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San Juan, the Fragile City: Finance Capital, Class, and the Making of Puerto Rico's Economic Crisis

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Abstract: This paper narrates Puerto Rico's fiscal and financial crisis through a reading of San Juan's urban landscape. We underscore the role of capital in the city, primarily embodied by the local capitalist class (the Criollo bloc) and foreign capitalists. Historically excluded from the manufacturing sector (dominated by US capitalists), the Criollo bloc accumulates its wealth by concentrating financial assets in the city. In times of crisis, the Criollo bloc resorts to the acquisition of new assets and asset exchange with foreign capitalists to remain solvent and provide short-term solutions to the state's fiscal and financial limits. The survival of the local capitalist class, we demonstrate, is dependent on asset stripping. Drawing on Clyde Woods, we document how asset stripping unevenly redistributes wealth and risks along class and racial lines within a colonial economy. The finance capital/asset stripping basis of San Juan's economy renders it an extremely fragile city, we contend.

Keywords: fragile city, finance capital, asset stripping, Criollo bloc, public debt, San Juan

Introduction

San Juan, the capital of Puerto Rico, is a fragile city. Its fragility was in full display as two devastating hurricanes in the fall 2017—Irma and María—tore through the Island,[1] further weakening the fragile economic, social and infrastructural networks that supported the city. In response, many residents have migrated to the US mainland while those still in San Juan are witnessing an aggressive austerity campaign, led by a coalition of local and foreign capitalists who are determined to dismantle the public sector in order to attract private financial investments from abroad (Bonilla 2018). Fragility, we contend, is an urban condition that renders a city's population and its infrastructure vulnerable to extreme weather events, speculative investment practices, and unstable global financial markets. More precisely, we locate fragility beyond a single event (i.e. Hurricane María), and instead underscore a series of political economic processes which have forced the city to heavily depend on volatile financial investments as the basis of urban development.

In this paper, we document Puerto Rico's fiscal and financial crisis through a reading of San Juan's urban landscape. Aggravated since 2006, the Island faces a public debt crisis made worse by a decade-long economic recession and the class and racial politics of Puerto Rico's colonial economy. Without sufficient fiscal revenues to pay off debt obligations, the Island aims to attract financial investors through a combination of tax-incentive programmes, privatisation of public assets, and transformation of the urban landscape, factors which, as we demonstrate, have exacerbated urban fragility. To investigate these trends, we consulted and analysed data from various sources, including audits of companies and public corporations, economic indicators, court rulings, administrative reports, newspaper clippings, and secondary literature. In summer 2017, we conducted ten informal and semi-structured interviews with property owners, economists and activists in San Juan. Moreover, we built upon the insights gained during a prior study of urban processes in San Juan (Cobián 2012), as well as the intimate knowledge of one of the co-authors, a small-business owner who has experienced the economic impacts of recent rounds of gentrification, austerity, and dispossession in the city.

In addition, we piloted an urban landscape reading method that we recently developed in New York City (Villanueva et al. 2016). Based on that approach, we conducted a preliminary reading of San Juan's landscape during a two-day walking exploration in May 2017 where we took photographs and collected field notes. Analysed alongside the above data, our urban landscape reading method helped us devise a heuristic mechanism that documents the causes, reproduction, and effects of the economic crisis in the city. The article takes readers to: (1) causal spaces—large-scale *public* projects whose production directly contributed to public debt; (2) emerging spaces—large-, medium-, and/or small-scale *private* investments sprouting in the urban landscape, within a context of overall financial constraints; and (3) revelatory spaces—landscapes of abandonment and resistance which reveal the effects of "austerity urbanism" and social justice struggles (Peck 2012).[2] Together, our urban landscape reading and the qualitative data gathered provide the basis of our argument.

We argue that Puerto Rico's fiscal and financial crisis has been partly caused and reproduced by "asset stripping policies" (Woods 2009) designed by, and/or for, the local capitalist class (the Criollo bloc), foreign capitalists (mainly Americans), and the recently created Financial Oversight and Management Board (Oversight Board, hereafter). By our use of the term "asset stripping" we seek to draw attention to the complex set of practices and policies that promote, enable, and justify the privatisation of public assets as well as the dispossession of individual and collective assets (whether public or private) held by vulnerable and racialised populations to further the accumulation strategies of dominant groups (Harvey 2003; Woods 2009). Like Woods, we point to the racial and class politics of regional bloc formations and their ability to draw on these racialised "scripts" to accelerate asset stripping (Godreau 2015). In addition, we consider another dimension that distinguishes asset stripping in Puerto Rico from Clyde Woods' regional analysis of the US South—the enduring colonial structure that informs the formation of regional and transnational power blocs. In the pages that follow, we analyse Puerto Rico's fragile colonial economy to argue that the Criollo bloc's liberal credit and borrowing capacity and the tax exemption privileges enjoyed by them and foreign capitalists ultimately contributed to the state's fiscal crisis. In times of crisis, we demonstrate, the Criollo bloc/foreign capitalist alliance resorts to stripping assets away from vulnerable communities and asset transferring (within the alliance) to remain solvent, as well as add liquidity to extremely dry financial markets, and provide short-term solutions to the state's fiscal and financial limits. Crisis management, therefore, is a neoliberal class project that concentrates assets in the hands of the Criollo bloc and their international allies, and displaces these transactional risks onto the most vulnerable communities.

Our interpretative framework differs from widely held explanations by insisting on the class and racial politics that cause and reproduce Puerto Rico's ongoing crisis. A popular explanation of the Island's woes often places responsibility on local politicians who borrowed copious amounts of capital from the municipal bonds market to fund critical public services in order to further their political careers (PROMESA 2016). Another line of explanation draws on the history of US imperialism in Puerto Rico to argue that its dependency on the US left it no other choice but to rely on debt as their sole source of capital (Dick 2015). Whereas the first account completely absolves US corporations, politicians, and investors from any role, the second account perpetuates perceptions of Puerto Ricans as victims of a colonial regime that has stripped them of all agency. In contrast, we highlight the role of the local capitalist class and their allies in causing and exacerbating the crisis through profit-seeking practices.

The fragile city concept comes from research that explores fragile urban governance assemblages in cities in the developing world and the associated effects of intensified crime (Beall et al. 2013; Muggah 2014). Yet, we depart from these conceptualisations and emphasise instead the role of finance capital in the fragilisation of the city. The financialisation[3] literature has documented the extent to which high-risk lender–borrower relationships, unequal exchange rates, and the speculative tendencies of financial markets intensify economic fragility (Diamond and Rajan 2001; Eichengreen and Hausmann 1999; Lazonick 2011). Financialisation renders economies fragile since investments tend to shy away from the productive sector where value and surplus value are created, in search of higher profits within the sphere of circulation (Christophers 2011; Durand 2017; Lapavitsas 2013). The fragile city is mobilised as a metaphor to describe metropolitan units whose economic development is almost exclusively dependent on speculative and mobile financial investments with no secure sources of capital formation. The absence of the local capitalist class from the productive sector, we argue, renders San Juan's financial basis extremely fragile.

In the next section, we provide an overview of Puerto Rico's crisis and the role of asset stripping agents. The following three sections use our heuristic to narrate the crisis through causal, emerging, and revelatory spaces. We conclude with the theoretical implications of our argument and a discussion of how Hurricane María has impacted the processes under examination.

The Criollo Bloc's Crisis

Mired in a decades-long economic recession and mounting public debt, Puerto Rico faces a crisis greater than the much heralded municipal crises in Detroit, Michigan and Washington, DC (Peck and Whiteside 2016). In June 2015, then Governor, Alejandro García Padilla, stunned investors when he admitted that the Island's $72 billion debt was "not payable" (Corkery and Williams-Walsh 2015). After Puerto Rico defaulted on some of its debt obligations, the US Congress, unwilling to bail out the Island, passed the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) on 30 June 2016. PROMESA seeks to stabilise the US municipal bonds market through the careful management of Puerto Rico's debt by the Congress-appointed Oversight Board, which now possesses full power to regulate the Island's troubled finances. Crisis-management methods by *La Junta*, as it is locally known, comprise the imposition of austerity measures and asset stripping at all levels, including a recommendation to strip vulnerable families of their rights to welfare assistance in order to reduce government spending (Financial Oversight and Management Board for Puerto Rico 2017:14).

Since 1898, when the United States took possession of the Island after the Spanish-American War, Puerto Rico has depended on US capital to sustain its economy. In the 1940s, Puerto Rico introduced an industrialisation programme known as "Operation Bootstrap" that provided countless tax exemptions to US manufacturers. According to economic historian James Dietz (2003:140), "the US-dominated manufacturing sector [did not] generate a transfer of knowledge that empowered a domestic class of entrepreneurs in manufacturing ... Instead, US investments and entrepreneurs became substitutes for local financing and local capitalists". The end of Operation Bootstrap in the mid-1970s forced the Island's administration to negotiate a new tax regime to attract American industrial capital. In 1976, section 936 of the US Tax Code was born.

A notable provision of section 936 allowed "possessions corporations"—subsidiaries operating in US possessions under section 936—to remit, tax-free, the profits earned in Puerto Rico to their parent company in the US. The Commonwealth government imposed a 10% "tollgate tax" on repatriated profits, with the proviso that it could reduce the tax (4% or less) if corporations deposited their earnings in qualifying Puerto Rican financial institutions for a specific period to be invested in government bonds and mortgages (Dietz 2003:72). This proved highly attractive for capital-intensive manufacturers, such as pharmaceuticals, whose capital gains could be retained at a far lower tax rate in the Island's financial institutions and thus increase their profit margin. Under this system, the Island's banking sector grew exponentially during the 1980s. Capital that accrued via the 936 mechanism constituted one third of all bank deposits ($2.8 billion) in 1980 and over 42% ($6.4 billion) by 1985 (Dietz 2003:61). Due to political pressures in Puerto Rico and the US, the tax programme was eliminated in 1996 with a ten-year phase-out. As a result, "deposits of 936 corporations, which had nurtured the banking sector, departed en masse" with local banks losing over $7.4 billion in deposits between 1996 and 2006 (Ayala and Bernabe 2009:313).

To make up for the loss of income from section 936, the Commonwealth government began to rely on the municipal bonds market to fund critical services and to encourage the growth of the construction sector. From 2001 to 2014, public debt grew 166%, from $27 billion to $72 billion (Comisión Interamericana 2016). American and local banks were more than willing to issue bonds due to the triple-tax exemptions (federal, state, and local) Puerto Rican bonds enjoyed since 1917. Consequently, government bonds became highly attractive "for financial traders who push these instruments on investors seeking a higher rate of profit" (Fusté 2017:104).

Puerto Rico's current economic recession began in 2006. The economy has contracted every year, with the exception of 2012 when it grew a mere 0.5%. Unemployment rates have been in the double digits since 2006, reaching a high of 16.4% in 2010, and as of August 2017, immediately before Hurricane Irma, unemployment stood at 12%. In 2013, Puerto Rico's Gross National Income per capita was $19,320, lagging significantly behind the US average of $53,660 and Mississippi's average of $34,478 (Quiñones-Pérez and Seda-Irizarry 2016). In addition, over 445,000 residents have migrated during 2006–2016, mostly to the US mainland (Meléndez and Hinojosa 2017). Those who stayed face an indebted future, as the Island's debt is 100.7% over aggregate income, compared with 29% for New York state, the highest public debt to income ratio in the US.[4]

It is misleading, however, to compare the Island's economic troubles with fully incorporated states. Instead, as Fusté (2017) compellingly argues, Puerto Rico's debt, unemployment, and poverty rates are closer to other US possessions (such as Guam, American Samoa, and US Virgin Islands) and Native American tribal reservations, thus suggesting that colonial-legal instruments have rendered these places highly dependent on American capital, even if it comes in the form of indebtedness—the latest asset-stripping mechanism in their long colonial histories. "In this recent neoliberalization of 21st century US colonialism", Fusté (2017:109) concludes, "capital accumulation has shifted from dispossessing people's lands and labour to dispossessing their individual and collective assets".[5]

Historically excluded from the manufacturing sector, the local capitalist class has benefited from this colonial economy by extracting its wealth from the finance, insurance, and real estate sectors (Ayala 2008). We refer to them as the Criollo bloc to highlight the extent to which their wealth has been generationally inherited by virtue of their privileged racial position and their historical class alliance. Similar to the plantation bloc in the Mississippi Delta region and Bourbonism in New Orleans (Woods 2017a, 2017b), the Criollo bloc has used its socioeconomic advantages and connections with US capitalists to legislate in their favour. Yet, unlike the Southern states' blocs, the Criollo bloc has always been highly dependent on American *productive* capital to both enhance their wealth and survive as a class. "Largely acting as intermediaries or representatives of US producers", Ayala and Bernabe (2009:270) likened the Criollo bloc to "a dependent, subordinated stratum, a modern-day version of the comprador bourgeoisie". The historical detachment of the Criollo bloc's financial assets (such as real estate) from productive activities (manufacturing) that they can own or rely upon for capital formation renders their capital highly dependent on speculative financial markets.

Access to financial circuits and real estate assets is dependent upon one's position within the Island's racial hierarchy. *Blanquitos*, or "whiteys", is a widely used euphemism to describe members of the Criollo bloc. As anthropologist Jorge Duany (2009) put it, "the so-called 'Whiteys' are heirs of the 19th century creole landowners, now politicians, business owners, doctors, lawyers, and other professionals" (quoted in Dinzey-Flores 2013:135). "Whitey" is not a static category for "some people can 'whiten' themselves through money, education, or marriage" (Duany 2009, quoted in Dinzey-Flores 2013:136). Whiteness in Puerto Rico is not solely defined by physical attributes; it is instead a "sorting of racial privilege by class, of having access to opportunities reserved for the elite" (Dinzey-Flores 2013:137). These opportunities include privileged access to financial assets, as well as cultural competency—acquired through private education. Such privileges solidify their status as "junior partners" of US capitalists (Santiago-Valle 1995:30).

The Criollo elite, however, has historically silenced racial discourse on the Island (Rodríguez-Silva 2012). In order to represent whiteness without explicitly discussing race, the Criollo elite has devised diverse discursive *and* spatial strategies that "emplace" blackness, criminality and poverty in very specific locations distinct from the spaces of whiteness (Godreau 2015; Rivera-Rideau 2013). Dinzey-Flores (2013), moreover, has shown how the contested racial relations in the Island are spatialised in the urban landscape through the physical barriers (fences, gates, and walls) that separate the gated communities of the Criollo bloc from the increasingly enclosed and highly policed housing projects of racialised populations (see LeBrón 2017). Drawing on this research, we suggest that causal and emerging spaces respond to and reflect the racial and class interests of the Criollo bloc. These spaces are carefully designed, manicured, and policed to attract financial investments and tourism revenues from the US; catering to their needs, wants, and racial and class expectations.

Politically, the Criollo bloc has shaped the Island's recent economic trajectory through the Department of Economic Development and Commerce (DEDC)—created in 1994 to promote the neoliberal agenda of former Governor, Pedro Roselló (1993–2001) and to protect the Criollo bloc's economic interests in the private sector (Departamento de Desarrollo Económico y Comercio 1994). Through the DEDC, the Criollo bloc has aggressively pushed for an economic model based on tax incentives to attract foreign investment in export-oriented service industries and the privatisation of public assets to flood local financial institutions with much needed capital. Available loanable capital, in turn, is funnelled to the construction and real estate sectors where influential Criollo bloc members accumulate most of their wealth. As we demonstrate, the financial crisis is forcing the Criollo bloc to restructure its accumulation strategies.

In the following, we narrate the Island's fiscal and financial crisis through causal, emerging, and revelatory spaces. We note the Criollo bloc's role in exacerbating the state's fiscal crisis through the production of causal and emerging spaces. We also illustrate the extent to which crisis management is pushing through a new round of asset stripping by the Criollo bloc, foreign capitalists, and the Oversight Board.

Causal Spaces

Causal spaces are publicly funded large-scale projects whose production directly contributed to public debt. We demonstrate that causal spaces, originally destined to attract foreign investments, were produced on the basis of capital futures (credit and government bonds) whose *probable* realisations and returns trumped any other considerations for human development. We provide a brief account of a causal space that dominates the urban landscape of San Juan—the Convention Center District (District, hereafter).

The District refers to a set of fragmented spaces, scattered across San Juan, managed by the Puerto Rico Convention Center District Authority (Authority, hereafter). The Authority is responsible for developing, managing and improving assets within the District. The District comprises the Convention Center (inaugurated in 2005), located south of Old San Juan; Bahía Urbana (2013), a waterfront public venue project in the working-class neighbourhood of Puerta de Tierra; the Antiguo Casino (1917), a historic building in Old San Juan; and the José Miguel Agrelot Coliseum (2004), an 18,500-person capacity arena in San Juan's financial district, the Golden Mile.

Originally, the Authority's sole function was to develop the old Naval Air Base grounds, granted to Puerto Rico in 1989 by the US Federal Government and currently the site of the Convention Center. During the 1990s, the old base housed government offices alongside a thriving sex economy dominated by a series of brothels. Re-labelled the Golden Triangle, the area became the cornerstone of an urban revitalisation project to transform "San Juan's waterfront area into an internationally acclaimed urban marketplace" (*Hotel Online* 1999). A zero tolerance campaign launched in 1999, "Al Rescate de Santurce" (To the Rescue of Santurce), effectively erased the sex economy from this landscape and displaced the sex workers to underground and unsafe spaces across San Juan (Guilbe 2002; Velázquez 2001). Once the area was "cleansed", then Governor Pedro Roselló conceived the Golden Triangle as a "large-scale urban development project" to boost the competitive edge of San Juan and position it as a prime destination for tourists and investors (Hubbard 2004; Swyngedouw et al. 2002).

Act 142 of 4 October 2001 empowered the Authority with bond-issuing and borrowing capacity to finance constructions and improvements in the District.[6] Local developers, architects, and engineers were hired to design and construct mega-projects. Thanks to the tax-free stipulations within the District, local capitalists were exempted from paying municipal and state taxes (Article 6.01 of Act 142-2001). Fully financed with public funds, the Convention Center received an initial investment of $221 million from a credit line from the Government Development Bank (GDB) to the Puerto Rico Tourism Company (the previous project manager). In 2004, the Convention Center project was transferred to the Authority along with the GDB's credit line, which was further increased to $415 million. The Coliseum was also transferred to the Authority in 2004 along with its GDB credit line of $230 million. In total, the Authority inherited two credit lines to the amount of $645 million. In this scheme, members of the Criollo bloc (developers, architects, and engineers) benefited from public financing while enjoying tax exemptions, a dynamic that has exacerbated the fiscal crisis of Puerto Rico.

On 15 March 2006, the Authority issued a Hotel Room Tax (HRT) revenue bond for $468.8 million undersigned by Lehman Brothers and nine other banks. Pledged on anticipated taxation, the Authority's future has been dependent on revenues from tourism projections. According to the Trust Agreement, the bond is used exclusively to: (1) repay the financing obtained for the construction of the Convention Center, finance improvements for the Convention Center, and pay interest on the bond; (2) fund a Debt Service Reserve; and (3) pay costs of issuance. The bond contributed over $800 million in new debt for the Authority, when adding interest rates. Two yearly payments are due every January and July until 2036, when the bonds fully mature. With the bonds, the Authority paid the GDB's initial credit line for the construction of the Convention Center.

With the exception of 2011 and 2012, the Authority has been operating at a loss every year (Puerto Rico Convention Center District Authority 2016). Revenues from these mega-projects are not sufficient to cover annual debt obligations. Rather, the HRT and one-time cash transfers from other public corporations primarily cover debt obligations. Due to rising public debt, fiscal revenues are being redirected to cover general obligations for the central government. For instance, the Authority received approximately $35 million from HRT yearly to pay its bond obligations. Since 2016, the Authority no longer receives HRT revenues, seriously affecting its finances and now forcing it to rely on its depleted Debt Service Reserve to cover bi-annual bond obligations.

The Authority is not unique. Numerous causal spaces can be identified across the Island, where municipalities, financed by the GDB and other public agencies, constructed monumental structures to raise the profile and competitive edge of their cities. The Urban Train in the San Juan metropolitan region is perhaps the most telling project. Costing a total of $2.5 billion, $1 billion more than originally planned, the train only sells a third of the rides it needs to, losing $50 million yearly (Braun and Levin 2017). Mega-projects, in short, do not generate the expected revenues that planners envisioned, with yearly losses covered by tax revenues. Public debt financed the production of causal spaces with the expectation that by supplying the necessary infrastructure foreign capital investments would axiomatically come. Ultimately, the public shouldered the cost of unrealised projections.

It is estimated[7] that the Authority has added at least 1% to the public debt. This is a significant sum fixed on 113 acres of land in San Juan. Who benefited from these projects? Members of the Criollo bloc who were contracted for the design and construction of infrastructural projects in the District, while enjoying tax exemption privileges, benefited greatly. So did bond underwriters, who still receive commissions from the buying and selling of the bonds, and bondholders who are betting on the future valorisation of their bonds to earn a profit (see Hedge Clippers 2016). Causal spaces, finally, appear well packaged from the outside, but their grandiose appearance masks the fragility that underpins the financial production of the city. We turn to emerging spaces to further expose the fragile financial basis of the city.

Emerging Spaces

While walking along the Ponce de León Avenue in Santurce, one suddenly stumbles upon emerging spaces that interrupt the long rows of abandonment, dispossession, and acute poverty which dominate the urban landscape.[8] Emerging spaces are large-, medium-, and/or small-scale private investment projects developed in recent years within the context of capital insolvency. We show that financing for emerging spaces has benefited from the Criollo bloc's exclusive access to financial circuits. Designed to attract a transient and privileged class of consumers, the production of emerging space has been premised on successive rounds of dispossession and asset stripping, processes that have intensified the racial and class divide that characterises the fragile city.

Act 212-2002 for the Revitalization of Urban Centers has actively encouraged the proliferation of emerging spaces in Santurce.[9] The law, supported and promoted by the DEDC, provided a long list of incentives for the private and financial sectors to revitalise urban centres. It included a 100% tax exemption on interest paid to financial institutions that loaned money for urban centre revitalisation projects, along with tax credits. As expected, commercial banks liberally opened lines of credits for real estate developers who suddenly shifted their suburban investments to Santurce (Cobián 2012). In the first decade of the 2000s, the law directly influenced expropriation, demolition, and the construction of luxury condominiums along Ponce de León Avenue, thus legally justifying asset stripping. Notwithstanding numerous allegations of violations against residents and business owners, based on below-market property assessment and improper expropriation, large tracts of public and private land were made available by the Housing Department to investors and real estate developers (Rodríguez-Velázquez 2008).

After expropriating and demolishing properties across 22 acres of land, the government opened a bid between 2003 and 2004 for the construction of Ciudadela, a mixed-use, high-rise complex in Santurce. The winner, Miramar Real Estate Management, began construction of Ciudadela in 2004 under a new subsidiary, Ciudadela de Santurce Incorporation. Ciudadela Inc. received two credit lines from commercial banks ($140 million and $59 million) in 2005 to finance construction. In 2007, Puerto Rico's housing market began stalling, and pre-sales of the apartments were significantly below expectations (*El Nuevo Día* 2009). Ciudadela Inc. defaulted on its debt obligations in 2011 and declared bankruptcy the following year. In 2012, Putnam LAC Holding, LLC bought the Ciudadela project from the bankruptcy court for $100 million and was expected to receive an estimated $58.5 million in tax credits. Injecting an additional $108 million into the project, "using no debt, all equity" (Prouty 2014), Putnam Bridge is currently expanding Ciudadela to include 252 apartments, 50,000 square feet of commercial space, a swimming pool, and a "public" park (Blasor 2014).

US billionaire Nicholas Prouty, an investment magnate that specialises in distressed assets for profit-making, owns Putnam Bridge. Following the acquisition of Ciudadela, Prouty moved his family to Puerto Rico from Connecticut, incentivised by two Acts enacted in 2012 to attract foreign investment to the Island. Act 20-2012, for Export Services in Puerto Rico,[10] provides tax incentives—including

90% tax exemption on real and personal property taxes, no federal taxes, 60% municipal tax exemption, and 3% fixed income tax rate—for foreign companies willing to export services from the Island. Act 22-2012, the Individual Investors Act,[11] provides incentives for individuals lured to the Island by 100% tax exemptions on dividend income, interest received while a resident, and on long-term capital gains, as well as no federal taxes on income earned in Puerto Rico. Due to these acts, hundreds of American (mainly, but not exclusively) companies and individuals have moved to Puerto Rico in search of new profit opportunities in this tax paradise. Acts 20 and 22 are managed by the DEDC, who is relying on these foreign investments to re-ignite the Island's economy.

Estudios Técnicos, a consulting firm hired by the DEDC, reported that as of 2016, 1043 decrees for Act 22 and 790 for Act 20 have been signed since 2012. In 2016, Act 22 beneficiaries reported a total of $461 million in financial and investment assets in Puerto Rico. The report estimates that by 2025, Act 22 beneficiaries will have invested close to $1.2 billion in the Island's real estate. Act 20 firms, the majority of whom export consulting, investment banking, and real estate and economic advisory services, reported a staggering $1.4 billion in revenues in 2016. In contrast, Act 20 companies paid $7.3 million in Sales and Use Tax (SUT) and $40.6 million in corporate taxes in 2016, approximately 3.4% of their revenues (Estudios Técnicos 2017). In other words, Acts 20 and 22 together represent a major incentive for foreign investors to not only benefit from very generous tax exemptions, but also from the opportunity to stockpile a larger share of Puerto Rico's land and property assets. The emerging spaces we examine have benefited from these tax-exemption programmes as well as from more flexible forms of financing that differ from borrowing practices characteristic of causal spaces and of the example of Ciudadela.

Start-up companies, pop-up shops, food-truck parks, coffee shops, and a revitalised art scene have attracted an emerging "creative class" to Santurce. Politically and financially backed by the older guard of the Criollo bloc, the new generation has carefully avoided high-risk projects in favour of more flexible and diverse sources of credit for renting, buying, and renovating property along Santurce. One such space is Lote 23, an outdoor food site located beside Ciudadela, which hosts 16 kiosks rented to avant-garde culinary experts that offer craft beers, over-priced burgers, noodle bowls, and pork delicacies. Managed by Cristina Sumaza and her brother Fernando, this now vibrant lot laid vacant for years. In collaboration with local chefs and muralists, the Sumaza siblings invested $500,000 in addition to $15,000–$20,000 by each kiosk occupant. The Sumazas typify the accumulation and investment practices of the newest generation of the Criollo bloc.

The Sumaza siblings have benefited from the fortunes of their father's profitable enterprise, Fernando L. Sumaza & Company, Inc., a management agent and developer of affordable housing. Founded in 1982 in Mayagüez, a city in the west of Puerto Rico, the company has progressively moved its portfolio to Old San Juan. The company has successfully responded to the credit crunch of 2008 and Puerto Rico's financial crisis by relying almost exclusively on federal funds and tax credits that allow them to bypass high-risk financing from local commercial banks.

Their projects are financed through the USDA's Rural Development Fund, subsidised by the HUD Section 8 Housing Assistance Program, and receive Low Income Housing Tax Credits. Through these more secure sources of financing and housing subsidy, Sumaza & Company has been able to pay its lower-interest debts by consistently populating its housing complexes with Section 8 residents. After decades of tapping into federal funds and moving closer to the San Juan real estate market, the Sumaza siblings have become urban entrepreneurs in Santurce.

Aside from Lote 23, Cristina Sumaza co-founded ConPRmetidos, "a think-and-do-tank … to accelerate innovative solutions to Puerto Rico's social and economic challenges" by constructing and maintaining active networks of millennials in the Island and abroad (ConPRmetidos 2018). In addition, Sumaza is the community-building manager of Parallel 18, an accelerator company that offers funding for start-ups to begin operating from Puerto Rico. Start-ups from over 40 countries have come to Puerto Rico, incentivised by a $40,000 grant *and* tax incentives from Act 20 and others. These foreign entrepreneurs have been able to enjoy and support the emerging culinary, artistic, and hip cultures of Santurce. Some of the board members of Parallel 18 also serve on the Board of Directors of ConPRmetidos (whose offices are located in the commercial space of Ciudadela) and of Foundation for Puerto Rico, another influential think-tank (also located in Ciudadela). Jon Borschow, a leader in the Island's health equipment distribution industry since 1979, founded the think-tank. The Foundation has lobbied for legislation to expand the revitalisation of Santurce and encourages economic development through the visiting economy.

The visiting economy is an all-encompassing term that emphasises tourism as a basis of economic development. It seeks to move beyond traditional forms of tourism—hotel and beach attractions—to include medical, cultural, culinary, and educational tourism. The Foundation has supported Parallel 18 as a form of industrial tourism, the Destiny Marketing Organization (a public–private partnership, presided by Jon Borschow, to market tourism), and cultural projects in Santurce to further the attractiveness of the area. Prominent members of the Criollo bloc, including former governors, newspaper moguls, local investors, bankers, and architects, lead the Board of Directors of the Foundation. One member, Ricardo Álvarez-Díaz, president and founder of the architecture and interior design firm Álvarez-Díaz and Villalón (with main offices in Ciudadela), has benefited from Act 20, federal funds and tax credits to gain access to key housing development projects in San Juan and the Middle East. In collaboration with McCormack Baron Salazar, a leading for-profit affordable housing developer in the US, Álvarez-Díaz and Villalón are redesigning two important mixed-income housing complexes, Las Gladiolas near the Golden Mile, and Puerta de Tierra Community Development west of Old San Juan (see section "Spaces of Resistance" below). Las Gladiolas, a high-rise, modernist, low-income housing project, was demolished in 2011. Since then, former residents have pressured the Housing Department to help them relocate to affordable housing while insisting that the new mixed-income housing complexes do not come close to meeting their needs (Las Gladiolas had 676 housing units and Puerta de Tierra 484, but the new projects offer 314 housing units *in total*, with only a small fraction destined for low-income residents).

Displacement and population replacement are direct consequences of policies that have allowed asset stripping of housing.

The new generation of the Criollo bloc and US capitalists are gradually transforming Santurce into a "playground" for the privileged classes by offering high-end products and a sanitised urban experience, which upon closer inspection only minimally contributes to the government's budget. Despite the urgent need to increase fiscal revenues to pay debt obligations, urban development strategies bank on the same old formula of tax exemptions and credits[12] to attract investors. The Criollo bloc has strategically aligned with this new class of foreign investors to access capital assets. The Criollo-1% alliance is using Ciudadela as a command and control centre where a new economic, political, social, and cultural vision for Santurce and Puerto Rico is being articulated.

We view emerging spaces as paradigmatic landscapes of the fragile city—a city whose economic base depends on the willingness of a highly mobile class of investors to come, stay, and invest. With these investors having no other commitment than their continual accumulation of capital, the city's financial basis is rendered dangerously fragile the more it relies on the unpredictable behaviour of urban entrepreneurs to support urban growth. "Capital can only be capital when it is accumulating", Jodi Melamed writes (2015:77), "and it can only accumulate by producing and moving through relations of severe inequality among human groups". In order to accumulate capital, the Criollo-1% alliance has intensified urban inequalities through successive rounds of displacement, expropriation, and enclosure to expand their sources of wealth extraction (Junta de Acción Comunitaria San Mateo de los Cangrejos 2006). The excluded have seen their cost of living rise, economic opportunities dwindle, and the prospects of a more prosperous urban future disappear. In response, many have left the Island, migrating to the US mainland in search of new opportunities. Mass exodus has eroded the government's tax base *and* left behind an ever-growing landscape of abandonment.

Revelatory Spaces

If causal and emerging spaces mask the fiscal and financial crisis through their seductive appearance (Rodríguez-Casellas 2010), revelatory spaces reveal the city's fragility. In this section we emphasise the role of revelatory spaces: (1) in expanding the Criollo bloc's and their allies' *imaginary* geographies of ongoing asset stripping and accumulation; and, more importantly, (2) for *actually* expanding the geographies of resistance against austerity and asset stripping. Revelatory spaces are those that highlight the fiscal and financial crisis through abandonment and resistance. Revelatory spaces are the constitutive basis of the fragile city, one that to the naked eye presents itself as a terrain of endless possibilities (for both asset stripping and resistance). We begin with a discussion of the landscapes of abandonment and finish the section with a commentary on the spaces of resistance to the fragile city.

Landscapes of Abandonment

According to the US Census, the San Juan metropolitan area had 177,450 housing units in 2000, of which 18,186 were vacant (10.2%), compared with 186,476 total housing units of which 43,794 (23.5%) laid vacant in 2015. During that same time period (2000–2015), San Juan's population declined from 434,734 to 355,449. Sudden population decline has been one of the leading factors contributing to the high vacancy rate in the city. It is precisely this increasing number of vacant properties that is feeding the imaginary geographies of the Criollo-1% alliance as they search for ways to acquire, redevelop, and profit from them.

The governance of "disused" and abandoned properties has become highly contested in recent years. Act 31-2012 to Enable the Restoration of the Communities of Puerto Rico has been amended five times since its passing.[13] The Act provides municipalities the ability to identify and, if necessary, repossess properties deemed a "public nuisance"—any abandoned structure which, due to its deteriorated condition, cannot be used and could endanger the community's safety. If a "public nuisance" is repossessed by the municipality, the latter can "sell, cede, donate, or rent" it to non-profit organisations or persons willing to give the property a better use (Interview, Casa Taft 2017). The complex and costly bureaucratic process for identifying and designating "public nuisances" has, however, prevented municipalities under extreme financial duress to repossess more abandoned properties (Medina-Pagán 2015).

Act 96-2017 effectively transferred the competency of identifying, classifying and managing "public nuisances" to the Land Administration, an agency under the umbrella of the DEDC.[14] Under Act 31-2012, a person cannot acquire more than one "public nuisance" from the municipality except under exceptional circumstances. With Act 96-2017, the Land Administration can execute its eminent domain powers and facilitate the transfer of repossessed properties, with no restrictions on the number of properties, to any person, including a corporation, willing to invest and boost economic activity in Santurce and Río Piedras. The person acquiring one or multiple properties through the Land Administration can further enjoy tax exemptions on property taxes, municipal patents, and construction costs incurred while upgrading the property.

Another factor creating the landscapes of abandonment is foreclosure. Rates of residential units foreclosed have more than doubled each year from 2357 foreclosed units in 2008 to 5424 in 2016. As of March 2017, the Banco Popular de Puerto Rico (BPPR) had the highest number of repossessed properties (residential, commercial, and land). The accumulation of distressed assets by local commercial banks, however, exacerbates the liquidity problems these institutions face. To remain solvent, local banks are selling their distressed assets to American real estate and financial institutions. For instance, the New York-based private equity real estate company, CPG Real Estate, has since 2011 purchased over $2 billion in distressed assets in Puerto Rico, including $1.35 billion from BPPR that covers 2190 loans and 974 foreclosed properties (CPG Real Estate 2014). In other words, the passing of Act 96-2017 along with the management of distressed assets by local financial institutions is facilitating asset transferring to the Criollo-1% alliance.

In these landscapes of abandonment, we are witnessing asset stripping and asset transferring—the mechanism by which the Criollo bloc transfers its assets to foreign capitalists—at an unprecedented scale. The Criollo bloc has shown a willingness to share a portion of its real estate and debt assets with financial investors from abroad in order to solve its liquidity problem. Asset transferring is a class-survival strategy that comes with increasing risks for the Criollo bloc since they are trading the spatial basis of their long-term accumulation strategies for short-term capital that might not find profitable outlets of investments in the future. Nevertheless, the expanding abandoned landscapes of San Juan fuel the imaginary geographies of the Criollo-1% alliance as it enables them to imagine a terrain of endless investment opportunities that feeds their financial motivations and decisions.

Spaces of Resistance

Following Dinzey-Flores (2013), we noted the fences, walls, and boarded windows that physically demarcate the racialised landscapes of disinvestment in the fragile city. Primarily placed to protect the depreciating value of unused properties, these barriers are also central for the articulation of counter-narratives that challenge the racial and class politics of asset stripping agents.[15] Moreover, resistance to the production of the fragile city involves occupying abandoned properties to launch alternative development strategies. We interviewed members of Brigada de Puerta de Tierra (BPdT), a community organisation founded in 2015 to protest the production of a polemical causal space: Paseo de Puerta de Tierra, a pedestrian and bike corridor designed to connect the tourist areas of Condado and Old San Juan. Promoted as a flagship project to boost the visiting economy, the Paseo project was mired in controversy, including allegations of corruption and mismanagement of public funds (Cintrón-Arbasetti 2016). Declaring that the project responded more to the needs of a transient public (tourists), Puerta de Tierra residents organised to demand that development projects consider their own needs as well.

Trapped between two causal spaces—the Paseo project to the north and Bahía Urbana to the south (property of the Authority)—Puerta de Tierra residents are also increasingly witnessing emerging spaces encroaching upon their neighbourhood, such as the new mixed-income housing complex designed by Criollo bloc developers. Historically plagued by social and health problems due to poor planning and neglect, the neighbourhood has experienced governmental responses characterised by a destruction and displacement approach (Zulawski 2016). As crime and the drug economy quickly enveloped Puerta de Tierra in the 1990s, the government responded by demolishing the high-rise housing complex Las Acacias in 2000, displacing hundreds in the process. Similarly, in 2015 a 484 public housing unit complex was destroyed giving way to the emerging mixed-income residential project already described (see the “Emerging Spaces” section). In addition, residents of this working-class and mixed-race neighbourhood are experiencing the effects of abandonment, which one member of BPdT noted is seriously affecting their "self-esteem" (Interview, BPdT 2017).

The long tradition of struggle and perseverance of Puerta de Tierra was captured by the Salsa orchestra Raphy Leavitt y La Selecta. Growing up in the impoverished streets of Puerta de Tierra in the 1960s inspired the artists to record numerous popular songs such as "Payaso" (Clown), "Destino Humano" (Human Destiny), and "Mi Barrio" (My Neighbourhood). Expressing a sensibility comparable to the Blues epistemology (Woods 2017a), Raphy Leavitt y La Selecta sing in "Vive tu Vida" (Live your Life):

> Hoy lloras porque te abruman las injusticias
> mañana te hará cantar la felicidad
> escucha bien mi consejo vive tu vida
> que no hay mal que dure por una eternidad.
> —
> Today you cry because injustices overwhelm you
> Tomorrow happiness will make you sing
> Listen well to my advice, live your life
> There is no evil that lasts an eternity

Drawing on this tradition, BPdT organisers painted in striking yellow the wall of an abandoned building highlighted by Raphy Leavitt's face and a powerful message to the Criollo-1% alliance: "Aquí Vive Gente" (People Live Here). By first asserting their humanity, BPdT's tactics involve occupying abandoned lots and properties to better serve the community. To the tunes of Salsa in the background, we spoke with BPdT organisers in a community garden on a lot abandoned for two decades. Through an agreement of "good faith" between BPdT and the owners (who could not maintain the property due to their advanced age), organisers created the garden in early 2017 in response to community needs, particularly of the elderly, to gain access to "medicinal plants" (herbs and fresh produce) (Interview, BPdT 2017). In October 2015, BPdT rescued a 100-year-old, three-story building with the hope of converting it into a "Center of Innovation and Community Self-Management Development, where the community can develop their abilities and critical thinking" (Brigada Puerta de Tierra 2015; Interview, BPdT 2017).

From within the occupied structures, BPdT shows movies, organises parties, and hosts art exhibitions. Unlike the urban art scene emerging in Santurce, art projects sponsored by BPdT are by and for "the community". Faithful to the Salsa epistemology of La Selecta, BPdT events seek to bring happiness to a community "overwhelmed by injustices". Yet, these social justice warriors are cognisant of the rapid forces of displacement that are menacing their existence by projected plans to convert the waterfront into a "Miami-type area" (Interview, BPdT 2017). Aware of the shifting legal framework—such as Acts 20, 22, and 96, which facilitate asset stripping by the Criollo-1% alliance—BPdT organisers are energetically working alongside social justice lawyers to negotiate the repossession of abandoned properties with private owners and the Municipality of San Juan. For them, it is imperative to own their spaces in order to first resist the gradual displacement of their community and, second, launch alternative development strategies based on redistribution, social justice, and "autogestión" (Interview, BPdT 2017). The aim is not to "make money", BPdT organisers emphasise, but to democratically and collectively address community needs.

Conclusion

In this paper, we examined the fiscal and financial crisis in Puerto Rico through a close reading of San Juan's urban landscape. We call it the fragile city, an urban region heavily dependent on financial investments that seek profit in the sphere of circulation at the expense of investments in productive activities. We highlighted the role of the Criollo bloc, local capitalists whose privileged class and racial position grant them access to urban real estate and financial assets. Historically excluded from the productive sector, however, the Criollo bloc is extremely dependent on elusive global capital investments. To survive as a racialised class in this colonial economy, the Criollo bloc has relied on three strategies to ensure continual access to finance capital: (1) investments in well-packaged causal and emerging spaces; (2) design of attractive tax policies, such as Acts 20 and 22; and (3) asset transferring in order to remain solvent. All three strategies further the fragility of the city by rooting the basis of urban development on speculative capital investments and tax exemptions that minimally contribute to fiscal revenues. The failure of this model is now evidenced by the Island's unpayable public debt and its desperate search for foreign capital.

Our reading of the crisis emphasises the agency of "capital", embodied by the Criollo bloc, American capitalists and the Oversight Board. In doing so, we offered an alternative to the more popular narratives that either emphasise the role of irresponsible local politicians or the colonial structure that prevents Puerto Ricans from acting on their own behalf. We concur with Quiñones-Pérez and Seda-Irizarry (2016:140) that the crisis was partly "self-inflicted". Unlike Dick (2015:78–79), who insists that the Island's fiscal dependency is the primary cause of its economic ills—which oddly led the author to celebrate recent tax laws, such as Acts 20 and 22, as examples of tax "autonomy"—we pointed out the Criollo bloc's ability to design tax legislation that benefits them and their allies. We do not wish to ignore the colonial structures that undermine Puerto Rico's future and authority (see Fusté 2017); instead, we emphasise that the Island's fiscal and financial crisis is a *capitalist* crisis.

More precisely, Puerto Rico is experiencing a crisis of *racial* capitalism (Melamed 2015). The Criollo bloc's whiteness—its historical racial and class privileges—no longer ensures automatic access to profitable financial relations. In times of crisis, the local elite has ruled out other potential sources of solidarity (nationality, place, or social justice) and instead allied with international capitalists to protect their own class and racial interests. Class and racial solidarity manifests in legislation that facilitates asset stripping away from vulnerable communities, in austerity measures imposed by the Oversight Board, and in the exchange of distressed assets between the Criollo-1% alliance.

Revelatory spaces display more clearly the crisis of racial capitalism. These spaces reveal that whatever racial or class fragility the Criollo bloc might be experiencing, they are willing and able to displace their transactional risks onto the most vulnerable and marginalised communities. The presence of "vulture" capitalists in the Island preying on distressed assets (Levin 2017), hitherto managed and controlled by the Criollo bloc, points to the contingent power the local elite has over real estate and financial assets. Without the capacity for capital formation, the Criollo bloc can only sell its assets (or acquire new assets through dispossession) to stay solvent and protect its class and racial privileges. In doing so, the crisis is displaced onto the Island's most vulnerable communities, who are now resisting—but also accommodating and abandoning—the class and racial politics of the fragile city.

Epilogue

None of us expected the fragile city of San Juan, nor the fragile state of Puerto Rico, to shatter so suddenly and abruptly. Upon completing the first draft of this article, Irma, a Category 5 hurricane, skirted the north coast of Puerto Rico, leaving over one million residents without electricity. Compared with the devastation experienced by neighbouring Caribbean islands, Puerto Rico sighed with relief after avoiding a major catastrophe. Two weeks later, however, the Island's worst fears materialised when hurricane María, a Category 4 storm, crossed *through* Puerto Rico, causing the biggest devastation in the Island's recent history. Since then, the recovery effort has been painful, gruesome, and fatal for many.

The post-María period revealed the second-class citizenship of Islanders (Werner 2017), the racialised and colonial relations that supported the unequal power structures within Puerto Rico and with the US, and the fragile networks and infrastructures that kept Puerto Rico's economy balanced on a tightrope (Tormos-Aponte and Ciro-Martínez 2017). Predictions show the Puerto Rican economy contracting between 8% and 11% in 2018, further lowering tax revenues. To cover these losses, the government is relying on federal aid packages *and* liquidity from the privatisation of public assets—such as the Puerto Rico Electric Power Authority and the public education system. In the coming years, we fear the worsening of the fiscal and financial crisis, the intensification of asset transferring, and the escalation of racial violence that often accompanies disaster capitalism. In this epilogue, we briefly assess the extent to which the unequal geographical arrangements of the fragile city has partly determined the road to recovery thus far.

Causal Spaces

After Irma, the Convention Center turned into a refuge for victims from neighbouring Caribbean islands. Confronting its own humanitarian crisis following María, however, the Puerto Rican government turned the Convention Center into a command and control centre to coordinate the recovery process. To make room for FEMA personnel, military officials, and state agencies, the victims from hurricane Irma were controversially displaced to other refugee centres. In its place, the Convention Center became a hypermodern colonial post where a "phantom" government operated (Fullana-Acosta 2017). Daily press conferences by the governor assured the international media that aid was on its way, while millions of Puerto Ricans did not see the aid for weeks and months, desperately trying to survive amidst a chronic lack of food, water, electricity, and medical assistance. Meanwhile, the Coliseum (property of the Authority) became the centre of operation for United for Puerto Rico, the official relief organization of the Puerto Rican government. For $11,600 daily, United for Puerto Rico rented the exclusive arena, a rent covered by donations that donors thought would go to the most vulnerable and affected residents (Sepúlveda 2017). Instead, donations directly funded the Authority's public debt.

Emerging Spaces

Nicholas Prouty regularly walked the halls of the Convention Center to "facilitate lines of communication between the [US] Congress and the government of Puerto Rico" in order to help streamline a federal aid package for the Island (Cintrón-Arbasetti 2017a). Foreign investors like Prouty are not necessarily advocating on behalf of Puerto Rico, but rather are seeking to protect their investments by ensuring a consistent revenue stream on the Island. In Ciudadela, for instance, witnesses spotted private security personnel in military gear and holding long-rifles patrolling the premises of Ciudadela to protect Prouty's investment and its residents who, days after the storm, had access to powered-generator electricity as well as internet and potable water (Cintrón-Arbasetti 2017b). Unequal access to resources that, at the time of this writing, many Puerto Ricans still cannot access, exposed the class and racial divides of Puerto Rico. Although María affected everyone regardless of class, the recovery effort has been highly uneven, with Criollo bloc members enjoying the means that have prevented them from experiencing the desperation and acute poverty that millions are still forced to sustain. "Until María came", said Moisés Valentín, a 63-year-old man forced to scavenge for food (*El Nuevo Día* 2017), "I did not feel poor".

Revelatory Spaces

The slow recovery and the dire economic future has accelerated the mass exodus of Puerto Ricans to the US. According to a recent estimate, between 2017 and 2019 Puerto Rico will lose 470,335 residents or 14% of its current population, a population decline similar to that experienced "during a prior decade of economic stagnation" (Meléndez and Hinojosa 2017:1). Those migrating are, for the most part, young adults with children or young professionals. Behind, they leave their individual assets (houses, cars, and debt) and an aging population.

To top that, Puerto Rico is bracing for another economic storm as analysts expect a "housing meltdown that could far surpass the worst of the foreclosure crisis" (Goldstein 2017). With no income, many homeowners face delinquent accounts with Wall Street and local banks that have bought distressed mortgages in recent years. Undoubtedly, mass exodus and heightened foreclosure rates will expand the landscapes of abandonment *and* the imaginary geographies of asset-stripping agents who, days after the storm, were seen preying on the devastated Island (Bonilla 2017).

Puerto Rico is not up for grabs, however. This is the message sent from the proliferating spaces of resistance that have surfaced in the post-María period. Mutual aid organisations, autonomous spaces, ad-hoc community organisations, and radical groupings have emerged or gained new force in the post-María landscape (Crabapple 2017). These groups have come together to provide food, water, and medical assistance to those in need in San Juan and the rest of the Island. From these spaces, resistance to the class, racial, gender, and sexual politics of asset stripping is being articulated. These are radical post-colonial and emancipatory sites (simultaneously queer, feminist, anarchist, anti-racist, anti-sexist, horizontal, and post-national spaces) where the voices of the historically dispossessed are being heard, where resources, albeit scant, are collectively managed, and where the hope for a socially just Puerto Rico is kept alive. Groups like La Colectiva Feminista en Construcción, Centro de Apoyo Mutuo, and Proyecto Enlace (to name but a few) are forging new solidarities and crafting new possibilities for community building and resistance. Their organisational values and principles are diametrically opposed to those espoused by asset-stripping agents and their policies (see Colectiva Feminista en Construcción 2017). Puerto Rico's future will be determined in these revelatory spaces. For that reason, we must further investigate the daily struggles in these spaces *and* support them in order to ensure their success.

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Endnotes

[1] Puerto Rico, although an archipelago, is often referred to as the "Island" in both Puerto Rico and the diaspora. We maintain the upper case to denote this larger sense of Puerto Rico and its surrounding islands as a territory—a relatively unified governable space.

[2] We are aware of the existing fluidity between these categories. For instance, a case can be made that emerging spaces directly contribute to public debt by enjoying tax privileges offset by the higher infrastructural costs these spaces demand from city services (trash collection, water, electricity, transportation). Despite obvious overlaps, we think the heuristic effectively allows the reader to observe the various modalities that constitute the fragile city. We owe thanks to Javier Román for suggesting the heuristic in the first place and allowing us to use it and modify it here.

[3] Financialisation has become a buzzword in recent years, with critics starting to question its explanatory usefulness (Christophers 2015). We use it exclusively to situate our work within an existing literature that seriously considers the relationship between finance capital and economic crisis at various scales (Aalbers 2008).

[4] Statement of Oversight Board in Connection with PROMESA Title III Petition, United States District Court for the District of Puerto Rico. Case 3:17-cv-01578, 2017.

[5] The Oversight Board has proposed budget cuts to the public university system, pension fund, fine arts, education, and health care. Moreover, the recent announcement to privatize the Puerto Rico Electrical Power Authority and parts of the public education system (Coto 2018a, 2018b) suggests that individual and collective asset stripping is not only intensifying but becoming the main crisis-management mechanism in place.

[6] Act 142 (2001) for the Global District of the Americas.

[7] The full extent of the debt is unknown due to the government's unwillingness, owing to pressure by creditors and the Oversight Board, to conduct a full audit of the debt. The Citizens Front for the Audit of the Debt (CFAD) is calling for an integral audit to identify bondholders and determine the percentage of the debt that is unconstitutional.

[8] See Figure 1: https://radicalantipode.files.wordpress.com/2018/05/villanueva-paper_fig1.pdf

[9] Act 212 (2002) for the Revitalization of Urban Centers.

[10] Act 20 (2012) to Promote the Export of Services.

[11] Act 22 (2012) to Promote the Relocation of Investors to Puerto Rico.

[12] Under pressure to reduce its budget, the new administration froze many of the tax credit programmes in order to reevaluate their true impact on the economy. The Finance Department has admitted not knowing who possesses the tax credits and, much less, whether these contribute to economic growth. Some suggest that tax credits are a burden to public finances (Interview, Antonio Fernós, economist, 2017). Nevertheless, on 21 March 2017 the Governor met with anxious local and foreign investors in Miami (including Álvarez-Díaz and Nicholas Prouty) to clarify that tax credits are not "frozen" but will be "rationalised" for their effectiveness (Lama-Bonilla 2017).

[13] Act 31 (2012) to Enable the Restoration of the Communities of Puerto Rico.

[14] Act 96 (2017) for the Management of Public Nuisances and the Urban Reconstruction of Santurce and Rio Piedras.

[15] See Figure 2: https://radicalantipode.files.wordpress.com/2018/05/villanueva-paper_fig2.pdf

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