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...what do you get? Answer: “Special Little Freedom Zones.”

That’s what Reason’s Liz Wolfe calls the Honduran “charter cities,” officially known as ZEDEs (Zones for Economic Development and Employment), which were declared illegal in September by the Honduran Supreme Court (“No More Special Little Freedom Zones,” September 25). The ruling prohibits the creation of new ZEDEs; its effect on existing ones, like Próspera, Ciudad Morazán, and Zede Orquidea, is as yet unknown.

Wolfe describes such charter cities as “special economic economic zones that are still bound by criminal law but able to create their own civil codes.” And again: “they get to set their own laws and regulations and typically choose to create more business-friendly conditions with less taxation.”

Reason — and more specifically *Reason*’s Brian Doherty — has been shilling for these “special little freedom zones” since not long after a right-wing coup regime came to power in 2009. Doherty quotes an article Bryan Caplan wrote for the Bill and Melinda Gates Foundation:

“A charter city begins on empty land,” he said. “It can only grow by voluntary migration of workers and investors. If no one chooses to relocate, they’re no worse off than they would have been if the charter city had never existed.”

But that so-called “empty land” bears some looking into. Honduras, Lauren Carasik writes at *Foreign Policy* — like many other places in the Third World — has long been characterized by irregular or informal land titles not legally registered or recognized by the central government.

Ortiz says that he has resided on the land in the community of Playa Blanca on Zacate Grande Island, off of Honduras’ west coast, for decades. The problem is that he doesn’t have a title to it, leaving him no recourse to the wall. His quandary is a common one: approximately 80 percent of the country’s privately held land is either untitled or improperly so according to a 2011 USAID report.

Writers like Hernando de Soto have argued that this lack of formal legal title, and the certainty and predictability, the ability to legally protect titles and enter into contract, that go with it, are a major reason for continued underdevelopment. De Soto sees the formalization of informal land titles as an important step toward prosperity.

The devil lies in the details. There are two ways to formalize customary or informal land claims — from the bottom up, and from the top down. Consider, for example, the 17th century English “land reform” after the Restoration of Charles II. As Christopher Hill argued, Parliament could regularize titles from the bottom up by abolishing feudal titles, fees, and rents and formally recognizing the peasant cultivators as the legal owners of the land they occupied and worked. Or, acting from the top down, it could instead

abolish the feudal obligations of the landed classes and the customary rights of their peasant tenants, and transform them into fee simple owners, i.e. landlords in the modern capitalist sense — thereby turning peasant cultivators into simple tenants at will with no right to the land. Unsurprisingly Parliament — overwhelmingly dominated by the landed nobility and gentry — chose the latter course. In Christopher Hill’s words, “feudal tenures were abolished upwards only, not downwards.”

Interestingly enough, leftist president Manuel Zelaya — the one who was overthrown in the 2009 coup — had, prior to his overthrow, been working on a land reform that would have regularized peasants’ informal and customary claims to the land they were working, and given them formal legal title. That wasn’t the kind of regularization the landed oligarchy of Honduras — any more than that of 17th century England — wanted.

President Hernandez, who was swept into power by the coup that overthrew Zelaya, approved the charter cities project. With the peasant occupants of land coveted by the ZEDE merchant-adventurers in possession of no formal legal title, the land could be treated as “unoccupied.” Carasik continues:

Zacate Grande Island, where only a few *campesino* families have title to their land, is a window into exactly what that process might look like. Though under the ZEDE law residents whose land is expropriated are supposed to be repaid, the majority of the island’s families lack the legal documents necessary to support claims for indemnities. And without legal and financial resources, Zacate Grande’s *campesinos* are unable to contest their evictions by establishing their long-term possession of the land.

So, while neoliberal advocates of charter cities wring their hands over “weak institutions” and the need for “rule of law,”

ZEDEs' predatory promoters have in fact taken advantage of those weak institutions in order to loot the commons for their own ends.

On top of that, while densely populated areas will be allowed to hold plebiscites as to whether or not to be incorporated into ZEDEs, sparsely populated areas like rural villages which border on ZEDEs will have no legal defense against being absorbed by them.

Another aspect of ZEDEs that doesn't meet the smell test: Although Wolfe says the charter cities get to create "their" own civil codes, the actual "they" is the enterprises located in the zone; it's "investors" who get to choose the legal system they'll be subject to. Although the great majority of people living within these "charter cities" will be workers, the owners of enterprises — owners of capital — are the only sources of political authority governing the regulatory framework and civil law.

So we're talking about a "free market utopia" authorized by a right-wing coup regime, built on land stolen from peasants, with "property rights" created through robbery, and where the majority of the population lives under a system of laws which their employers had the only say in making. Now, that might sound like "economic freedom" to a Hoppean, or someone for whom *Snow Crash* sounds like an ideal world. But to the rest of us, it sounds like something else.