

Colonial Legacies: Debt, Territory, Spatial and Visual Flow Between the United States and Puerto Rico

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Abstract

The relation between Puerto Rico and the U.S. have resulted in asymmetrical manifestations of sovereignty marked by their colonial bond. The architecture of the Puerto Rican territory, this is, its spatio-political, visual, economic and legal forms, is a carefully manufactured system of colonial subjection and capital exploitation. The H.R. 5278 PROMESA Act signed by President Barack Obama in 2016 removed all power from an apparent sovereign territory by enacting the supreme power of the U.S. over it. As clearly described in the acronym used for the law (*promesa* is the Spanish for “promise”), I would argue, a promise is not an agreement but a unilateral declaration, a *colonial legacy*.

Colonial Legacies examines Puerto Rico's context of visual and capital flow in the figure of state-financial debt and territorial sovereignty, by giving visual and spatial dimension to Puerto Rico's so-called public debt transactions. By inquiring visual narratives, economic and legal exchanges between the Caribbean islands and the U.S., the project aims to open up an alternative form of debt auditing, appealing to both everyday images and fiscal numbers. Following the trajectory of how these legacies were constructed in magazine's cartoons, maps, books, and laws since 1898, this paper narrates and visualize samples within both territories. The paper and image-based project makes legible some of the complex economic equations of the colonial legacies between the U.S. empire and its logics of colonial extraction and territorial possessions.

Colonial occupation itself consisted in seizing, delimiting, and asserting control over a geographical area—of writing a new set of social and spatial relations on the ground. The writing of new spatial relations (territorialization) ultimately amounted to the production of boundaries and hierarchies, zones and enclaves; the subversion of existing property arrangements; the differential classification of people; resource extraction; and, finally, the manufacturing of a large reservoir of cultural imaginaries.

—Achille Mbembe, *NechroPolitics*

In the 120 years of occupation of the Puerto Rican archipelago, United States' presidents have spent no more than 200 hours visiting the territory during official and unofficial visits—or the equivalent to a 40 hours full-time work week.¹ However, the legacy of their colonial power exerted in the territory have compromised flows of capital, debt, people, and determined the spatial growth or decay in locations in Puerto Rico but also in places within the United States. This paper and visual-media research offers an introductory-overview of a larger project discussing Puerto Rico's fiscal debt as a structural colonial system of extraction that have evolved into the 21st century, including issues of migration and flows of capital. The paper combines the research of bills and laws, magazine's images or cartoons, data from fiscal debt and municipal bonds transactions, and a visual component that supports the spatial impact of these operations, particularly in the city of New York.

Although this story has greater origins in the first colonial legacy of the Spanish Crown over

the territory of Puerto Rico since the 15th century, I would argue that the contemporary relation between the United States (U.S.) and Puerto Rico—or its *colonial legacy*, was reaffirmed in 2016 when the H.R. 5278 bill was passed in the U.S. Congress and signed by the U.S. president.² The H.R. 5278 bill, the PROMESA Act, stands for Puerto Rico Oversight, Management and Economic Stability Act, and was created to counter Puerto Rico’s local administration failure to pay their fiscal debt interests when declared incapable to do so. In the Spanish language *promesa* means “promise” and as such the bill was passed as an “assurance of something;” in this case in the form of a Financial Oversight and Management Board (FOMB) promise. A promise is, however, not an agreement, it is a unilateral attempt to state a mandate. The section four of the act declares the full *SUPREMACY* over the territory by the U.S Congress and the imposed oversight board: “The provisions of this Act shall prevail over any general or specific provisions of territory law, State law, or regulation that is inconsistent with this Act.”³ With this statement it was made clear that what appeared to be a constitutional sovereignty “offered” to Puerto Rico during the signing of their own constitution and the creation of the Commonwealth of Puerto Rico in 1952,⁴ it was in fact a unilateral first “promise” of self-government yet not an actual decolonization statute.

Yet before the formalization of these legal documents other circulating media help shaped these territories’ imaginaries. The Spanish-American War coincided with the booming of Yellow Journalism which produced imagery that visually constructed alterity in these territories or possessions, becoming a major narrative about them. The *Judge* magazine cover of August of 1895 shows a map-as-image, a powerful narrative-building image combining territorial coordinates and visual imagery (Fig. 1).

Puerto Rico, the center of this discussion, is not included in it. This image precedes the Spanish-American war where Puerto Rico was a shadow behind the power forces of the region. Cartoons kept circulating and Puerto Rico was later included as cartoon-map narrative. However, these images started to acquire a greater reality at every step. Puerto Rico was “ceded” to the United States by the Crown of Spain as part of the closing transaction of the Spanish-American war with the Treaty of Paris in 1898. The

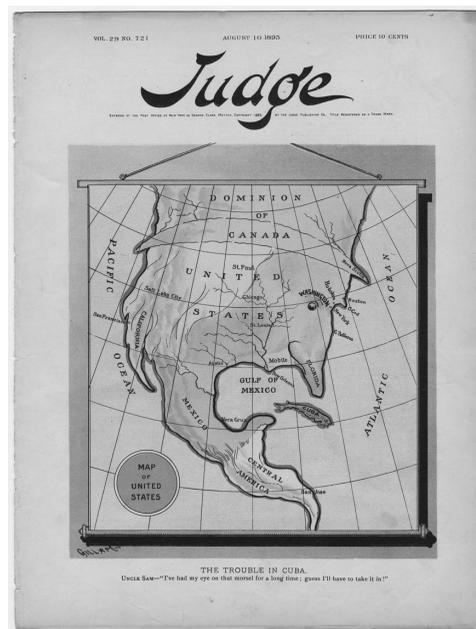


Figure 1. “The Trouble in Cuba,” *Judge* magazine cover 1895, illustration by Bernhard Gillam. Public domain via Wikimedia, Cornell University Library Collection.

teaching with the cartoon images continued. A class in “civilization” was taught by Uncle Sam to the new students—all “new” territories who, beyond “consent,” as clearly stated in the illustration’s blackboard on the right, are taught in a room including a physical earth globe, colonized subjects, and obedient “states” (students representing States of the U.S.; Fig. 2).

The materializations of cartoons continued in school curricula in the U.S. in books like *A Little Journey to Puerto Rico* by Marian N. George directed for intermediate and upper grades students. These publications helped reproduced the colonial history of their territorial “possessions” through the sight and imagination of those in power. The image “construction” through cartoons (“*What the United States has Fought For*” of 1914) continues imagining not only a territory, but a subject who is a prosperous businessman, a character from the early stages of the figure of our financial entrepreneur. New maps were created to document the sources for extraction including an agricultural plantation map⁵ (Fig. 3), or military enclaves and communications infrastructure,⁶ among others.

But there are other critical moments to consider in this history of textual documents, images and maps that, although I will not delve in here, are essential to frame the understanding of the

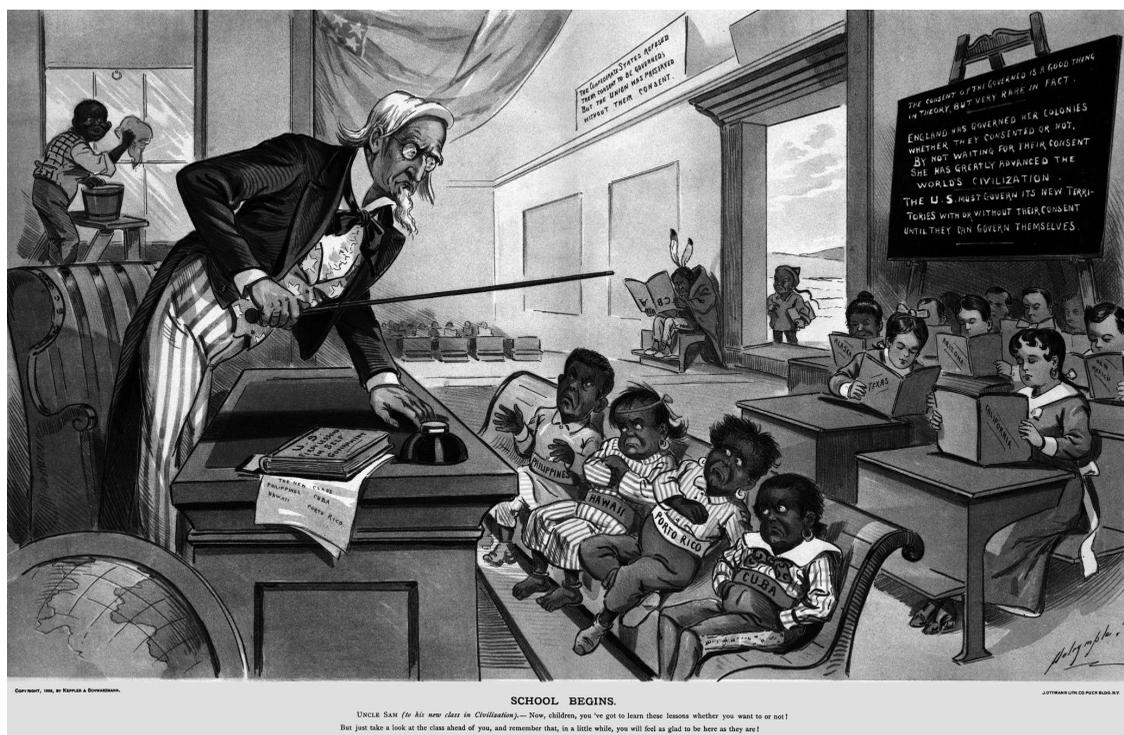


Figure 2. “School Begins,” *Puck* magazine 1899. Public domain via Wikimedia Commons, Library of Congress.

proposed colonial legacies, spatial flows and their transactional nature:

- Foraker Act of 1900⁷
- Jones-Shafroth Act of 1917⁸
- Merchant Marine (Jones Act) Act of 1920⁹
- Puerto Rico Constitution and Commonwealth of 1952¹⁰
- Section 936 of the IRS code of 1976¹¹
- Chapter 9 Bankruptcy of the IRS Code of 1984¹²
- End of Section 936 of the IRS Code of 1996 (Phased out 1996-2006)¹³
- Acts 20 and 22 of 2012¹⁴

This sequence of decades-long events laid the foundation and built-in a system of colonial legacies and power asymmetries, there was however, a clause in the Constitution of Puerto Rico stating that if they do not have enough money to keep itself running it must first pay its creditors before any public provision, later became a critical tool to reveal the extractive nature towards the Puerto Rico territory. During the ten-year period from 1996 to 2006 the Section 936 program was phased out, eliminating thousands of jobs in the island and was also a period where the debt grew significantly. Since the economy was not performing to anyone’s standard in late 2006

Puerto Rico inaugurated a sales tax to help palliate its deficit, passing the growing burden onto its residents. This tax was designed under COFINA, which is the Spanish acronym for the Puerto Rico Urgent Interest Fund Corporation and eventually added around 22% to the total debt. This sales tax in COFINA was in part designed by a Goldman Sachs representative two years before the 2008 crash.¹⁵ During this operation money was used to keep the government running, a push for the privatization of infrastructure happened, massive layoffs followed, all in a period of three different local administrations. Simultaneously but not scrutinized in the way the Puerto Rico debt grew, the U.S. debt and its ceiling kept rising and is currently over twenty trillion U.S. dollars. Puerto Rico eventually ran out of money to keep operating and its Constitution forced them to pay creditors first, however there was no money for them either. This take us to 2014 when the last of those administrations issued 3.5 billion in bonds that were immediately followed by two hundred and seventy-five companies from all over the world expressing interest in participating in the bond emissions.¹⁶ Interested companies were well aware of the constitutional mandate of Puerto Rico to pay creditors first before any public provision.¹⁷ The bonds were explicitly noted as high risk, and hedge and vulture fund managers did not wait to react.

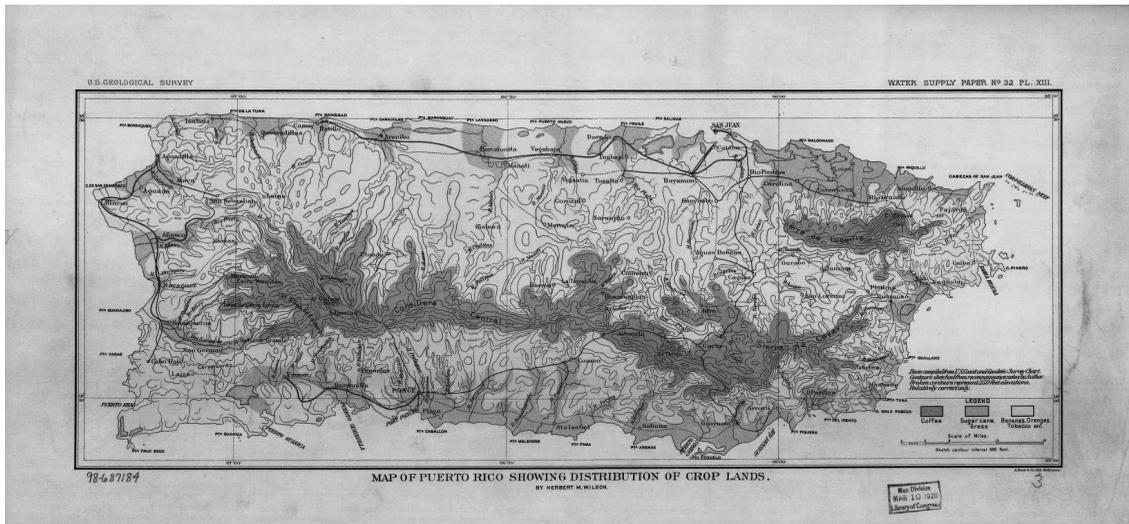


Figure 3. “Map of Puerto Rico Showing Distribution of Crop Lands” by Herbert H. Wilson, U.S. Geological Survey. Public domain, Library of Congress.

However global the big majority of the transactions were from companies distributed across the U.S., with a big concentration in the East Coast. It was no surprise that the biggest concentration of those were in the city of New York, with major participants in Lower Manhattan, yet consolidated mostly in the Midtown Manhattan area (Fig. 4). With this evidence, my interest in spatializing debt informed by a decolonial perspective reaffirmed the fact that, the abstract and fluid nature of municipal bonds, investment and hedge fund companies, or global finance, are only possible—in concept and built form, because of the exploitation of life (resources, natural or human) of others. Others that have been actively imagined, constructed and shaped on cartoons, maps, schoolbooks, or textual-legal documents. Others in the form of people, culture, but also of territories—including cities and architecture, building the infrastructure for their appropriation and exploitation.

Years ago, in a public conference about global cities Saskia Sassen was discussing the liquidity of finance in the context of the by-then proposed now pervasive thin-and-tall skyscrapers in Midtown Manhattan and said that they were the result of the need to ground liquid financial global capital. Midtown Manhattan serves as a sample not only of the place that existed by exploitative of financial banking and speculative investment, but also the place where the gambling of the liquidity of global finance was grounded. Puerto Rico’s fiscal debt is not entirely equivalent, yet in an effort to conceptually and formally *ground* or spatialize

the flows of Puerto Rico’s debt—or where their transactions happened, I resisted to ground it first in the island’s territory. After immediately looking after the local mega-projects or government expenditure, following Puerto Rico’s *colonial legacies* of ambiguous national and political borders, it was impossible not to first frame it within the context it belongs to, under the umbrella of the U.S. political, legal, and financial system that have made it possible. Grounding the debt on the island is a separate endeavor that will need to rely on a full debt auditing before validating it.¹⁸ Back in New York city, the map density of companies that shape Midtown Manhattan creates an urbanism and architecture only possible because of the predatory practices of their tenants (many of the ones who benefitted by betting against Puerto Rico’s debt), taking advantage of the colonial legacies that dominate the everyday-abstract flows between these territories. We should consider that 44% of Puerto Ricans live under the poverty rate established by the U.S. and of those, 28% live with under ten thousand dollars a year.¹⁹ In a different way, the level of precarity of the urbanism-and-architecture in Puerto Rico is in high contrast with New York City’s Midtown, clearly evidencing the asymmetry and legacy of how the built form of buildings and cities not only represent—but are in themselves forms of exploitation. Midtown Manhattan’s median income is a minimum of \$200,000 dollars with a large concentration of much more, a median cost for a condo is \$1 million dollar, and with at least an 80% white population.



Figure 4. Maps Visualizing the 274 Investment Companies Who Acquired Puerto Rico's "High Yield" Bonds in 2014. Maps and Visualizations by author, investments' companies information by Centro de Periodismo Investigativo, 2016.

With the bond emissions of 2014 and the PROMESA act signed by president Barack Obama in 2016, the island's undeniable colonial legacies had yet again resurfaced, imposing multiple straight jackets to the Puerto Rican territory and their people. The asymmetries of the relation between the U.S. and Puerto Rico are characterized in the well documented migrations of the last century, in great part between the island and New York, in the later migrations of Puerto Ricans to Central Florida, and in all the procedural and legal taxes that have affected Puerto Rico's territory in over a century of extractive economies favoring imperial and global capital.²⁰

There are, however, key figures that exemplify these colonial legacies, like Mark Brodsky from Aurelius Capital, one of the current hedge fund holders of debt, who argues that the FOMB imposed on Puerto Rico is unconstitutional, and that he prefers to follow the mandate, at his benefit, of the Constitution of Puerto Rico that supports paying off creditors before any local provision. His position of affirming Puerto Rico's constitution is not in favor of Puerto Rico's population or their wellbeing, similar to his company's betting against the earlier crash of Argentina's economy, but in favor of the

extractive nature of the existing legal and political frameworks. However, these operations are not individual actions or intended to point unique actors. In late 2018 the U.S. Treasury Secretary Steven T. Mnuchin just announced the creation of "opportunity zones,"²¹ in which, as it broadly circulates in a October 2018 article in the Wall Street Journal, "the entire territory of Puerto Rico" is an "opportunity zone." There are no cartoons included in The Wall Street Journal like it happened in the beginning of the last century in the Boston Globe or others, perhaps there's no more irony or humor needed in the 21st century; there is however, a building in-construction photograph clearly instrumentalizing architecture as a strict product of territorial occupation and real estate, and yet again another photograph of men signing documents in Washington D.C. deciding the fate of a territory with symbolically 200 hours of work spent over 120 plus years.

Among the Treasury Secretary Mnuchin past collaborators and a crucial figure of the 2008 housing crisis is the Midtown-based New York City billionaire John Paulson who also participated in the 2014 Puerto Rico bonds transaction, made billions from the 2008



Figure 5. Restaurant photograph showing Jorge Zeno's painting "Todo Bien" at the St. Regis Bahia Beach Resort, Puerto Rico. Photograph from Luxuria Vacations website: <https://www4.luxuriavacations.com/destinations/puerto-rico/the-st-regis-bahia-beach-resort>

housing crisis, and have increased his presence in the island acquiring hotels, resorts, and real estate developments thanks to the Acts 20/22. Mr. Paulson was an economic advisor for Donald Trump’s presidential campaign and worked with now Secretary Mnuchin as hedge fund manager back in 2008. He owns the refurbished and expanded Vanderbilt Hotel in the neighborhood of Condado, Puerto Rico, originally a property of the Vanderbilt Family from New York City, who now appeals to its “old-world” glory of 1919 when the hotel opened to European and Hollywood royalty, as it is revealed in its webpage.²² His St. Regis Resort also in Puerto Rico, echoing a military enclave, happily reproduces and constructs narratives in its *plantation* house, the hallmark of early 1900 colonial extraction and exploitation model. For a few everything seems to be “All Good”, or *TODO BIEN* as a colorful painting reads on the plantation house luxury restaurant’s wall²³ (Fig. 5). The appropriation of a local idiom “todo bien” expressing a way of saying that “everything’s fine” (despite the contrary or to avoid any explanation), by both the artist and whoever decided to buy the painting and include it within the restaurants walls, seal the *colonial legacy* experience. The plantation-like enclave and architecture, the golf course, the luscious vegetation seen before in advertisement photos, the pools and the beach with palm trees and cabanas, and a room serviced by locals smiling as if each one repeats *todo bien*, reaffirms the majority U.S.-visitors their position of power over an unknown territory, a certain authority conferred for over a century by cartoons, maps, photographs, and legal documents.

Puerto Rico’s fiscal debt needs to be audited *from within*, scrutinizing every penny to hold their elected officials accountable, but also *from without*, not only with spreadsheets and legal documents, but through texts, images, photographs, and maps, starting perhaps in the visual imaginary that the legacies of colonial exploitation have shaped in Manhattan’s Midtown neighborhood. The precarious condition of the Puerto Rican territory after been exploited for over 120 years and, overseen by presidents they are not allowed to vote yet ultimately governs it, makes the historical 200 hours of U.S. president’s time spent on the island the most expensive debt of all.

Endnotes

1. Various news media as well as presidential libraries archives have been consulted to confirm the visits, which, by been so few, information on trips dates have been readily available, however, information about their specific schedule during their official visits are mostly not available. The unofficial visits account for vacation or a layover stop on their way to another destination.
2. H.R. 5278, 115th Cong. (2016).
3. Section Four, H.R. 5278, 115th Cong. (2016).
4. The Constitution of the Commonwealth of Puerto Rico was ratified via a referendum held on Puerto Rico on July 25, 1952 during the Harry Truman presidency. The constitution although “promised” a level of sovereignty that removed Puerto Rico from the decolonization committee of the United Nations, held that two authorities could override it, the United States Constitution itself, and what could be understood as pertinent federal legislation since it was still a territory, or possession.
5. “Map of Puerto Rico Showing Distribution of Crop Lands,” 1899, by Herbert M. Wilson, USGS, Water Supply Paper No. 32, pl. XIII. Library of Congress.
6. “Map of the island of Porto Rico showing the lines of signal communication, telegraph, telephone, and heliograph, operated by the Signals Corps, U.S. Army, with military posts,” 1900. Library of Congress.
7. The Foraker Act of 1900 established the first civilian government form after the military occupation in 1898. All members of the government were designated by the U.S. President and Congress.
8. The Jones-Shafroth Act granted—and assigned, U.S. Citizenship to everyone born after April 11 1899, created a local government through a Senate, allowed for electing a Resident Commissioner who would advocate for the island at the federal level and, crucial to this research, exempted Puerto Rico’s bonds of federal, state, or local taxes, particularly beneficial to U.S. based bondholders since residence was not required.
9. The Merchant Marine Act conditioned that—in the context of an archipelago, that every ship with goods coming in-and-out of Puerto Rico must happen in a U.S. made vessel, under a U.S. company, and always through a U.S. port. This act increases the cost of goods and life of Puerto Rico from 15-25%. This act is still valid and enforced today in a globalized world, even in emergency and disaster situations. After the devastating consequences of Hurricane Maria of September 2017, the Merchant Marine act was suspended for 10 days only to allow for international relief, it was done so more than 10 days after the emergency started after petitioned by Puerto Rico’s governor at the time.
10. The Commonwealth of Puerto Rico and the Constitution that followed was stipulated by the U.S. and Puerto Rico’s government bodies and agreed and ratified with a local election. With this process Puerto Rico was understood as a quasi-sovereign nation and was removed from the decolonization committee of the United Nations. The Constitution of Puerto Rico formalized the powers of the local government, maintaining restrictions including not voting in presidential elections for U.S. citizens (Puerto Ricans) who reside on the island, but they do if reside on any of the 50 states. One critical clause was added stating that Puerto Rico, in the case of running out of funds, need to first pay their creditors interests over any public provision (including infrastructure, essential services, administration, health, or education).

11. The Section 936 of the Internal Revenue Service instituted a tax exemption program for companies to set business in Puerto Rico (in addition to the triple-tax exemption from 1920), particularly the pharmaceutical industry, who was established and developed right after. The pharmaceutical industry both created high-skill jobs out of Puerto Rico's higher education system and benefited from the layers of tax exemptions.
12. In 1984 and under the administration of president Ronald Reagan, a subtle change was made to the Chapter 9 Bankruptcy Code. It adjusted the definition of what constituted a "state" excluding Puerto Rico and in turn, their capacity to benefit from the bankruptcy program. This was subtle yet crucial since this was done during the emergence of the (institutionalized) neoliberal regime during the 1980s.
13. During president Bill Clinton's administration the Section 936 of the IRS code was stopped, and phased out over a period of ten years from 1996-2006. The economy of Puerto Rico suffered significantly by companies leaving to other tax-exemption paradises, and "service" became the major economic drive which, in fact, is not such a stable driver as manufacturing. Real estate development and land speculation were also booming creating a construction economy that visually produced a landscape of growth while public infrastructure and services were slowly crumbling apart.
14. The Act 20 and Act 22 were passed on 2102 by the local Government as measures to attract U.S. citizens investors—of the multimillionaire kind, to invest in the island with additional tax exemptions and requiring minimum requirements for residence. Eventually, they did not have to prove that their investments were creating jobs or improving the local economy.
15. Worstall, Tim. "The Truly Horrible And Ghastly Mess Of Puerto Rico's Bond Issuance." *Forbes*, May 6, 2017. Accessed June 29, 2020. <https://www.forbes.com/sites/timworstall/2017/05/06/the-truly-horrible-and-ghastly-mess-of-puerto-ricos-bond-issuance/#30b30d5c4224>.
16. Cintrón Arbasetti, Joel. "275 firmas de inversión se lanzaron sobre la deuda chatarra de Puerto Rico." *Centro de Periodismo Investigativo*, August 31, 2016. Accessed June 29, 2020. <https://periodismoinvestigativo.com/2016/08/275-firmas-de-inversion-se-lanzaron-sobre-la-deuda-chatarra-de-puerto-rico/>
17. The official document of the \$3.5B bond emission announced on March 11, 2014 by the Commonwealth of Puerto Rico clearly highlighted that "A purchase of the Bonds involves significant risks," as well as reminded possible buyers that "The Constitution of Puerto Rico provides that public debt of the Commonwealth, which includes the Bonds, constitutes a first claim on available Commonwealth resources," exemplifying the colonial yoke built-in in its administrative powers.
18. There have been various efforts to audit the debt, despite the lack of documents and local government transparency, by independent groups like the *Frente Ciudadano por la Auditoría de la Deuda* (Citizens Front for the Debt Auditing) and the *Comisión Ciudadana para la Auditoría Integral del Crédito Público* (Citizens Commission for the Integral Auditing of the Public Credit).
19. We will see updated numbers after the 2020 census is completed that, following the estimates and considering the massive migration after Hurricanes Irma and Maria plus the more recent earthquake, will only increase the declining status of its public infrastructure and vulnerable population.
20. For further discussion about the history of migrations between Puerto Rico and the U.S. see the work of Jorge Duany including: *Nation on the Move: Images of Puerto Rico* (2003), *Blurred Borders: Transnational Migration Between the Hispanic Caribbean and the United States* (2011), and *Puerto Rico: What Everyone Needs to Know®* (2017); or *America's Colony: The Political and Cultural Conflict between the United States and Puerto Rico* by Pedro A. Malavet.
21. Grant, Peter and Zuckerman, Gregory. "Big Stocks Windfall? New Rule Defers Taxes with Real Estate Investment" *The Wall Street Journal*, October 8, 2018. Accessed October 27, 2018.
22. The hotel's website include a "Our Story" page that explicitly reclaim the building's historical and architectural past, reaffirming its colonialist attitude through the declaration of its founding figure of power as well of the construction of an architectural identity of colonial gaze and exoticization: "In 1919, Frederick William Vanderbilt, scion of one of America's wealthiest families and among the most influential men in the country, acquired oceanfront land in the exclusive Condado District of San Juan, Puerto Rico. He selected the prominent architectural firm of Warren and Whitmore -- which designed New York City's Grand Central Station, as well as the Biltmore, Commodore, and Ambassador Hotels -- to design Condado Vanderbilt Hotel, a tropical retreat in the heart of the lush, exotic Caribbean. The early Spanish Revival style architecture was suggested by Frederick William Vanderbilt himself. Capitalizing on the property's breathtaking setting adjacent to the Atlantic Ocean, the designers created an imposing Beaux Arts-style structure with white walls, red tiles, French windows, lofty ceilings and other design details typical of the style at the time." For the complete "Our Story" see <https://www.condadovanderbilt.com/our-story>
23. A painting by artist Jorge Zeno from his series "Todo Bien" adorns the wall of the plantation style house restaurant. More images here: <https://www4.luxuriavacations.com/destinations/puerto-rico/the-st-regis-bahia-beach-resort>