The Problems with Puerto Rico’s Economic Data

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Six months after hurricanes Irma and Maria devastated Puerto Rico in September 2017, the extent of economic disruption and decline is still not clear. There is no doubt that the loss of lives, the destruction of people’s homes, and the damage to businesses and the infrastructure were severe. Yet, there is still an absence of reliable economic data, data that would show what has happened and provide a basis for developing plans to move ahead.

Unfortunately, the hurricane-related data problems are a microcosm of larger deficiencies in Puerto Rico’s economic statistics. These larger data deficiencies should be seen as both a cause and a consequence of the long-term weakness of the Puerto Rican economy.

Any analysis of the performance of the Puerto Rican economy—whether as a foundation for government policy or private investment—is seriously hampered by the poor quality of the official data. Some data are so unreliable as to be virtually meaningless. Most public presentations of data are unreasonably late. Moreover, there is no apparent improvement over time. Without good and timely data, the government can neither make effective policies nor evaluate the impact of the policies it does choose, and private actors do not have the information they need to make investment decisions.

The most obvious and a serious problem with the data is that 1954 prices are used to calculate real (inflation adjusted) aggregates. Over a sixty to seventy-year period, goods and services change dramatically, the “market basket” of goods that is purchased becomes very different, completely new products are introduced, and many old products no longer exist. Thus “real” calculations for today based on 1954 prices are not real at all. Based on such data, estimates of real growth of the economy have little meaning. Beyond inflation adjusted GNP and other aggregates, variables that need attention include: the Consumer Price Index and other price indexes; employment, both in the aggregate and by sectors and occupations; the distribution of income and its changes over time; the composition and the size, of output and employment, in the “informal sector”; and comprehensive data on food and agriculture.

Dealing with Puerto Rico’s data problems will require recognition by the government of the need for change, and will require action:

* *The administrative units that collect and publish Puerto Rico’s economic data need to be restructured with independence and thus able to present their findings free from political considerations.*
* *More funds must be provided to support the collection and dissemination of the data.*
* *These reforms of independence and financial support for data operations will be best accomplished—perhaps the only way they can be accomplished—by partnering with U.S. government agencies* such as, *the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis.*
* *The U.S. government will need to provide extensive technical and financial support.*