Puerto Rico’s Steep Population Decline

and the

Possible Downward Economic Spiral

 One of the most dramatic indications of the poor and deteriorating condition of the Puerto Rican economy in recent years has been the large population decline. The figure below shows the changes in Puerto Rico’s population since 2000. After peaking in 2004 at 3,826,878, Puerto Rico’s population dropped by 4.2% to 3,667,084 in 2012. This decline is largely accounted for by out-migration to the states, as net migration to the states exceeded thirty thousand persons in most recent years.[[1]](#endnote-1) During the 2004 to 2012 period, however, the “natural rate” of population also declined from an annual rate of 0.55% to 0.30%; the birth rate fell from 13.2 per 1,000 people to 11.2 and the death rate rose from 7.7 per 1,000 people to 8.2.[[2]](#endnote-2)

 Some perspective on the Puerto Rican population decline is provided by experiences of the states. Among the states, only Michigan—the epicenter of deindustrialization—and Rhode Island experienced population decline in the 2004 to 2012 period—and only 1.7% and 2.3%, respectively, as compared to Puerto Rico’s 4.2% decline.

 Puerto Rico’s loss of population should not be surprising. The economic decline has certainly been severe: since the Government Development Bank’s Economic Activity Index peaked at the end of 2005, it has fallen by 18.5%. In May of 2013, this index was lower than in any month since July of 1994. Per capita GNP in 2012 was 9.3% below its 2006 peak, and unemployment had risen from 11% to 15.2% in this period. Economic conditions in the states were not good in these years, but they were substantially better than in Puerto Rico. Thus the large net-migration to the states is readily understandable.

 The decline of Puerto Rico’s “natural rate” of population growth can also be seen as a consequence of the dire economic conditions. Although the birth rate has been in decline for many years and must be explained in part by long-run factors, the especially poor economic conditions of recent years would tend to lead people to put off having children (which may mean they never have them). As to the higher death rate, the current economic decline has probably worsened health conditions and thus led to higher death rates.

 Puerto Rico’s population decline is not simply a sign of an economy in distress, but also portends the possibility of a long-term economic downward spiral. The net out-migration is disproportionately young people who are relatively highly educated[[3]](#endnote-3)—that is people who are in their most productive years and who could make a most important positive impact on productivity. Thus, poor economic conditions generate more out- migration; more out-migration tends to worsen economic conditions; worse economic conditions leads to more out migration; and so on.

1. See Idania R. Rodríguez-Ayuso, Kimberley Geerman Santana, and Mario Marazzi-Santiago, Perfil del Migante 2011, Instituto de Estadísticas de Puerto Rico, 16 de enero de 2013, <http://www.estadisticas.gobierno.pr/iepr/LinkClick.aspx?fileticket=9qCLtkwFQnc%3d&tabid=165> and Idania Rodríguez-Ayuso, Pefil del Migrante 2010, , Instituto de Estadísticas de Puerto Rico, 28 de diciembre de 2011, <http://www.estadisticas.gobierno.pr/iepr/LinkClick.aspx?fileticket=7G4LjzMFoEM%3d&tabid=165>. [↑](#endnote-ref-1)
2. Government Development Bank of Puerto Rico, <http://www.gdb-pur.com/economy/statistical-appendix.html>. [↑](#endnote-ref-2)
3. See the reports cited in note 1. [↑](#endnote-ref-3)