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The Old Man's Colony, the Young Man's Crypto Economy

The colonization of Puerto Rico is the chapter skimmed by American readers, the Caribbean island's vibrant culture subdued into an island of inertia by America's Euro-centric lens. Whether seen as a plentiful land by Spanish Conquistadors, forcing the native Taíno people to assimilate, or a product of the Spanish American War, American Imperialism, and the 'Insular Cases,' stripping Puerto Ricans of the right to vote for their own government, Puerto Rico is consistently taken advantage of by America.

The consistent impact of environmental crises, the lack of government aid (both from Puerto Rico's own government and the American government), the internal and external racism Puerto Ricans face, and the chaos that exists within Puerto Rico's economy, has created an opportunity for a new group of colonizers to migrate to the island: cryptocurrency investors.

In January 2012, Puerto Rico's government enacted the Puerto Rico Incentives Code: Act 20, Act 22, and Act 60. Because it is not a state, but an "Insular Area," citizens are required to pay American taxes, however, Act 20 and 22 allow eligible Americans to avoid paying federal income taxes if they move to Puerto Rico. Act 20 specifies tax regulations for businesses ("Act to Promote the Export of Services"), while Act 22 exempts individuals from paying federal taxes on their income. In comparison to the US's up to 37% personal income tax, Puerto Rico offers a 0% income tax. Act 60 further incentivizes Americans to come to the island by offering a 75% tax

exemption on local and state property—to qualify, you must pass a test solely explaining what you plan on doing in Puerto Rico.

The island’s economic loopholes have inspired a race to turn Puerto Rico into the “Silicon Valley of the Caribbean” (Paul). Ultimately, Puerto Rico’s involuntary participation in the growth of the cryptocurrency economy reflects America's ignorance of the island’s disadvantaged state and disregard for its people, therefore amounting to modern-day colonialism.

The frequency of hurricanes demolished Puerto Rico’s economy, destroying thousands of homes and leaving thousands of citizens without power or access to any American governmental aid. Barely any of America’s promised federal funds made it to the island, and since Puerto Rico has been spiraling into debt—a trend that has continued within recent years, as the Supreme Court ruled Puerto Rico ineligible for Supplemental Security Income, or SSI, benefits, a federal program aiming to support elderly, disabled, and low-income citizens. According to Kathleen Roming, director of Social Security and disability policy at the American Center on Budget and Policy Priorities, nearly 436,000 Puerto Ricans were eligible for SSI benefits. (CNN) Despite the fact that Puerto Ricans pay payroll taxes that fund Social Security and Medicare, SSI is funded through general revenue, the sum of state and local taxes and spending—therefore Puerto Rican residents do not directly contribute to the program. Puerto Ricans pay taxes they cannot afford, for programs that they cannot access. By 2015 , Puerto Rico’s Governor Alejandro García Padilla deemed the island’s \$72 billion debt “unpayable.” (Corkery, Walsh) Coupled with Act 22, 20, and 60, the island is economically vulnerable to such an extent that a new, upcoming industry such as cryptocurrency could be attracted to it.

Gentrification is defined by National Geographic as a “clash between the power of private capital and government policy, and the power of the people in targeted communities to

preserve their homes and heritage,” a parallel with the influx of Act 22 investor-tax dodgers in Puerto Rico. The cost of living for Puerto Ricans has risen exceptionally—housing rates have grown by 15%, and electricity rates by 20% (Latino Rebels), detrimental to the people as the island is still recovering from Hurricane Maria. Americans make space for themselves on the island, through the development of luxury real estate and homes on the beach, a direct causation of another aspect of gentrification, the privatization of Puerto Rico’s beaches, an aspect of the island deeply connected to Caribbean culture. “The beaches belong to the people,” is a popular movement, commonly known to any Puerto Rican citizen. While some argue that the development of real estate provides jobs to Puerto Ricans and contributes to the regulation and growth of the economy, it can be argued in return that Puerto Rican workers would be getting paid the money they deserve in the first place. The nature of the island is rooted in the people’s culture, and nothing is more important than preservation.

Cryptocurrency mining in particular, has a large environmental impact on the island. The process of mining the information and confirming charges uses large computers, which require huge amounts of energy. EarthJustice asserts that the fast-paced, powerful nature of mining incentivizes miners to ramp up operations as quickly as possible, often irrespective of the source of energy—the four most common sources include the purchase of power plants, agreements with power generators, electricity purchases from a local utility, and burning gas at oil and gas wells.

Furthermore, the divide between Puerto Ricans regarding their statehood or territorial status creates further vulnerability to fill the spaces left debated. The political unrest within Puerto Rico is arguably the root cause of the American government's behavior towards its residents as well; a lack of action as the internal chaos makes the island look exponentially more foreign to Americans. Yet, the American government placing limitations on Puerto Rico is

nothing new; the island's status as a territory presents a confusing strategy of representation in the American government. Beyond its origin as an American colony in the 1901 Insular Cases, Puerto Rico was also granted a US President-appointed governor and congress. The Jones Act in 1917, which granted American citizenship to Puerto Ricans, also allowed them to elect both houses of their legislature, and in 1947, the US allowed Puerto Ricans to elect their governor. In 1952, the constitution of the commonwealth was adopted by the US government and a republican government was established, but remained under the control of the US government. And in 2023, Puerto Ricans have one representative in congress, but that representative is not able to vote—they are not allowed to vote in presidential elections or midterms.

The structure of the island's government, despite its slow evolution, limits Puerto Rican's ability to advocate for themselves—therefore restricting Act 20, 22, and 60 from any change, while the effort it takes to comprehend how Puerto Rico's discriminatory government is a root cause of the economic crisis on the island, couldn't be further from the American mainstream.

An additional variable that contributes to the complexity of Puerto Rico's relationship with the US government and the lack of support they receive is the racism prevalent in American society. First and foremost, Americans do not understand what Puerto Rico is, much less its ethnic makeup and the history of colonization that contributed to the complexity of that makeup. Yet it is seemingly non-coincidental that an island made up of Spanish-speaking indigenous, African, white, and Latino citizens receives little recognition from the government. And it is the lack of education that Americans maintain to crypto investors to believe “nothing is going on there.” (Paul)

In Arianna J. Valle's essay “Race and the Empire-state: Puerto Ricans' Unequal U.S. Citizenship,” she alludes to Author Flores Gonzales's idea of ethnoracism, the notion that the

racism can exist against an ethnic group—for example, Latinos see themselves as White, Black, and Brown, and therefore they are “ethnoracially incompatible with conceptions of an American,” Valle claims that Puerto Ricans feel additional US membership boundaries as opposed to American-born Latinos due to the widespread misunderstanding of their relation to the States. It is the complexity behind the Puerto Rican identity that allows American, commonly white, crypto investors to disregard how culturally different the island is from the US—beyond the legal tax loopholes taken advantage of, to crypto investors, the island itself is a loophole: a paradise, where you can live in a luxurious house, you don’t have to pay taxes, but your business is still within the scope of America’s economy.

It can be argued that the large influx of cryptocurrency investors and the infrastructure they contribute to will aid Puerto Rico’s struggling economy—the idea that moving to the island would contribute to their economy was common in the aftermath of Hurricane Maria in 2017. Puerto Rico’s government further enforces this idea, and has resultantly bet on tax breaks to lure wealthy individuals to the island. Although many Puerto Rican residents think their government is further enforcing pro-colonial ideas, some agree with the government’s strategy. Refinery29 author Solá-Santiago’s article “What Logan Paul’s Move to Puerto Rico Means” compares the controversial influencer Logan Paul, a recent migrant to Puerto Rico, in search for tax breaks and a “paradise,” with Alan Talveras, a Puerto Rican e-commerce-based start-up owner, who moved back to Puerto Rico with the sole purpose of helping the island recover. However, Talveras is an example of a rare case—most of the crypto investors have no deep-rooted cultural loyalty to the island. Research from Centro de Periodismo Investigativo shows that despite tax dodgers’ claims to help fund the island, much of the wealth is used for the opposite. The study uses the example of four top healthcare advertising executives, who were granted 22 decrees in 2019. The same

year, they were charged with \$487 Million fraud, for lying to clients. They have more than \$10 million seized by the U.S. government, including money that is in Puerto Rican banks. Data suggests that, out of a random sample of 304 grantees, or 10% of the 3,040 Act 22 decrees granted under the program through June 2020, reflects that the majority rarely create jobs and minimally impact the local economy. Of the nearly 400 companies identified in the sample, 27% were canceled or dissolved shortly after they were created. (Ortiz et al.)

Because neither Puerto Rico's government, or Americans, actually reflect the interests of Puerto Rican citizens, the responsibility falls on the people to stand up for themselves. TIME Magazine quotes María Torres-López, the founder of Diáspora en Resistencia, a nonprofit that encourages global Puerto Ricans to be politically involved; "If anybody needs to be moving and buying in Puerto Rico, it needs to be the Puerto Rican people who had no other choice but to leave." #AbolishAct60, a Puerto Rican grassroots activist group, advises "gringos, go home," and claims the Puerto Rico Incentive Codes are "predatory gentrification," on their anonymous Instagram account. "It is in these past years of tax havens and inaccessible incentives for natives that have strengthened and upheld colonialism," Alexandra-Marie Figueroa of Taller Salud, a Puerto Rican feminist group, reported to TIME. Bianca Graualu, a Puerto Rican journalist, went viral on TikTok for posting about the \$1 million offer on her beachfront childhood home—resulting in 9,500 signatures on a petition to Puerto Rico's governor to prevent "development that would be harmful to the environment and local communities." (TIME)

Loyalty to Puerto Rico persists even beyond the American boundaries of fame. Puerto Rican Rapper Bad Bunny's El Apagon Documentary, whose title translates to "The Power Outage," is a call to action for Americans, showing clips of Puerto Rican families impacted by gentrification. Lin-Manuel Miranda, the composer of Hamilton, frequents runs of the musical

there as a way to raise funds for the island's economy, and raise awareness of the island's struggle.

It is important to understand the significance of Puerto Rico's relationship with the US to see the impact the American economy has as it protrudes into Puerto Rico's culture, families, housing, jobs, and the process of recovering from environmental crises, because it highlights a multitude of America's discriminatory practices. The recurring pattern of colonization through the e-commerce industry is a result of the economic struggle Puerto Ricans face, which Americans pay no mind due to internalized ethnoracism, while the Puerto Rican government acts on "behalf" of the people without actually representing their needs—resulting in the Puerto Rico Incentives Code, creating a situation the government wanted Americans to take advantage of. The United States' lack of regard for the historical depth of culture, geography and language must not allow Puerto Rico to become a mere vacation island—to achieve this goal, Puerto Rican people must continue to advocate for themselves against the cryptocurrency industry.

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