerto Rico, there are certainly areas where much work remains to create a more representative body. The gender gap in the political representatives of Puerto Rican women is evident. Of the 51 members of the 29th House of Representatives of Puerto Rico, only 8 are women, close

to 16%, while in the 25th Senate which is composed of 27 members, 6 or close to 22% are women. In 2014, according to US Census Bureau estimates, of the 3.6 million people living in Puerto Rico, 52% were women, while 48% were men. Canada's newly elected Prime Minister, Justin Trudeau, provides a refreshing and commendable model of how to make government and its practices more representative. He appointed the first gender-balanced cabinet in Canadian history and when asked why gender parity was important to him, he simply stated "because it's 2015."

Enhance "Community"

Proposition: "Prospects for successful governance are enhanced when public administrators exemplify a sense of identity with the broader community of which they are a part and encourage fellow citizens to do likewise" (Cook and Klay, 2015).

Act 1 of 2001 created the Office of Special Communities (Oficina de Comunidades Especiales by its Spanish name), with the purpose of promoting the economic empowerment of disadvantaged communities throughout Puerto Rico (Ríos, 2009). Its mission is to promote and stimulate the residents of poor and marginalized communities to actively participate in identifying solutions to the problems and social ills that afflict them. The aforementioned office's main functions include:

(1) community outreach and organization as the center of socioeconomic development of the communities to empower said communities, (2) coordination between the government agencies and municipalities so that the public services can be delivered in an efficient and effective manner, and (3) the improvement or development of infrastructure according to the needs and priorities of the residents. Although in writing and in principle this policy was on the right track and incorporated Washington's proposition related to enhancing community, the execution of it has been plagued by mismanagement and lack of accountability. It should be noted that in 2014 45.2% of the people of Puerto Rico lived under the federal poverty line, according to the U.S. Census

Bureau's, 2010-2014 American Community Survey 5-Year Estimates, while the poverty rate in the U.S. reached 15.6%. There is clearly great need to implement policies that empower and integrate the poor communities of Puerto Rico.

Due to allegations of mismanagement of public funds in the Office of Special Communities, an investigation was carried out that led to a report that was submitted to the Senate (Mercado, 2011). The findings point to the wasteful spending of millions of dollars. The government of Puerto Rico had an excellent opportunity to create a sense of identity with the disadvantaged communities of the Island and empower them to raise their standard of living, but ultimately it has largely faltered.

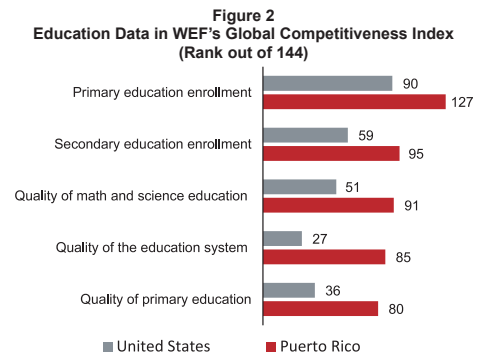
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Education for Public Service

Proposition: "Prospects for successful governance are enhanced when young people are well educated in the arts and sciences, especially in the 'science of government,' and in a way that fosters a sense of shared citizenship and civic duty that offsets 'local prejudices and habitual jealousies'" (Cook and Klay, 2015).

The reform of the executive branch proposed by the University of Puerto Rico's Graduate School of Public Administration highlighted the importance of not only making changes in the organizational structures and processes within government but also in citizen education to reach adequate levels of governance.

George Washington deemed education a critical component to enhance the success of his "experiment" (Cook and Klay, 2015). The WEF's Global Competitiveness Index includes several measures of the quality of education at different levels and the levels of enrollment. Puerto Rico does not fare well in many of these indicators, especially in primary and secondary education enrollment (See Figure below). The United States obtained a better rank in all the measures vis-à-vis Puerto Rico but is still suboptimal in this respect when compared with other jurisdictions such as Singapore, the Netherlands and Belgium.



Source: World Economic Forum, The Global Competitiveness Report 2014–2015

Objective Policy Analysis

Proposition: "It is a duty of public administrators to conduct careful and objective analysis of problems, based on the best information that can be obtained, and to inform elected officials of the results" (Cook and Klay, 2015).

Puerto Rico is reaping what it sowed. One of the reasons its economic and fiscal challenges have

reached critical levels is because of the lack of objective, intellectually-honest, non-partisan policy analysis and evaluation. Anachronistic policies and institutions in government have not been adequately evaluated to determine their usefulness. One of the few think tanks in

the Island, the Center for a New Economy, has been continuously calling for more intellectual honesty in policy analysis. It seems that many policies and institutions have followed a path dependent process that has proven quite difficult to change (Pierson, 2000).

Promote Economic Growth

Proposition: "A republican government can and should promote economic growth and development" (Cook and Klay, 2015).

Puerto Rico's economy is in shambles. Its Real Gross National Product (rGNP) has contracted by close to 14% from fiscal year 2006 to fiscal year 2015. Real GNP is expected to further contract by 1.2% in fiscal year 2016 (see Figure 3). The International Monetary Fund included Puerto Rico for the first time in its latest edition of the World Economic Outlook published in April 2016, forecasting economic contraction until 2021. Although there have been signs of a weakening economy since the mid-1970s (Curet Cuevas, 2003; Bosworth et al., 2006; ECLAC, 2004; Dietz, 1986, 2003) the government has been unable to adequately address the structural problems that afflict the Island.

The Economic Activity Index, a coincident index published by the Government Development Bank, also points to a steep decline in economic activity (see Figure 4). Comparing the latest data point available (Feb. 2016: 124.5) and the peak level (Jun. 2005: 158.1), there has been a disconcerting drop of 21.2%. There have been

38 consecutive months of year-over-year decline in this key economic index.

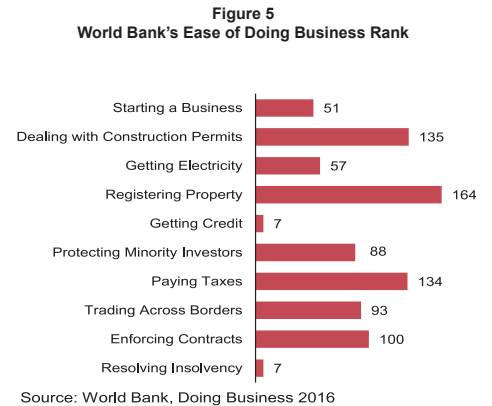
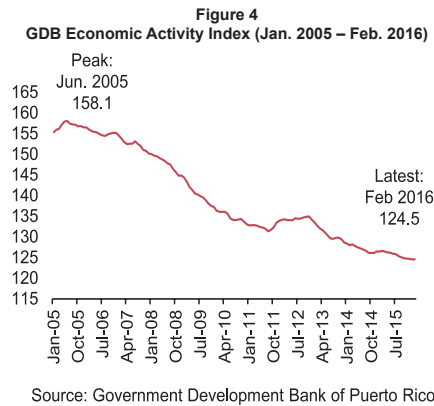
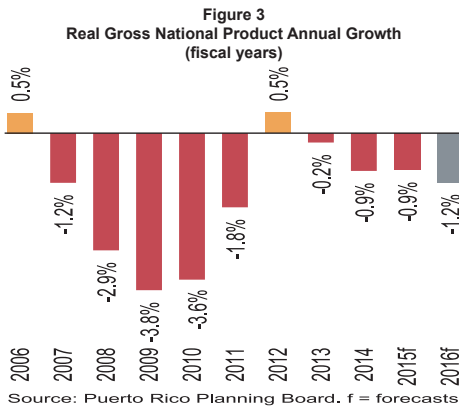
Krueger et al. (2015) point to the burden of doing business in Puerto Rico due to onerous government regulations and an inefficient government bureaucracy. According to the Doing Business 2016 Report, published by the World Bank, three of the weakest areas in Puerto Rico in terms of government regulation and inefficiencies are dealing with construction permits, registering property, and paying taxes (see Figure 5).

There is substantial evidence that certain regulations and institutional inefficiencies in Puerto Rico are hindering investment and job creation in the private sector. Policymakers should study the effects of the policies they have implemented and repeal those that have created obstacles for the formation of a robust, vibrant business sector. Furthermore, the establishment of policies that promote inclusive growth and shared prosperity where all citizens can reap the benefits from economic growth is essential moving forward, especially when considering the high levels of socioeconomic disparity across the Island.

The contracting economy and limited job opportunities are forcing many Puerto Ricans to leave the Island in search of a brighter future. According an analysis carried out by the Federal Reserve Bank of New York (Abel and Dietz, 2015), Puerto Rico lost 5.5% of its population from 2004 to 2013 (see table 1). The decline in population continues unabated and might further accelerate given the relentless deterioration in the government finances and economic landscape.

Table 1
State Population Declines Lasting Multiple Years

State	Period	Duration in Years	Percentage Decline
Puerto Rico	2004-13	9	-5.5
Wyoming	1983-90	7	-11.1
Arkansas	1950-56	6	-10.7
West Virginia	1950-57	7	-8.1
North Dakota	1984-91	7	-6.6
South Dakota	1963-70	7	-5.8
West Virginia	1959-70	11	-5.8
Mississippi	1950-55	5	-5.3
Iowa	1978-87	9	-5.2
North Dakota	1965-70	5	-4.6
New York	1971-80	9	-4.3
Oklahoma	1983-90	7	-4.3



Public Private Partnering

Proposition: "Situations arise in which it is desirable for a government to partner with private business to accomplish public purposes. It is the responsibility of public administrators to assure that such partnering is done in a manner that best serves and safeguards the public interest" (Cook and Klay, 2015).

As mentioned, Puerto Rico has long suffered from the crippling effects of corruption, and the inappropriate handling of government procurement has been a big part of it. In many instances the corruption convictions and allegations are directed towards private sector contractors. Key officials of the current administration of Puerto Rico and private

sector contractors are facing serious corruption allegations (Slavin, 2015). The U.S. attorney for the District of Puerto Rico, referring to the aforementioned corruption scandal, noted the following: "For decades now, political cronyism, favoritism, and corruption have robbed the people of Puerto Rico of the right to decent services and unbiased representation, including legally awarded government contracts" (Slavin, 2015). From this statement it is evident that (1) unethical and illegal conduct has characterized government procurement in Puerto Rico for some time and (2) that corruption has tarnished the reputation of both main political parties of the Island.

On a more positive note, after enacting the Public-Private Partnership Act in 2009, the Government of Puerto Rico embraced the trend of P3s that is seen in certain regions of the world, including Europe and Canada (Chin, 2012). After instituting a legal framework to materialize these public-private initiatives, there have been a number of important projects that have been propelled including a \$1.4 billion deal to upgrade two of the island's major toll roads and the transfer to private hands of the operation and management of San Juan's Luis Muñoz Marín International Airport (Chin, 2012). Given the strained public coffers, private capital to provide public services through P3s seems like a reasonable path.

The Enhancement of Liberty

Proposition: "Public administration should be accomplished in ways that enhance liberties" (Cook and Klay, 2015).

During the first half of the 20th century, the independence movement in Puerto Rico had many adherents but after an aggressive campaign by the government of the United

States to quell any anti-American sentiment and suppress said movement, it has become largely negligible. This search for political liberty of a certain portion of the population has been quite unsuccessful. Achieving a more democratic arrangement between Puerto Rico and the United States has also remained elusive.

Currently Puerto Rico does not have a voting member in Congress and cannot participate in presidential elections, although most federal laws and regulations apply in the Island. A full and complete resolution of this undemocratic arrangement is long overdue.

Concluding Remarks

The findings of this research endeavor are quite compelling. The evidence of an inefficient, ineffective government that is not serving its people well is overwhelming. Puerto Rico's government must urgently and diligently look to develop and executive a broad, comprehensive

reform of its public institutions and policies. Pierson (2000), pointing to North stated that "if the institutional matrix creates incentives for piracy, then people will invest in becoming good pirates." Washington's thirteen propositions or precedents construct an excellent coherent

and useful framework to guide a profound reinvention of the government apparatus in Puerto Rico to help eradicate "piracy", regain its legitimacy and credibility, and provide greater prosperity and hope for future Puerto Rican generations.

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