



BARACK OBAMA: STRENGTHENING PUERTO RICO'S ECONOMY

Growing up in Hawaii, Barack Obama understands firsthand the unique concerns of an island economy like Puerto Rico. Puerto Rico is a vitally important part of our country, and Puerto Ricans have made immeasurable contributions to the United States. However, the island's nearly four million residents have been largely neglected by the Bush administration. Puerto Rico has experienced large scale unemployment since the 1970s and almost half of its residents live below the U.S. poverty line. The lack of job creation and labor participation on the island has prevented Puerto Ricans from meeting basic needs and developing economically. The welfare of all Puerto Ricans, including health care and educational needs, relies on a strong, robust economy. As president, Barack Obama will make firm his commitment to the people of Puerto Rico. Obama's vision for the island includes ensuring that Puerto Rico has the tools necessary for economic development at their disposal. Obama believes that Congress must pay greater attention to job creation and economic development to sustain economic growth in Puerto Rico.

While Puerto Rico, historically, has had difficulty developing economically, they have seen periods of growth coupled with increases in entrepreneurship, pharmaceutical and biotechnology companies, research and development, its continuation as a leader in drug and device manufacturing, tourism, and an increase in its per capita income with the highest standard of living in the Latin American region.

As president, Obama will continue listening to all sides to ensure that we review areas where Puerto Rico has prospered and the areas where improvements are most needed to lead Puerto Rico on a path to long-term growth. Obama will work together with Puerto Rico to stimulate its economy and improve the quality of life of its people.

Create a Joint U.S. – Puerto Rico Task Force to Strengthen Puerto Rico's Economic Development: Puerto Rico's labor force participation rate is two-thirds that of the U.S. and has led to under-development. Obama will work closely with the government of Puerto Rico, the private sector and labor leaders to advance an aggressive agenda of job creation, economic development and new prosperity. Obama believes the levels of unemployment on the island over the last three decades are unacceptable. Obama also believes that we need to explore further trade possibilities with Latin America and the Caribbean. As president, Obama will create a joint U.S. federal government-Puerto Rico task force focused on ensuring economic development on the island. The task force will conduct a systematic review of existing federal initiatives that extend to Puerto Rico, federal programs that Puerto Rico does not qualify for and evaluate whether they should be extended to the island, and report on specific ways to maximize them to generate jobs in Puerto Rico and to consider the creation of new federal initiatives to achieve that goal. The task force will report to the President not later than August 31, 2009, and Obama will propose changes to Congress on the basis of the report. Obama believes that it is important to provide adequate support through federal programs to Puerto Ricans as well as provide tools and supports to ensure that Puerto Rico can grow its economy.

CREATE JOBS AND EXPAND LABOR PARTICIPATION

Barack Obama believes we should work to alleviate structural barriers to economic development in Puerto Rico. It is wrong when over half of Puerto Rico's residents live in poverty. He will work closely with all sectors of Puerto Rico's population to promote initiatives to long-term economic prosperity that help create good jobs, invest in innovation, and expand opportunity to improve labor participation for all Puerto Ricans.

Eliminate Disadvantages for Manufacturing: Since 1996, Puerto Rico has lost over 45,000 manufacturing jobs, which represents a greater percentage loss than in any other U.S. jurisdiction. These jobs have been lost to foreign countries with lower labor and cost structures. Obama supports providing an incentive so U.S. businesses will choose to invest and generate jobs in Puerto Rico instead of in a foreign country. The U.S. tax cost of operating in Puerto Rico is significantly higher than the U.S. tax cost of operating in any of the U.S. States, creating a disincentive for U.S. companies to conduct manufacturing operations in Puerto Rico. Providing equal treatment to manufacturing activities conducted in Puerto Rico will ultimately help create and preserve local manufacturing jobs that are vitally important to the Puerto Rican economy. Obama supports permanently eliminating this difference in tax treatment.

Support Rural Communities & Residents in Puerto Rico: Rural areas of Puerto Rico suffer from extreme poverty, lack of proper sanitation and access to health care services. Rural businesses and family farmers depend on good infrastructure to grow and prosper. Obama supports economic development in Puerto Rico's rural communities that will help create a sustainable economy in Puerto Rico. Specifically, Obama will:

- **Encourage Investment in Rural Communities:** Obama has supported funding for Illinois communities through the Rural Community Empowerment Program, which includes the establishment of rural Empowerment Zones and Enterprise Communities, as well as other federal programs that maintain and build upon the assets of rural communities. As president, Obama will create specific policies aimed at expanding opportunity in rural America, including in Puerto Rico. Obama also supports funding for land-grant universities and expanded research into agricultural science.
- **Reinvest in Infrastructure:** Barack Obama supports adequate investment in roads, water, sewer and other community "backbone" systems so that rural communities will not be left behind. Obama also supports universal penetration of broadband technologies to ensure rural communities can compete and succeed in the global economy.
- **Improve Housing:** Safe, sanitary, and affordable housing is a fundamental need of every U.S. citizen. Barack Obama believes existing federal programs should work better for our rural citizens. Obama believes we should create an Affordable Housing Trust Fund to help preserve and develop affordable housing in mixed-income neighborhoods, including in Puerto Rico. The Affordable Housing Trust Fund would use a small percentage of the profits of two government-sponsored housing agencies, Fannie Mae and Freddie Mac, to create up to 14,000 new units of affordable housing every year. Barack Obama will also ensure that current affordable housing programs are strengthened and adequately funded.

Support Small Businesses: Small businesses are the heart of Puerto Rico's economy. There are more than 120,000 small businesses in Puerto Rico, which together generate more than 60 percent of all new jobs and nearly half of the island's gross domestic product. Barack Obama will support entrepreneurship and spur job growth by creating a national network of public-private business incubators, and will ensure this new resource is made available to Puerto Rico as well. Business incubators facilitate the critical work of entrepreneurs in creating start-up companies. Business incubators will engage the expertise and resources of local institutions of higher education and successful private sector businesses to help ensure that small businesses have both a strong plan and the resources for long-term success. However, many small businesses lack the preparation and

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planning to succeed. Obama supports efforts to better prepare small businesses in Puerto Rico with the business and marketing plans and financial and technical assistance they will need to succeed in the long-term.

Renewable Energy: Puerto Rico is rich in solar, wind, and kinetic energy. Barack Obama supports a federal policy to ensure that at least 25 percent of the nation's electricity comes from clean, renewable sources, like solar and wind, by 2025. In the Senate, he championed legislation to make gas stations eligible for tax credits to install E85 ethanol refueling pumps. He will also invest \$150 billion over the next 10 years to develop and deploy clean energy projects and renewable energy technologies. Obama will look into initiatives to promote renewable energy sources to help grow the economy in Puerto Rico.

SUPPORT FOR PUERTO RICAN WORKERS

Support for Puerto Rican Workers: Low-income workers in Puerto Rico with one or two children are ineligible for the Child Tax Credit, and low-income workers in Puerto Rico also do not qualify for the Earned Income Tax Credit (EITC). Barack Obama will work to extend the EITC and the Child Tax Credit to help Puerto Rico's families take advantage of similar federal assistance available to other low-income Americans. In the Illinois State Senate, Obama led the successful effort to create the \$100 million Illinois Earned Income Tax Credit.

Fully Fund the Community Development Block Grant: The Community Development Block Grant (CDBG) is an important program that helps strengthen cities by providing housing and creating jobs primarily for low- and moderate-income people. The Bush Administration has consistently attempted to cut funding for CDBG, by \$1.2 billion next year and \$6.9 billion over the next five years. Obama will restore CDBG funding to further benefit Puerto Rico's communities.

Minimum Wage: Barack Obama believes that people who work full time should not live in poverty. Before the Democrats took back Congress, the minimum wage had not changed in 10 years. Even though the minimum wage will rise to \$7.25 an hour by 2009, the minimum wage's real purchasing power will still be below what it was in 1968. As president, Obama will further raise the federal minimum wage to benefit Puerto Rico families and small businesses, and index it to inflation to make sure that full-time workers can earn a living wage that allows them to raise their families out of poverty and pay for basic needs such as food, transportation, and housing – things so many people take for granted.

Establish 'Promise Neighborhoods' for Areas of Concentrated Poverty: Successful strategies to address concentrated, intergenerational poverty are comprehensive in nature and address the full range of obstacles that stand in the way of poor children. One highly-acclaimed model is the Harlem Children's Zone in New York City, which provides a full network of services to an entire neighborhood from birth to college. Obama will create 20 Promise Neighborhoods in areas that have high levels of poverty, crime and low levels of student academic achievement in cities across the nation. The Promise Neighborhoods will model the Harlem Children's Zone and seek to engage all resident children and their parents into an achievement program based on tangible goals, including college for each and every participating student, strong physical and mental health outcomes for children as well as retention of meaningful employment and parenting schools for parents. Promise Neighborhood sites will be selected by the federal government after review of applications from cities and their existing non-profit organizations and school districts. Cities, or private entities, will be required to pay 50% of the program costs. Like the Community Development Block Grant, communities in Puerto Rico will be eligible to apply to be a Promise Neighborhood.