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Introduction
The Savage Sorting

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We are confronting a formidable problem in our global political economy: the emergence of new logics of *expulsion*. The past two decades have seen a sharp growth in the number of people, enterprises, and places expelled from the core social and economic orders of our time. This tipping into radical expulsion was enabled by elementary decisions in some cases, but in others by some of our most advanced economic and technical achievements. The notion of expulsions takes us beyond the more familiar idea of growing inequality as a way of capturing the pathologies of today's global capitalism. Further, it brings to the fore the fact that forms of knowledge and intelligence we respect and admire are often at the origin of long transaction chains that can end in simple expulsions.

I focus on complex modes of expulsion because they can function as a window into major dynamics of our epoch. Further, I select extreme cases because they make sharply visible what might otherwise remain confusingly vague. One familiar example in the West that is both complex and extreme is the expelling of low-income workers and the unemployed from government social welfare and health programs as well as from corporate insurance and unemployment support. Beyond the negotiations and the making of new law required to execute this expulsion, there is the extreme fact that the divide between those with access to such benefits and those denied

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it has sharpened and may well be irreversible under current conditions. Another example is the rise of advanced mining techniques, notably hydraulic fracturing, that have the power to transform natural environments into dead land and dead water, an expulsion of bits of life itself from the biosphere. Together the diverse expulsions I examine in this book may well have a greater impact on the shaping of our world than the rapid economic growth in India, China, and a few other countries. Indeed, and key to my argument, such expulsions can coexist with economic growth as counted by standard measures.

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These expulsions are made. The instruments for this making range from elementary policies to complex institutions, systems, and techniques that require specialized knowledge and intricate organizational formats. One example is the sharp rise in the complexity of financial instruments, the product of brilliant creative classes and advanced mathematics. Yet, when deployed to develop a particular type of subprime mortgage, that complexity led to the expulsion a few years later of millions of people from their homes in the United States, Hungary, Latvia, and so on. Another is the complexity of the legal and accounting features of the contracts enabling a sovereign government to acquire vast stretches of land in a foreign sovereign nation-state as a sort of extension of its own territory—for example, to grow food for its middle classes—even as it expels local villages and rural economies from that land. Another is the brilliant engineering that allows us to extract safely what we want from deep inside our planet while disfiguring its surface en passant. Our advanced political economies have created a world where complexity too often tends to produce elementary brutalities.

The channels for expulsion vary greatly. They include austerity policies that have helped shrink the economies of Greece and Spain, environmental policies that overlook the toxic emissions from enormous mining operations in Norilsk, Russia, and in the American state of Montana, and so on, in an endless array of cases. The specif-

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ics of each case matter in this book. For instance, if our concern is environmental destruction rather than interstate politics, the fact that both these mining operations are heavy polluters matters more than the fact that one site is in Russia and the other in the United States.

The diverse processes and conditions I include under the notion of expulsion all share one aspect: they are acute. While the abjectly poor worldwide are the most extreme instance, I do include such diverse conditions as the impoverishment of the middle classes in rich countries, the eviction of millions of small farmers in poor countries owing to the 220 million hectares of land, or over 540 million acres, acquired by foreign investors and governments since 2006, and the destructive mining practices in countries as different as the United States and Russia. Then there are the countless displaced people warehoused in formal and informal refugee camps, the minoritized groups in rich countries who are warehoused in prisons, and the able-bodied unemployed men and women warehoused in ghettos and slums. Some of these expulsions have been taking place for a long time, but not at the current scale. Some are new types of expulsions, such as the 9 million households in the United States whose homes were foreclosed in a short and brutal housing crisis that lasted a mere decade. In short, the character, contents, and sites of these expulsions vary enormously across social strata and physical conditions, and across the world.

The globalization of capital and the sharp rise in technical capabilities have produced major scaling effects. What may have been minor displacements and losses in the 1980s, such as deindustrialization in the West and in several African countries, had become devastations by the 1990s (think Detroit and Somalia). To understand this scaling as more of the same inequality, poverty, and technical capacity is to miss the larger trend. Similarly with the environment. We have been using the biosphere and producing localized damage for millennia, but only in the last thirty years has the damage grown to become a planetary event that boomerangs back, often hitting sites

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that had nothing to do with the original destruction, such as the Arctic permafrost. And so on with other domains, each with its own specifics.

The many diverse expulsions examined in this book together amount to a savage sorting. We tend to write about the complex organizational capacities of our modern world as producing societies capable of ever more complexity, and conceive of this as a positive development. But often it is so in a partial way or holds for a short temporal frame. Expanding the range of situations and the temporal frame makes visible the fact of sharp edges that obscure what might lie beyond. This raises a question: is much of today's society tending toward the condition of brutal simplicity against which the great historian Jacob Burckhardt warned in the nineteenth century? From what I have observed, complexity does not inevitably lead to brutality, but it can, and today it often does. Indeed, it often leads to simple brutality, not even grand brutality of a sort that might be an equal, even if negative, to that complexity, as is today's scale of our environmental destruction.

How does complexity produce brutality? Part of the answer, I will argue, concerns the logics organizing some of today's major order-making systems in domains as diverse as global environmental protection and finance. Let me illustrate very briefly my argument with two cases, developed at length in this book. The main policy "innovation" in interstate agreements to protect the environment is carbon trading, which means, practically and brutally speaking, that countries will tend to fight for expanding their right to pollute so as to either buy or sell a bigger quota of carbon emissions. In the case of finance, its organizing logic has evolved into a relentless push for hyperprofits and a need to develop instruments that enable it to expand the range of what can be financialized. That led to a willingness to financialize even the livelihoods of those who lose everything if the instrument backfires. It was the case with the type of subprime mortgage launched in 2001 in the United States. What is per-

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haps still misunderstood is that this was a financial project aimed at profits for high finance. It was not aimed at helping modest-income people buy a house, and hence the opposite of the state projects launched decades earlier, such as the GI Bill and loans under the FHA. The capacities furthering the developments of these systems and innovations are not necessarily intrinsically brutalizing. But when they function within particular types of organizing logics they become so. The capacity of finance to make capital is not inherently destructive, yet it is a type of capital that needs to be put to the test: can it be materialized into a transport infrastructure, a bridge, a water-cleaning system, a factory?

There is a social conundrum here. These capacities should have served to develop the social realm, to broaden and strengthen the well-being of a society, which includes working with the biosphere. Instead they have too often served to dismember the social through extreme inequality, to destroy much of the middle-class life promised by liberal democracy, to expel the vulnerable and the poor from land, jobs, and homes, and to the expulsion of bits of the biosphere from their life space.

A question running through this book is whether the mix of cases I discuss here, which cut across the familiar divisions of urban versus rural, Global North versus Global South, East and West, and more, are the surface manifestation, the localized shape, of deeper systemic dynamics that articulate much of what now appears as unconnected. These systemic dynamics might be operating at a more subterranean level, with more to connect them than we can grasp when we divide the world into familiar, discrete categories—capitalist economy, communist China, sub-Saharan Africa, the environment, finance, and so on. We use these labels to give familiar shapes and meanings to conditions that might actually be originating in deeper, unfamiliar trends. This possibility is a key driver in each of the chapters of this book.

I use the notion of subterranean trends as a shorthand for what are, strictly speaking, *conceptually* subterranean trends. They are

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hard to see when we think with our familiar geopolitical, economic, and social markers. The one domain where they are perhaps most visible is that of the environment. We know that we are using and destroying the biosphere, but our "environmental policies" do not connect with or reflect a clear understanding of the actual condition of the biosphere. Thus carbon trading as a way of protecting the environment makes sense only from an interstate perspective, and makes little sense from a planetary perspective where local destructions scale up and hit us all. New dynamics may well get filtered through familiar thick realities—poverty, inequality, economy, politics—and thereby take on familiar forms when in fact they are signaling accelerations or ruptures that generate new meanings.

Using the notion of subterranean trends is one way of calling into question familiar categories for organizing knowledge about our economies, our societies, and our interaction with the biosphere. It helps us assess whether today's problems are extreme versions of old troubles or manifestations of something, or some things, disturbing and new. I explore whether the sheer variety of expulsions taking place obscures larger subterranean dynamics that may underlie that variety at ground level. The prevalence of this one feature—the possibility of expulsions—across our familiar differentiations is what led me to the notion of such subterranean trends. The specialization of research, knowledge, and interpretation, each with its own canons and methods for protecting boundaries and meanings, does not always help in this effort of detecting subterranean trends that cut across our familiar distinctions. But specialization does give us detailed knowledge about specifics, bringing us back to basics that can be compared with one another.

Rather than giving meaning to facts by processing them upward through theorization, I do the opposite, bringing them down to their most basic elements in an effort to de-theorize them. Through such de-theorizing I can then revisit inequality, finance, mining, land grabs, and much more in order to see what we would miss with more ab-

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stract categorizations; one instance is seeing the more radical fact of expulsions rather than merely more inequality, financial speculation, mining advances, etc. In short, one aim of the book is to stay close to the ground, in order to discover by suspending the overwhelming weight of the familiar categories through which we interpret current trends.

At its sharpest, my hypothesis is that beneath the country specifics of diverse global crises lie emergent systemic trends shaped by a few very basic dynamics. For that reason, empirical research and conceptual recoding must happen together. Empirically a phenomenon may look "Chinese" or "Italian" or "Australian," but this may not help us detect the DNA of our epoch, even if such labels capture certain features. China may still retain many features of a communist society, but growing inequality and the recent impoverishment of its modest middle classes might be rooted in deeper trends that are also at work in, for instance, the United States. Despite enduring differences the two countries may both be hosting major contemporary logics that organize the economy, notably speculation-driven finance and a push for hyperprofits. These parallels and their consequences for people, places, and economies may well turn out to be more significant for understanding our times than differences between communism and capitalism. Indeed, at a deeper level, these "parallels" may be the multisited materializations of trends that are deeper than speculation and hyperprofits but are as yet invisible in that they have not been detected, named, or conceptualized. My focus on the materializing of global trends inside countries contrasts with the far more common focus on the deregulation of national borders where the border is seen as the site for our current transformation.

The problem as I see it is one of interpretation. When we confront today's range of transformations—rising inequality, rising poverty, rising government debt—the usual tools to interpret them are out of date. So we fall into our familiar explanations: governments that are not fiscally responsible, households that take on more debt than

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they can handle, capital allocations that are inefficient because there is too much regulation, and so on. I do not deny that these explanations have some use, but I am more interested in exploring whether other dynamics are at work as well, dynamics that cut across these familiar and well-established conceptual/historical boundaries.

The far-ranging sets of facts and cases I use throughout this book point to limits in our current master categorizations. Notwithstanding all the differences, whether under communism or liberal democracy, in Africa or North America, particular practices dominate how we mine, manufacture, use people, and get away with murder, figuratively speaking. The politico-economic orderings within which these practices take place imbue them with distinct meanings, and one question for me is whether these meanings camouflage more than they reveal. I use the cases in the book as facts on the ground, as material instances that can help detect *conceptually* subterranean trends that cut across our geopolitical divisions. Is today's sharp increase of displaced people in sub-Saharan Africa *systemically* akin to the sharp growth of the permanently unemployed and frequently incarcerated in the United States? Are the impoverished middle classes in Greece systemically akin to the impoverished middle classes in Egypt, even though these two countries have very different political economies? Is the large mining complex in Norilsk, Russia, a long-term source of acute toxicity in the area, systemically akin to the Zortman-Landusky mining operations in Montana, United States, with their own long-term toxicities? These facts on the ground help do away with old conceptual superstructures, such as capitalism versus communism.

The epochal transformations that interest me here are rooted in diverse and often old histories and genealogies. But my starting point is the 1980s, a vital period of change both in the South and in the North, in capitalist and communist economies alike. To mark the period I highlight two profound shifts from the vast and rich histories that take off in the 1980s. These two shifts happen across

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the world. But they evolve with highly specific characteristics in each locality, and it is this feature that makes those shifts a useful backdrop for the research in this book.

One is the material development of growing areas of the world into extreme zones for key economic operations. At one end this takes the shape of global outsourcing of manufacturing, services, clerical work, the harvesting of human organs, and the raising of industrial crops to low-cost areas with weak regulation. At the other end, it is the active worldwide making of global cities as strategic spaces for advanced economic functions; this includes cities built from scratch and the often brutal renovation of old cities. The network of global cities functions as a new geography of centrality that cuts across the old North-South and East-West divides, and so does the network of outsourcing sites.

The second is the ascendance of finance in the network of global cities. Finance in itself is not new—it has been part of our history for millennia. What is new and characteristic of our current era is the capacity of finance to develop enormously complex instruments that allow it to securitize the broadest-ever, historically speaking, range of entities and processes; further, continuous advances in electronic networks and tools make for seemingly unlimited multiplier effects. This rise of finance is consequential for the larger economy. While traditional banking is about selling money that the bank has, finance is about selling something it does not have. To do this, finance needs to invade—that is, securitize—nonfinancial sectors to get the grist for its mill. And no instrument is as good for this as the derivative. One result that illustrates this capacity of finance is that by 2005, well before the crisis started brewing, the (notional) value of outstanding derivatives was $630 trillion; this was fourteen times global gross domestic product (GDP). In some ways, the nonalignment between the value of GDP and that of finance is not unprecedented in Western history. But that misalignment has never been so extreme. Moreover, it is a major departure from the Keynesian period, when economic

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growth was driven not by the financializing of everything but by the vast expansion of material economies such as mass manufacturing and mass building of infrastructures and suburbs.

We can characterize the relationship of advanced to traditional capitalism in our current period as one marked by extraction and destruction, not unlike the relationship of traditional capitalism to precapitalist economies. At its most extreme this can mean the immiseration and exclusion of growing numbers of people who cease being of value as workers and consumers. But today it can also mean that economic actors once crucial to the development of capitalism, such as petty bourgeoisies and traditional national bourgeoisies, cease being of value to the larger system. These trends are not anomalous, nor are they the result of a crisis; they are part of the current systemic deepening of capitalist relations. And, I will argue, so is the shrinking economic, as distinct from financial, space in Greece, Spain, the United States, and many other developed countries.

People as consumers and workers play a diminished role in the profits of a range of economic sectors. For instance, from the perspective of today's capitalism, the natural resources of much of Africa, Latin America, and central Asia are more important than the people on those lands as workers or consumers. This tells us that our period is not quite like earlier forms of capitalism that thrived on the accelerated expansion of prosperous working and middle classes. Maximizing consumption by households was a critical dynamic in that earlier period, as it is today in the so-called emergent economies of the world. But overall it is no longer the strategic systemic driver that it was in most of the twentieth century.

What is next? Historically, the oppressed have often risen against their masters. But today the oppressed have mostly been expelled and survive at a great distance from their oppressors. Further, the "oppressor" is increasingly a complex system that combines persons, networks, and machines with no obvious center. And yet there are sites where it all comes together, where power becomes concrete

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and can be engaged, and where the oppressed are part of the social infrastructure *for* power. Global cities are one such site.

These are the contradictory dynamics I examine in this book. Bits and pieces of this account have been recorded in the general literature on contemporary affairs, but it has not been narrated as an overarching dynamic that is taking us into a new phase of a certain type of global capitalism. What I seek to contribute is a theorization that begins with the facts at ground level, freed from the intermediation of familiar institutions, and takes us to the other side of traditional geopolitical, economic, and cultural differentiations.

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CHAPTER 1

Shrinking Economies, Growing Expulsions

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The aim of this chapter is to put some flesh on the idea that we may have entered a new phase of advanced capitalism in the 1980s, one with reinvented mechanisms for primitive accumulation. Today's is a form of primitive accumulation executed through complex operations and much specialized innovation, ranging from the logistics of outsourcing to the algorithms of finance. After thirty years of these types of development, we face shrinking economies in much of the world, escalating destructions of the biosphere all over the globe, and the reemergence of extreme forms of poverty and brutalization where we thought they had been eliminated or were on their way out.

What is usually referred to as economic development has long depended on extracting goods from one part of the world and shipping them to another. Over the past few decades this geography of extraction has expanded rapidly, in good part through complex new technologies, and is now marked by even sharper imbalances in its relation to, and use of, natural resources. The mix of innovations that expands our capacities for extraction now threatens core components of the biosphere, leaving us also with expanded stretches of dead land and dead water.

Some of this is old history. Economic growth has never been benign. But the escalations of the past three decades mark a new epoch in that they threaten a growing number of people and places

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throughout the world. Such growth still takes on distinctive formats and contents in the mix of diversely developed countries we refer to as the Global North versus the mix of less or differently developed countries we refer to as the Global South. For instance, predatory elites have long been associated with poor countries that have rich natural resources, not with developed countries. Yet increasingly we see some of this capture at the top also in the latter, albeit typically in far more intermediated forms.

My thesis is that we are seeing the making not so much of predatory elites but of predatory "formations," a mix of elites and systemic capacities with finance a key enabler, that push toward acute concentration.[1] Concentration at the top is nothing new. What concerns me is the extreme forms it takes today in more and more domains across a good part of the world. I see the capacity for generating extreme concentration in some of the following trends, to mention just a few. There has been a 60 percent increase in the wealth of the top 1 percent globally in the past twenty years; at the top of that 1 percent, the richest "100 billionaires added $240 billion to their wealth in 2012—enough to end world poverty four times over."[2] Bank assets grew by 160 percent between 2002, well before the full crisis, and 2011, when financial recovery had started—from $40 trillion to $105 trillion, which is over one and a half times the value of global GDP.[3] In 2010, still a period of crisis, the profits of the 5.8 million corporations in the United States rose 53 percent over 2009, but despite skyrocketing profits, their United States corporate income tax bills actually shrank by $1.9 billion, or 2.6 percent.

Rich individuals and global firms by themselves could not have achieved such extreme concentration of the world's wealth. They need what we might think of as systemic help: a complex interaction of these actors with systems regeared toward enabling extreme concentration. Such systemic capacities are a variable mix of technical, market, and financial innovations plus government enablement. They constitute a partly global condition, though one that often

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functions through the specifics of countries, their political economies, their laws, and their governments.[4] They include enormous capacities for intermediation that function as a kind of haze, impairing our ability to see what is happening—but unlike a century ago, we would not find cigar-smoking moguls in this haze. Today, the structures through which concentration happens are complex assemblages of multiple elements, rather than the fiefdoms of a few robber barons.

Part of my argument is that a system with the capacity to concentrate wealth at this scale is distinctive. It is different, for instance, from a system with the capacity to generate the expansion of prosperous working and middle classes, as happened during most of the twentieth century in the Global North, in much of Latin America, and in several African countries, notably Somalia. This earlier system was far from perfect: there were inequality, concentration of wealth, poverty, racism, and more. But it was a system with a capacity to generate a growing middle sector that kept expanding for several generations, with children mostly doing better than their parents. Also, these distributive outcomes were not simply a function of the people involved. It took specific systemic capacities. By the 1980s, these earlier capacities had weakened, and we saw the emergence of capacities that push toward concentration at the top rather than toward the development of a broad middle. Thus the fact, for example, that the top 10 percent of the income ladder in the United States got 90 percent of the income growth of the decade beginning in 2000 signals more than individual capacity—it was enabled by that complex mix I conceive of as a predatory formation.

In the first section of this chapter I elaborate on how economic growth can get constituted in diverse ways with diverse distributive effects. I find that in our global modernity, we are seeing a surge of what are often referred to as primitive forms of accumulation, usually associated with earlier economies. The format is no longer something like the enclosure of farmers' fields so that wool-bearing sheep can be raised there, as was done in England to satisfy textile

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manufacturers' demands during the industrial revolution. Today, enormous technical and legal complexities are needed to execute what are ultimately elementary extractions. It is, to cite a few cases, the enclosure by financial firms of a country's resources and citizens' taxes, the repositioning of expanding stretches of the world as sites for extraction of resources, and the regearing of government budgets in liberal democracies away from social and workers' needs. I return to these subjects in the third section.

The second section examines global inequality through this critical lens. Inequality, if it keeps growing, can at some point be more accurately described as a type of expulsion. For those at the bottom or in the poor middle, this means expulsion from a life space; among those at the top, this appears to have meant exiting from the responsibilities of membership in society via self-removal, extreme concentration of the wealth available in a society, and no inclination to redistribute that wealth. Building on the discussion of extreme instantiations of inequality, the third section focuses on familiar situations that, when taken to extremes, become unfamiliar—the other side of the curve. To render visible today's accelerated systemic capacity to make the familiar extreme, I focus on the developed world. Greece and Spain particularly have entered a phase of active shrinkage of their economies to a point we would not have thought possible in the developed world only a few years ago.

These first three sections of the chapter bring out the speed with which what was experienced as more or less normal can evolve into its opposite. The final two sections focus on acute types of expulsions that are likely to become more widespread in particular areas of the world. One is the growth over the past two decades of the displaced population, mostly in the Global South, and the other is the rapid increase of the incarcerated population in a growing number of countries in the Global North. These and so many other old but mutating conditions point to a multisited systemic transformation. In the Global South, both the diverse causes of displacement and the futures of those

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who have been displaced are calling into question the United Nations' formal classifications of displaced persons, because mostly such people will never go back home—home is now a war zone, a plantation, a mining operation, or dead land. An equivalent shift is evident in the Global North, where what until recently was incarceration as response to a crime (whether the crime was actually committed or not) is now becoming the warehousing of people, which, furthermore, is increasingly done for profit—with the United States in a vanguard all its own.

Unsustainable Contradictions? From Incorporation to Expulsion

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The ways in which economic growth takes place matter. A given growth rate can describe a variety of economies, from one with little inequality and a thriving middle class to one with extreme inequality and concentration of most of the growth in a small upper tier. These differences exist across and within countries. Germany and Angola had the same rate of GDP growth in 2000 but clearly had very different economies and saw very different distributive effects. Although Germany is reducing the level, it still puts a good share of government resources into countrywide infrastructure and offers a wide array of services to its people, from health care to trains and buses. Angola's government does neither, choosing to support a small elite seeking to satisfy its own desires, including luxury developments in its capital city, Luanda, now ranked as the most expensive city in the world. These differences can also be seen in a single country across time, such as the United States just within the past fifty years. In the decades after World War II, growth was widely distributed and generated a strong middle class, while the decade beginning in 2000 saw the beginnings of an impoverished middle class, with 80 percent of the growth in income going to the top 1 percent of earners.

In the post–World War II era, the critical components of Western market economies were fixed-capital intensity, standardized pro-

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duction, and the building of new housing in cities, suburbs, and new towns. Such patterns were evident in a variety of countries in North and South America, Europe, Africa, and Asia, most prominently Japan and Asia's so-called Tiger economies. These forms of economic growth contributed to the vast expansion of a middle class. They did not eliminate inequality, discrimination, or racism. But they reduced systemic tendencies toward extreme inequality by constituting an economic regime centered on mass production and mass consumption, with strong labor unions at least in some sectors, and diverse government supports. Further deterrents to inequality were the cultural forms accompanying these processes, particularly through their shaping of the structures of everyday life. For instance, the culture of the large suburban middle class evident in the United States and Japan contributed to mass consumption and thus to standardization in production, which in turn facilitated unionization in manufacturing and distribution.[5]

Manufacturing, in tandem with state policies, played a particularly strong role in this conjunction of trends. As the leading sector in market-based economies for much of the twentieth century, mass manufacturing created the economic conditions for the expansion of the middle class because (1) it facilitated worker organizing, with unionization the most familiar format; (2) it was based in good part on household consumption, and hence wage levels mattered in that they created an effective demand in economies that were for the most part fairly closed; and (3) the relatively high wage levels and social benefits typical of the leading manufacturing sectors became a model for broader sectors of the economy, even those not unionized nor in manufacturing. Manufacturing played this role in non-Western-style industrial economies as well, notably in Taiwan and South Korea, and, in its own way, in parts of the Soviet Union. It has also played a significant part in the growth of a middle class in China since the 1990s, though not as consequential a role as it did in the West in the twentieth century.

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By the 1990s, these economic histories and geographies had been partly destroyed. The end of the Cold War launched one of the most brutal economic phases of the modern era. It led to a radical reshuffling of capitalism. The effect was to open global ground for new or sharply expanded modes of profit extraction even in unlikely domains, such as subprime mortgages on modest residences, or through unlikely instruments, such as credit default swaps, which were a key component of the shadow banking system. Thus I see China's rapid manufacturing growth as part of this new phase of global capitalism that takes off in the 1980s;[6] this also helps explain why that growth did not lead to the vast expansion of a prosperous working and middle class in China. Such a difference also marks manufacturing growth in other countries that have become part of the outsourcing map of the West.

Two logics run through this reshuffling. One is systemic and gets wired into most countries' economic and (de)regulatory policies—of which the most important are privatization and the lifting of tariffs on imports. In capitalist economies we can see this in the unsettling and de-bordering of existing fiscal and monetary arrangements, albeit with variable degrees of intensity in different countries.

The second logic is the transformation of growing areas of the world into extreme zones for these new or sharply expanded modes of profit extraction. The most familiar are global cities and the spaces for outsourced work. Each is a type of thick *local* setting that contains the diverse conditions *global* firms need, though each does so at very different stages of the global economic process, for instance, computers for high-finance versus manufacturing components for those computers. Other such local settings in today's global economy are plantations and places for resource extraction, both producing mostly for export. The global city is a space for producing some of the most advanced inputs global firms need. In contrast, outsourcing is about spaces for routinized production of components, mass call centers, standardized clerical work, and more, all of it massive and standardized. Both these types of spaces are among

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the most strategic factors in the making of today's global economy, besides intermediate sectors such as transport. They concentrate the diverse labor markets, particular infrastructures, and built environments critical to the global economy. And they are the sites that make visible, and have benefited from, the multiple deregulations and guarantees of contract developed and implemented by governments across the world and by major international bodies—in both cases, work mostly paid for by the taxpayers in much of the world.

Inequality in the profit-making capacities of different sectors of the economy and in the earning capacities of different types of workers has long been a feature of advanced market economies. But the orders of magnitude today across much of the developed world distinguish current developments from those of the postwar decades. The United States is probably among the most extreme cases, so it makes the pattern brutally clear. Figures 1.1 and 1.2 show the extraordinary

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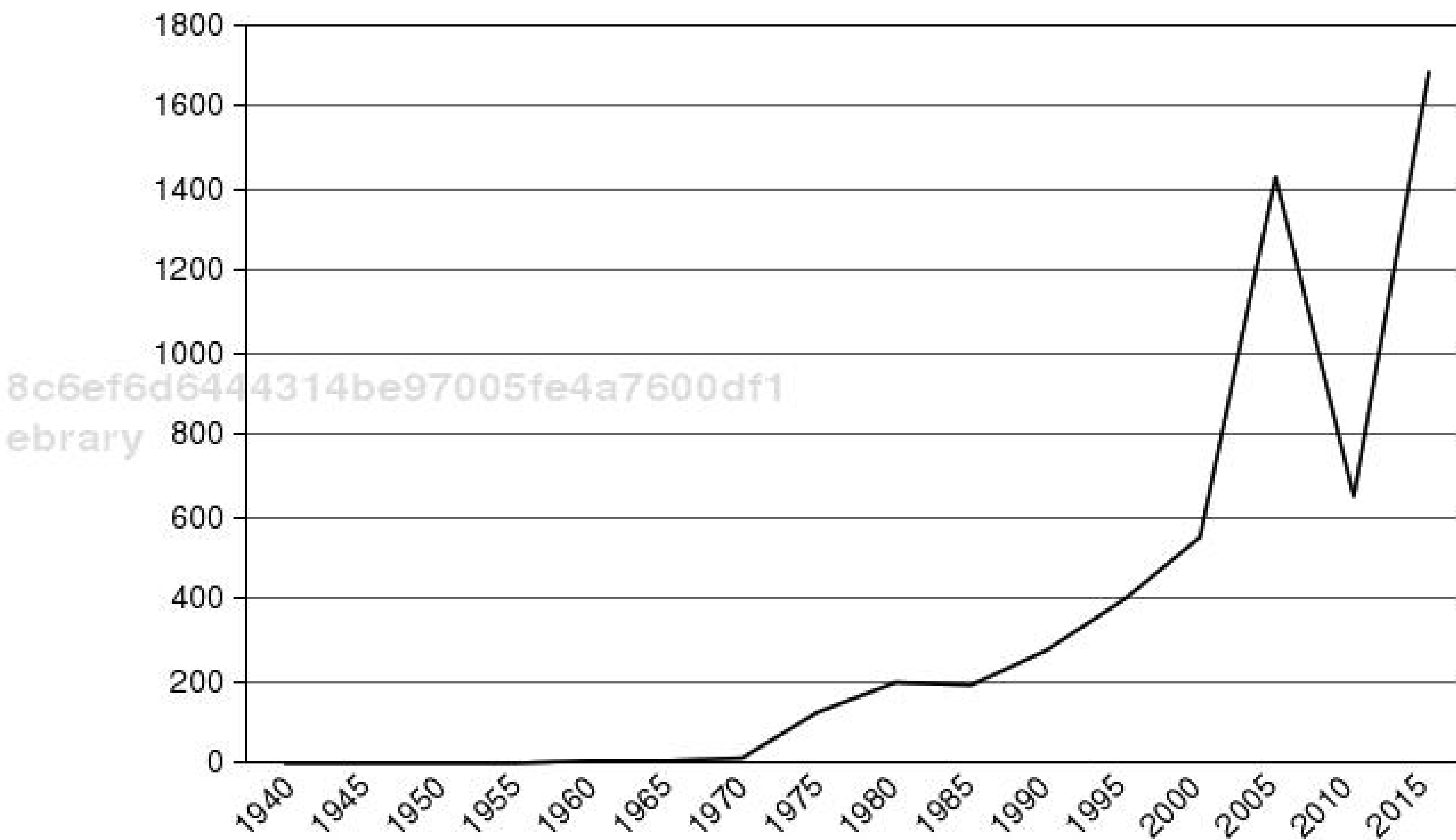

FIGURE 1.1 Corporate Profits after Tax in the United States, 1940s–2010s (in $ billions)

Data source: Federal Reserve Bank of St. Louis 2013a.

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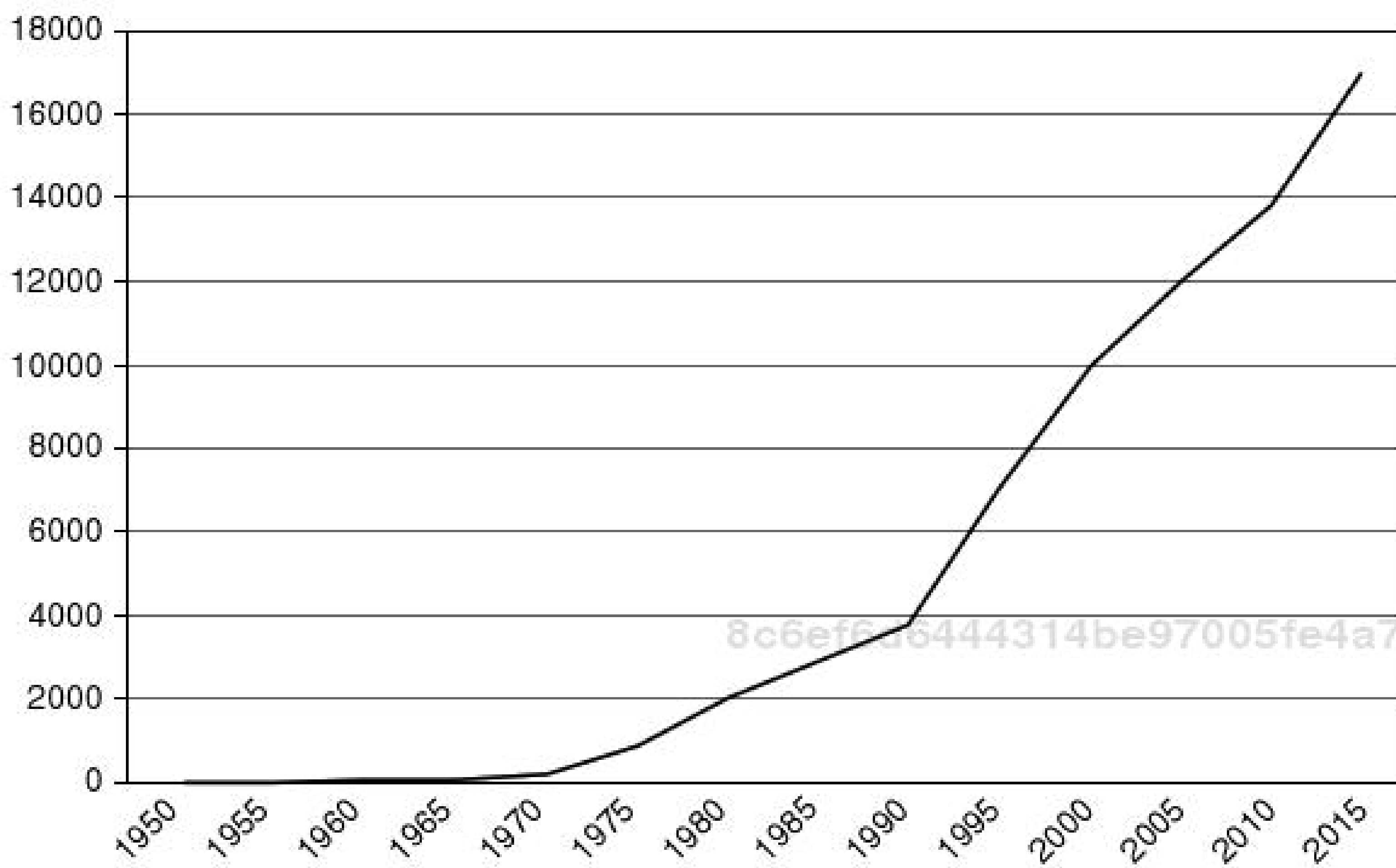

FIGURE 1.2 Corporate Assets in the United States, 1950s–2010s (in $ billions)

Data source: Federal Reserve Bank of St. Louis 2013b.

rise in corporate profits and assets over the past ten years, and this in a country that has long had extraordinary corporate results.

The decade of the 2000s helps illuminate this relentless rise in corporate profits and reduction of corporate taxes as a share of federal tax revenues. The crisis late in the decade brought a sharp but momentary dip in corporate profits, but overall these kept growing. The extent of inequality and the systems in which inequality is embedded and through which these outcomes are produced have generated massive distortions in the operations of diverse markets, from investment to housing and labor. For instance, using Internal Revenue Service data on corporate tax returns, David Cay Johnston finds that in 2010 the 2,772 companies that own 81 percent of all business assets in the United States, with an average of $23 billion in assets per firm, paid an average of 16.7 percent of their profits in taxes (down from 21.1 percent in 2009), even though their combined profits rose 45.2 percent, a new record.[7] Profits growing three times faster

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than taxes means their effective tax rates fell.[8] The effects are visible in the composition of federal tax revenues: a growing share of individual taxes and a declining share of corporate taxes. The share of individual taxes is estimated to rise from 41.5 percent of federal revenues in fiscal 2010 to 49.8 percent in fiscal 2018. In contrast, corporate income taxes—assuming current rates—are expected to grow by only 2.4 percentage points over the same period, from 8.9 percent of federal revenues in 2010 to 11.3 percent in 2018.[9]

The trajectory of governments in this same period is one of growing indebtedness. Today, most of the developed-country governments could not engage in the large-scale infrastructure projects common in the postwar decades. Using International Monetary Fund (IMF) data, the Organisation for Economic Co-operation and Development (OECD) finds widespread growth of central government debt as a percentage of GDP. Table 1.1 presents numbers for several, mostly developed countries. The trend holds for very different types of governments: Germany saw its central government debt increase from 13 percent of GDP in 1980 to 44 percent in 2010; U.S. government debt increased from 25.7 percent of GDP in 1980 to 61 percent in 2010; and China's rose from 1 percent of GDP in 1984 to 33.5 percent in 2010.

The rise of government deficits has also been fed by the increase in tax evasion, partly facilitated by the development of complex accounting, financial, and legal instruments. In a 2012 research project for the Tax Justice Network, accountant Richard Murphy estimates tax evasion globally at $3 trillion in 2010, which represents 5 percent of the global economy and 18 percent of global tax collections in 2010.[10] The study covered 145 countries with $61.7 trillion of gross product, or 98.2 percent of the world total. The estimated tax evasion is based on a juxtaposition of World Bank data on the estimated size of shadow economies with a Heritage Foundation analysis of average tax burdens by country.[11] Figure 1.3 presents

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TABLE 1.1: Central Government Debt (% of GDP) in Eleven Countries, 1980–2010

	Year			
Country	1980	1990	2000	2010
Australia	8.0	6.1	11.4	11.0
Canada	26.1	46.6	40.9	36.1
China	1.0[a]	6.9	16.4	33.5
Germany	13.0	19.7	38.4	44.4
Greece	n/a	97.6[b]	108.9	147.8
Italy	52.7	92.8	103.6	109.0
Japan	37.1	47.0	106.1	183.5[c]
Portugal	29.2	51.7	52.1	88.0
Spain	14.3	36.5	49.9	51.7
Sweden	38.2	39.6	56.9	33.8
United States	25.7	41.5	33.9	61.3

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Data source: OECD 2014.
Notes: a. Data for 1984
b. Data for 1993
c. Data for 2009

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tax evasion estimates for several developed countries, including those generally seen as well governed and well functioning, such as Germany, France, and the United Kingdom. It ranges from 8.6 percent of GDP in the United States to 43.8 percent in Russia. Murphy finds that a key reason for this tax evasion is the combination of weak rules on accounting and disclosure combined with inadequate budgets to enforce tax laws. The United States has the largest amount of absolute tax evasion, clearly a function partly of the size of its economy. Murphy estimates U.S. tax evasion at $337.3 billion, which is 10.7 percent of global evasion; this is not too different from

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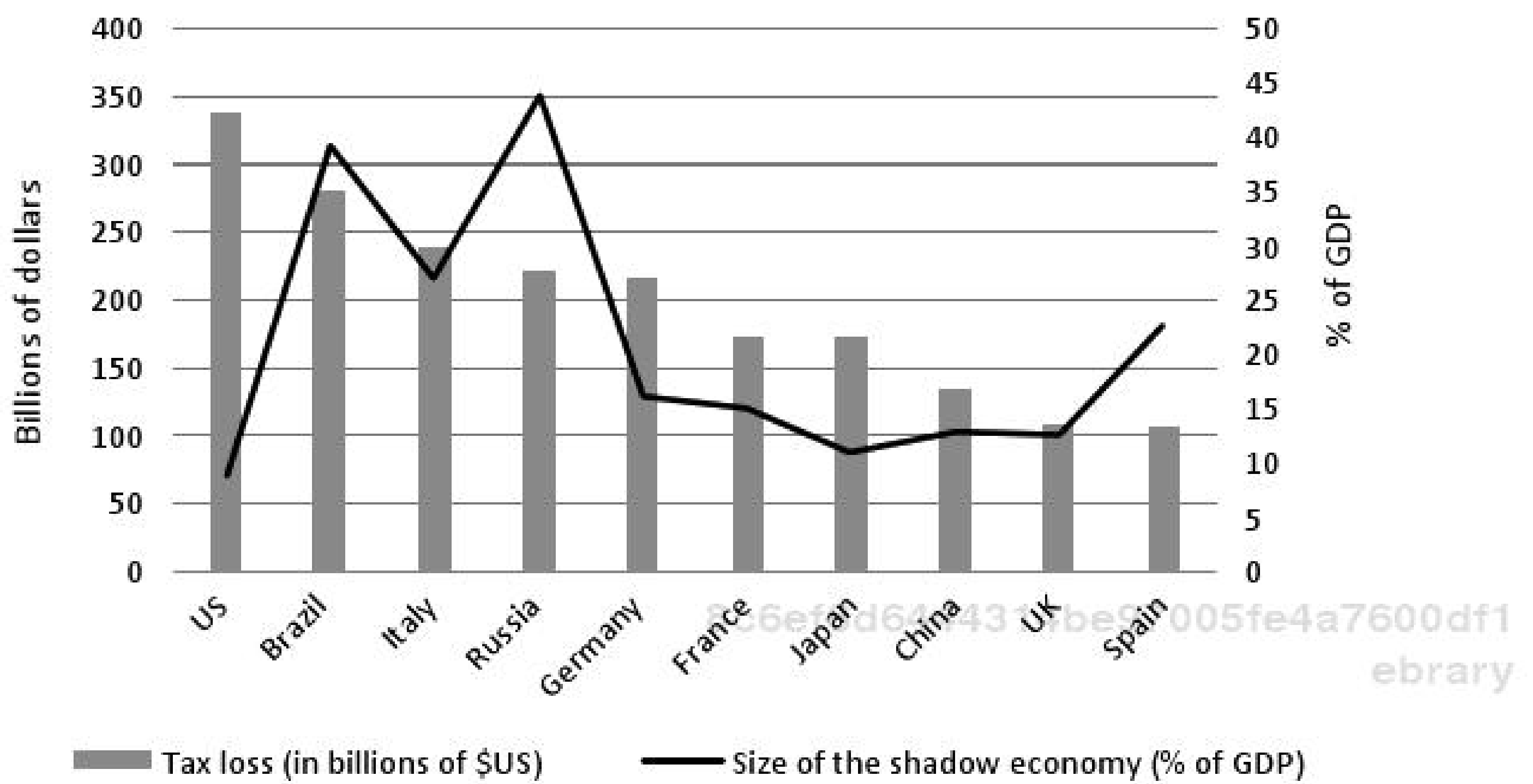

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FIGURE 1.3 Countries with the Largest Absolute Levels of Tax Evasion, 2011
Data source: Johnston 2011.

the official U.S. Internal Revenue Service tax gap estimates. Given the measures used in the report, it excludes "lawful" tax evasion, which we know has increased sharply over the last decade thanks to extremely creative accounting, including the use of private contractual arrangements that can bypass state regulations *lawfully*, so to speak.[12]

The losers in much of this are the majority of citizens and their governments. Governments become poorer, partly as a result of tax evasion and partly because more of their citizens are impoverished and therefore less capable of meeting their social obligations. The Genuine Progress Indicator (GPI) is a comprehensive measure that includes social conditions and environmental costs; it adjusts expenditure using twenty-six variables so as to account both for costs such as pollution, crime, and inequality and for beneficial activities where no money changes hands, such as housework and volunteering. An international team led by Ida Kubiszewski from Australian National University collected GPI estimates for seventeen countries, which together account for over half the world's population and

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GDP, to generate a global overview of GPI changes over the last five decades. They found that GPI per person peaked in 1978 and has been declining slowly but steadily ever since.[13] In contrast, GDP per capita has been rising steadily since 1978. The research team argues that this signals that social and environmental negatives have outpaced the growth of monetary wealth. Clearly, an additional factor is the distribution of that monetary wealth, which, as we know from other data examined in this chapter, has become increasingly concentrated at the top.

Using IMF data on public expenditures and adjustment measures in 181 countries, Isabel Ortiz and Matthew Cummins examine the impact of the crisis, from 2007 through the forecasts for 2013–2015. The authors find that the IMF data used in 314 studies show that a quarter of the countries are undergoing excessive contraction. "Excessive contraction" is defined as a cut in government expenditures as a percentage of GDP in the 2013–2015 postcrisis period compared to the equivalent measure in the precrisis levels of 2005–2007. Fiscal contraction is found to be most severe in the developing world. Overall, sixty-eight developing countries are projected to cut public spending by 3.7 percent of GDP on average in 2013–2015, compared to 2.2 percent in twenty-six high-income countries. In terms of population, austerity will affect 5.8 billion people, or 80 percent of the global population, in 2013; this is expected to increase to 6.3 billion, or 90 percent of people worldwide, by 2015. This leads the authors to question the desirability of fiscal contraction as the way out of the crisis. They argue that the worldwide propensity toward fiscal consolidation is likely to aggravate unemployment, produce higher food and fuel costs, and reduce access to essential services for many households in all these countries. These households are bearing the costs of a "recovery" that has passed them by.[14]

Some of the major processes feeding the increased inequality in profit-making and earnings capacities are an integral part of the ad-

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vanced information economy; thus this growing inequality is not an anomaly nor, in the case of earnings, the result of low-wage immigrant labor, as is often asserted. One such process is the ascendance and transformation of finance, particularly through securitization, globalization, and the development of new telecommunications and computer-networking technologies. Another source of inequalities in profit making and earnings is the growing service intensity in the organization of the economy generally, that is to say, the increased demand for services by firms and households.[15] Insofar as there is a strong tendency in the service sector toward polarization in the levels of technical expertise that workers need, and in their wages and salaries, the growth in the demand for services reproduces these inequalities in the broader society.

The exceptionally high profit-making capacity of many of the leading service industries is embedded in a complex combination of new trends. Among the most significant over the past twenty years are technologies that make possible the hypermobility of capital at a global scale; market deregulation, which maximizes the implementation of that hypermobility; and financial inventions such as securitization, which liquefy hitherto illiquid capital and allow it to circulate faster, hence generating additional profits (or losses). Globalization adds to the complexity of these service industries, their strategic character, and their glamour. This in turn has contributed to their valorization and often overvalorization, as illustrated in the unusually high salary increases for top-level professionals that began in the 1980s, a trend that has now become normalized in many advanced economies.[16]

Of all the highly developed countries, it is the United States where these deep structural trends are most legible. National-level data for the United States show a sharp growth in inequality. For instance, earnings growth during the precrisis level for 2001 to 2005 was high but very unequally distributed. Most of it went to the

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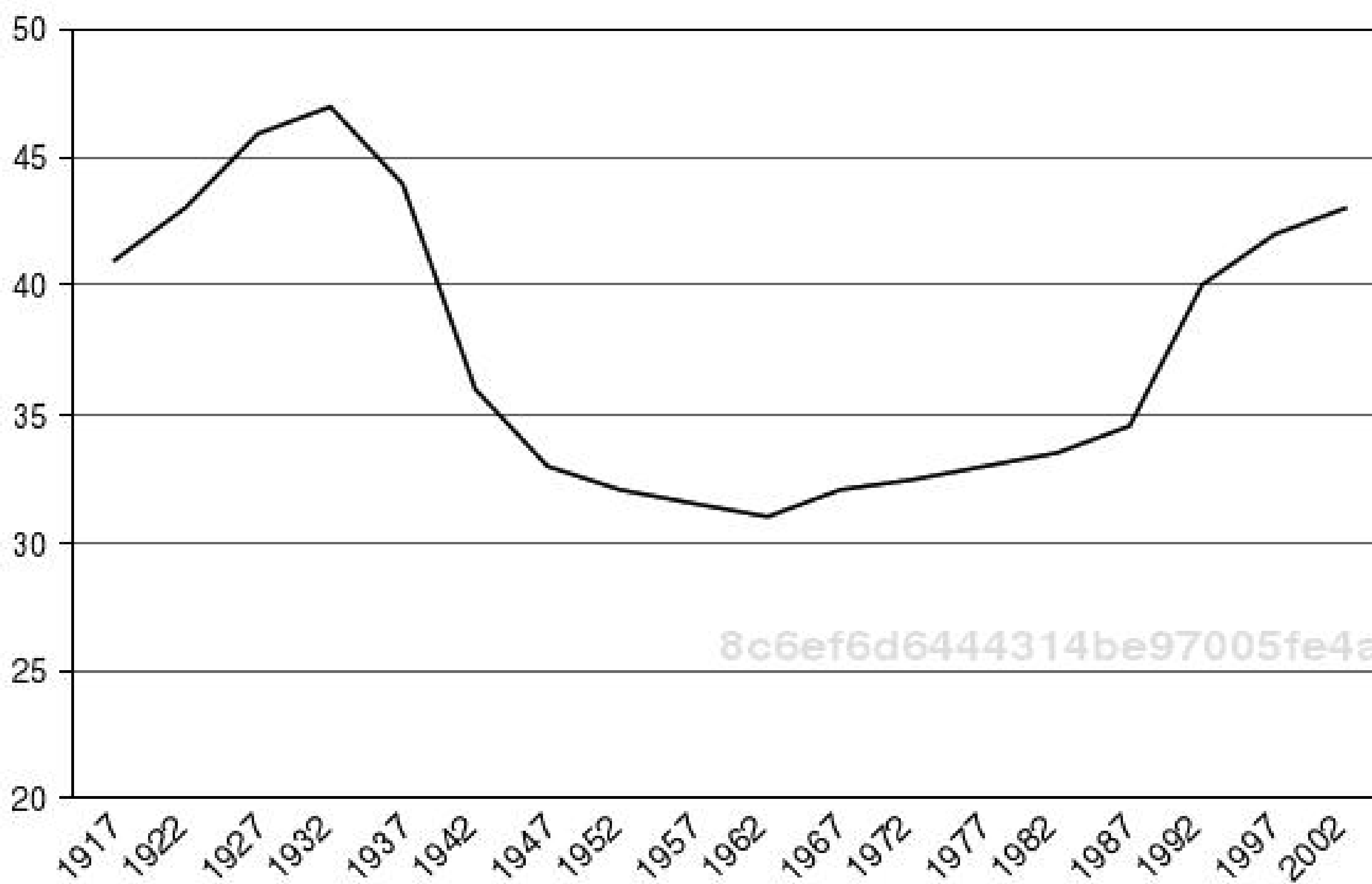

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FIGURE 1.4 Share (in %) of Income[a] Going to the Top 10 Percent of U.S. Households, 1917–2002

Data source: Mishel 2004, table 1.

Note: a. Income is defined as market income but excludes capital gains.

upper 10 percent and, especially, the upper 1 percent of households. The remaining 90 percent of households saw a 4.2 percent decline in their market-based incomes.[17] Figure 1.4 traces a longer-term pattern from the boom and bust of the 1920s, the growth of the middle sectors in the decades of the Keynesian period, and the return to rapidly rising inequality by 1987. It was in that immediate postwar period extending into the late 1960s and early 1970s that the incorporation of workers into formal labor market relations reached its highest level in the most advanced economies. In the United States, it helped bring down the share of total job earnings going to the top 10 percent from 47 percent at its height in the 1920s and early 1930s to 33 percent from 1942 until 1987. The formalization of the employment relation in this period helped implement a set of regulations that, overall, protected workers and secured the gains made by often violent labor struggles. Not that

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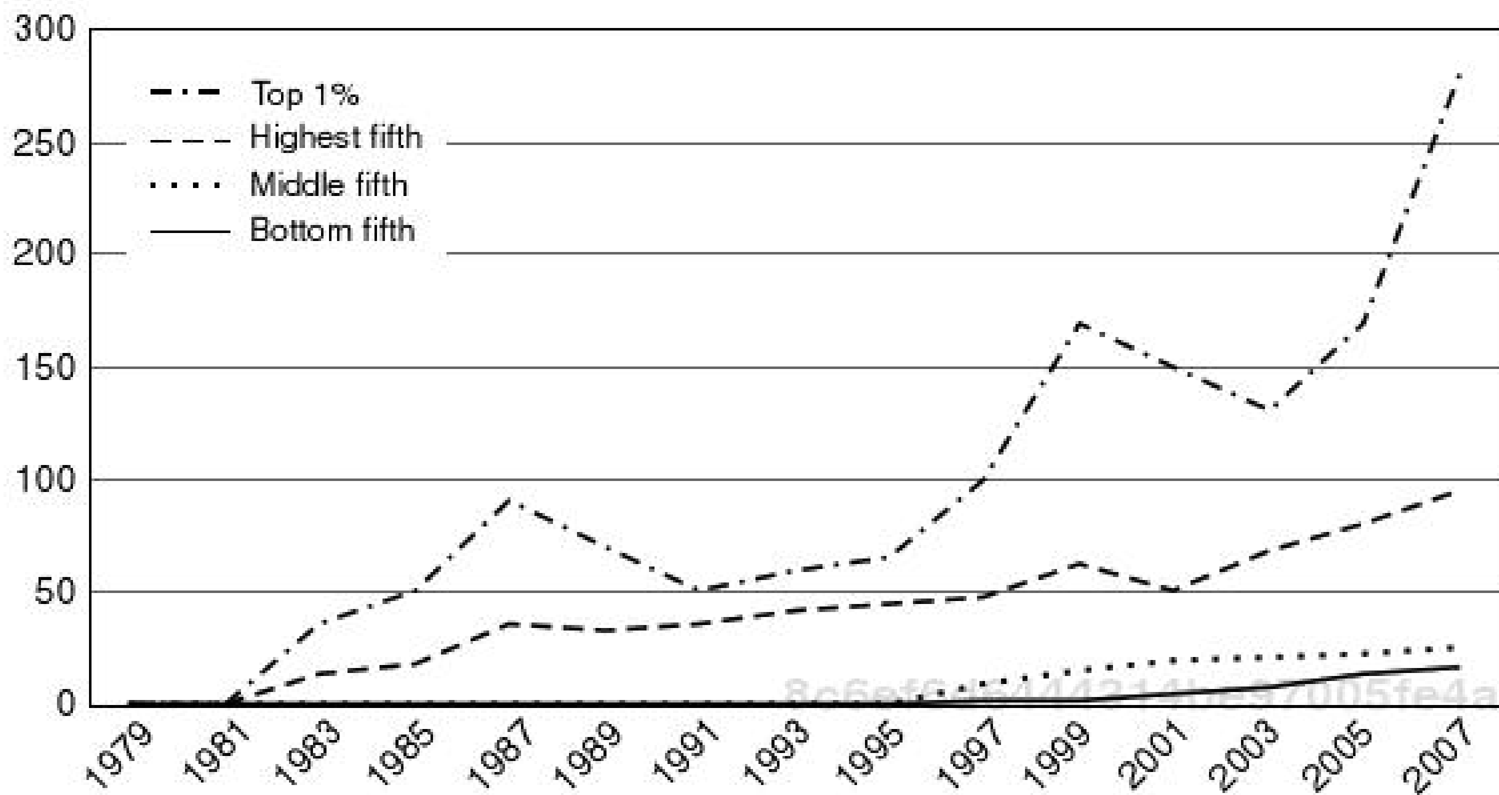

FIGURE 1.5 Percentage Change from 1979 Levels in After-Tax Income in the United States, 1979–2007

Data source: Sherman and Stone 2010.

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all was well, of course. This formalization also entailed the exclusion of distinct segments of the workforce, such as women and minorities, particularly in some heavily unionized industries. Whatever its virtues and defects, this golden period for organized labor came to an end in the 1980s. By 1987, inequality was on its way up again, and sharply. Figure 1.5 shows that the top 1 percent of earners had a 280 percent rise in their household income between 1979 and 2007, a trend that was confirmed in the 2010 census and continues today.

The Global South has had its own version of shrinkage, a subject I develop at greater length in Chapter 2. Very briefly, after twenty or more years of IMF and World Bank restructuring programs, many of these countries now carry a far larger burden of debt to diverse private lenders represented by the IMF than they did before international financial intervention. Their governments now pay more to their lenders than they invest in basic components of development such as health and education. Table 1.2 presents data for some of the governments that owe the most.

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TABLE 1.2: Low- and Lower-Middle Income Governments with the Highest Foreign Debt Payments, 2012

Country	Debt payment (% government revenue)
Belize	28.1
Philippines	27.1
Bhutan	26.6
El Salvador	25.8
Sri Lanka	24.1
St Vincent	18.6
St Lucia	18.1
Angola	17.1
Maldives	14.4
Gambia	13.9
Paraguay	13.3
Guatemala	12.7
Indonesia	11.9
Laos	11.5
Pakistan	10.5

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Source: Jubilee Debt Campaign 2012, table 3.

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These are some of the key destructive trends that began in the 1980s, took off globally in the 1990s, and reached some of their highest levels in the 2000s. Although many of them began before the 2008 crisis, they were not quite visible. What was visible was the redevelopment and gentrification of vast urban areas, which produced an *impression* of overall prosperity, from Paris to Buenos Aires, from Hong Kong to Dublin. Now these formerly invisible trends have been exacerbated and have become visible. In

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their extreme forms they can function as windows into a more complex and elusive reality of impoverishment in the making, one partly engendered by what was mostly visible as explosive growth in wealth and profits, a twenty-year process I have examined in great detail elsewhere.[18]

In what follows I examine the sharp shifts in a number of very diverse domains. They range from the rapid growth in corporate profits alongside the rapid increase in government budget deficits to the rise of displaced populations in the Global South and the rising rates of incarceration in the Global North. Each of the domains examined is highly specific and functions within a particular assemblage of institutions, laws, aims, and obstacles. As conditions become acute, they contribute to a third phase that is just beginning, one marked by *expulsions*—from life projects and livelihoods, from membership, from the social contract at the center of liberal democracy. It goes well beyond simply more inequality and more poverty. It is, in my reading, a development not yet fully visible and recognizable. It is not a condition faced by the majority, though it might become one in some cases. It entails a gradual generalizing of extreme conditions that begin at the edges of systems, in microsettings. This is important, because much of this sharp shift I am seeking to capture is still invisible to the statistician. But it is also to the passerby—the impoverished middle classes may still be living in their same nice houses, with their losses hidden behind neat facades. Increasingly these households have sold most of their valuables to afford payments, have started to sell their basics, including furniture, and are doubling up with grown-up children. My assumption is that in their extreme character these conditions become heuristic and help us understand a larger, less extreme, and more encompassing dynamic in our political economies.

Next I begin by describing general trends in the growth of inequality in both rich and poor countries, to be followed by a more

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detailed examination of the active shrinking of the Greek, Spanish, and Portuguese economies.

Income Inequality in the World

The growth of inequality in the past thirty years has been relentless.[19] Rather than providing an overview of a by now familiar subject, I want to recover particular aspects of inequality. Beyond disagreements of measures, time frames, and interpretation, much evidence shows substantial income and wealth inequalities both among and within countries across the globe. Most of this inequality can be accounted for by differences among countries as measured by country means.

While there is general agreement that the overall level of economic inequality in the world has risen sharply over the past century and a half (see Figure 1.6), there is ongoing debate over the past twenty years. Various authors have demonstrated that much depends on

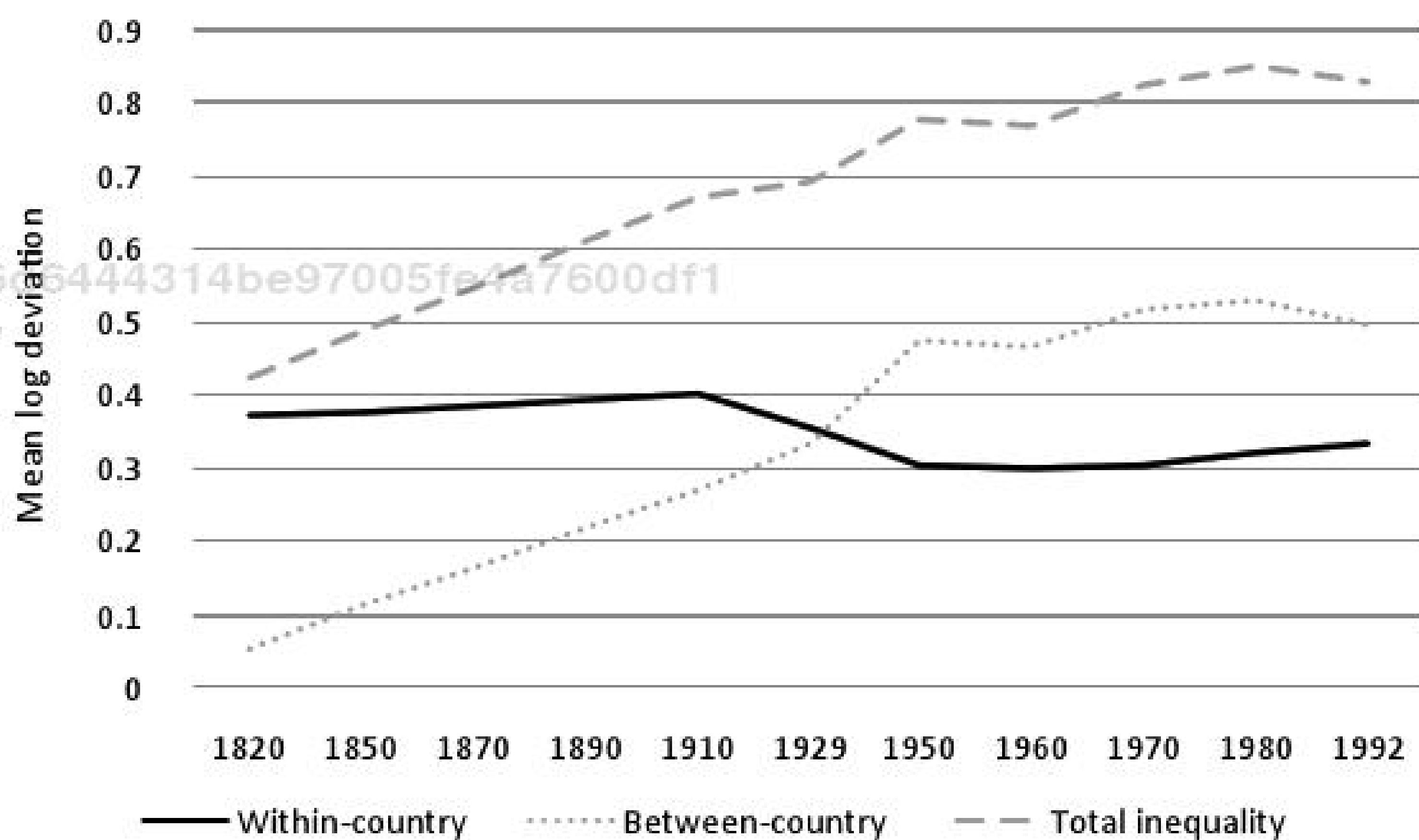

FIGURE 1.6 Inequality, 1830–1990

Data source: Bourguignon and Morrison 2002, table 2.

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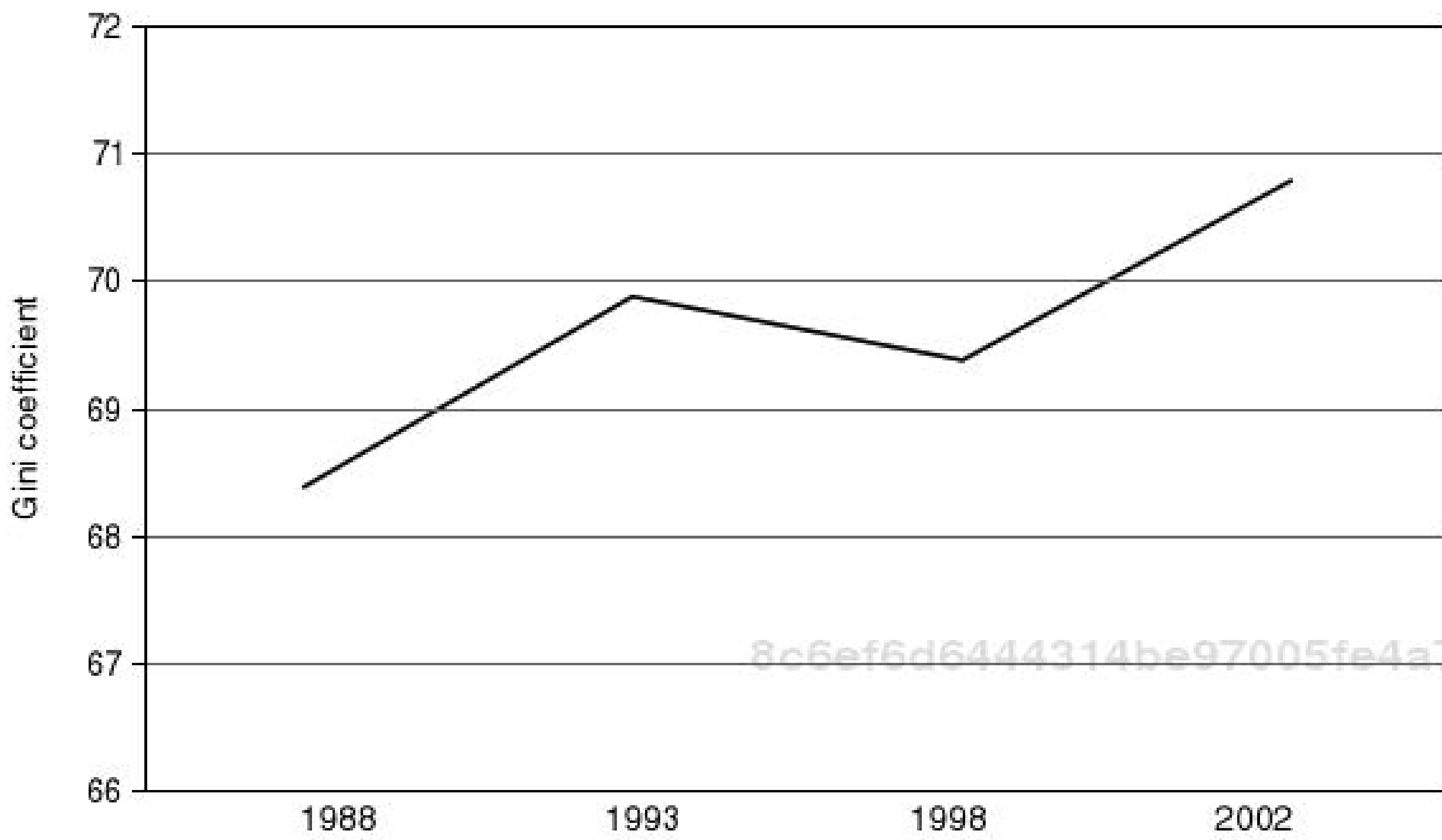

FIGURE 1.7 Inequality within Countries, 1988–2002
Data source: Milanovic 2009.

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how global inequality is measured. If rather than using country means, we would use the sum of the actual numbers of poor in each country according to basic standards, we would arrive at yet another measure of global inequality. Yet it is clear that the gap between incomes in rich and poor nations is large and growing. In one measure of the inequality among national incomes, Milanovic shows that the poorest quintile of certain high-income nations (which includes countries such as Denmark) will be richer on average than the richest quintile in low-income nations (which includes countries such as Mali).[20]

Though inequality among countries still accounts for most of global inequality, its share has been declining since the late 1980s, which confirms some of the trends I discuss: according to Atinc et al., it fell from 78 percent in 1988 to 74 percent in 1993 and 67 percent by 2000.[21] What supports my thesis is that since the 1980s, intracountry inequality—inequality *within* countries—has been increasing (see Figure 1.7), even if not necessarily in all countries. Further, there were significant rises in several OECD member countries

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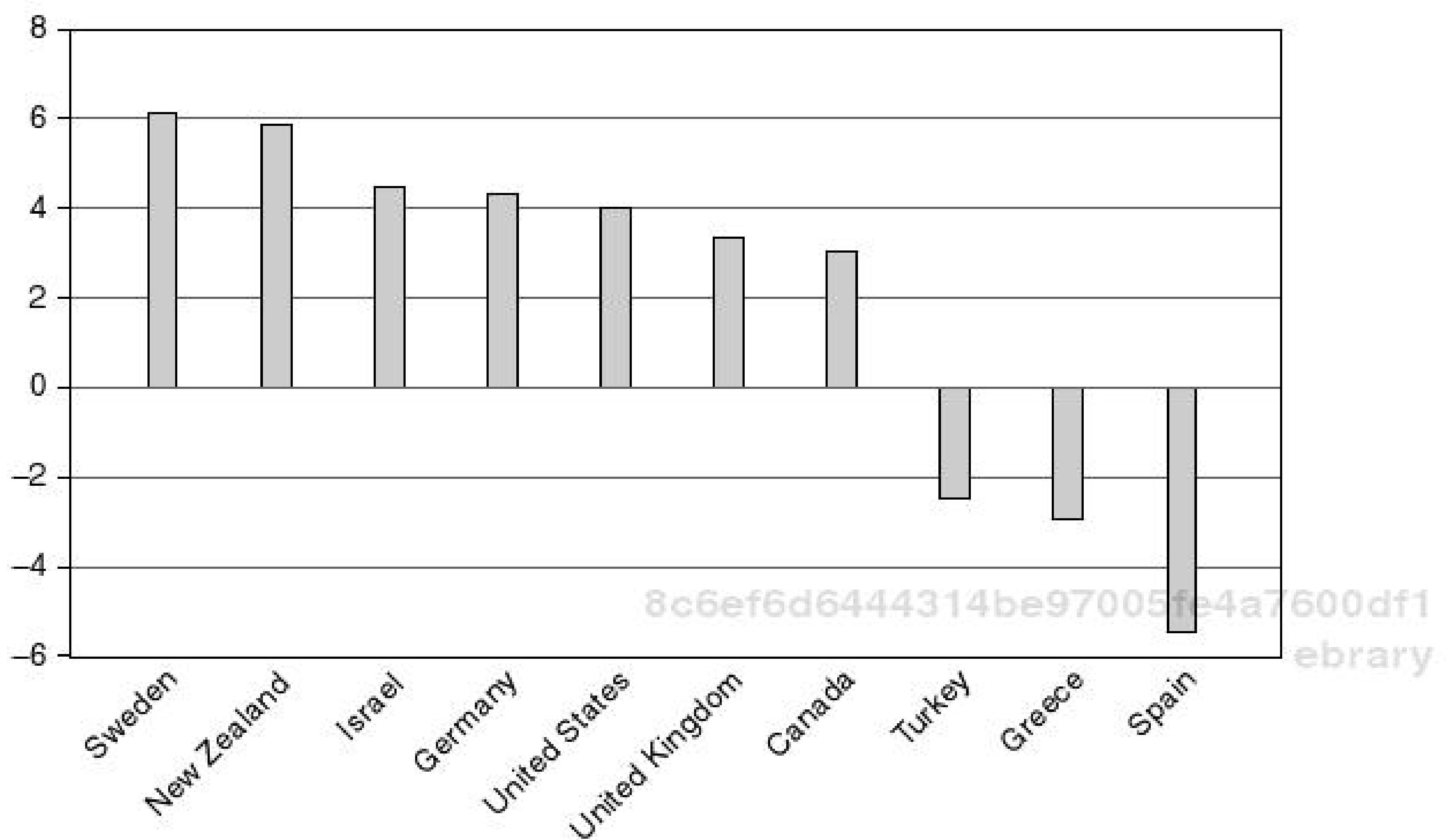

FIGURE 1.8 Change in within-Country Inequality in OECD Countries, 1980s–2000s

Data source: OECD 2013b.

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for which long-term data are available (see Figure 1.8 for a sampling). For some OECD countries—notably the United States, United Kingdom, and Israel—within-country income inequality has been on the rise since the late 1970s. In the 2000s, within-country income inequality began to rise quickly in traditionally low-inequality countries such as Germany, Finland, and Sweden. The evidence for OECD countries points to growing within-country inequality.

Income Inequality in the United States

The United States can serve as a kind of natural experiment, showing us how bad income inequality can get in what is commonly categorized as a "highly developed country" (see Figure 1.9). According to Milanovic, even though the poorest people in the United States may, on average, fare much better than the poorest in many devel-

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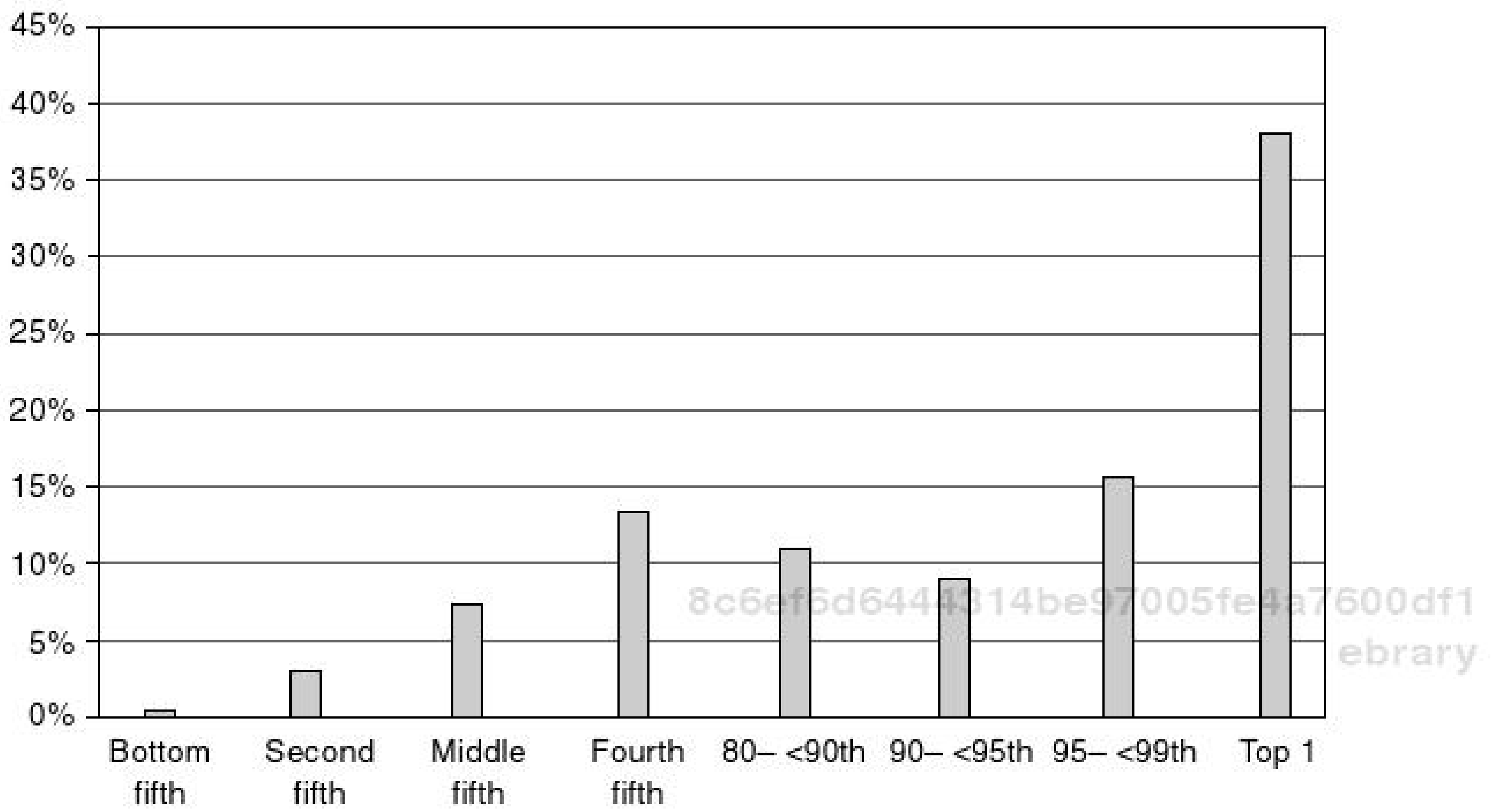

FIGURE 1.9 Percentage Growth from 1979 to 2006 in Average Wages and Salaries in the United States, by Household Rank

Data source: Economic Policy Institute 2011d.

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oping nations, inequality *within* the United States is among the highest in the world. In 2010, the top fifth of income-earning families in the United States accounted for 47 percent of total national income, with 20 percent going to the top 5 percent of income-earning families alone; these numbers exclude inherited wealth, capital gains, and other non-job income. Meanwhile, the bottom fifth accounted for only 3.8 percent of this income.[22] Critically, the disparity between the top and the bottom has grown: the share of income going to the top 10 percent of the U.S. population has increased sharply since the 1980s, while the bottom 90 percent has seen only modest increases over the same time period. In the United States the top 1 percent of wage earners saw their wages and salaries increase by 144 percent between 1979 and 2006 (right before the crisis), while the bottom 90 percent of wage earners saw an increase of only 15 percent over the same period.[23] Between 2000 and 2007 the average

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income in the United States grew by $1,460, but *all* gains went to the richest 10 percent, while income for the bottom 90 percent declined.[24]

Wealth disparities in the United States tend to mirror disparities in income. The distribution of wealth in the United States is heavily skewed not only to the top quintile of wealth holders but in particular to the top 1 percent (see Figure 1.10). Moreover, the top 1 percent of wealth holders in the United States saw their wealth increase over the 1980s and 1990s, peaking in 2007 at 103 percent greater than in 1983 before falling after the financial crisis to 48 percent greater than in 1983.[25] During this same period, median household wealth in the United States peaked in 2007 at 48 percent higher than 1983 levels, before falling sharply after the financial crisis to 13.5 percent *less* than 1983 levels.[26]

Even more so than income, gains in real wealth were heavily skewed toward the wealthiest Americans in the period from 1983

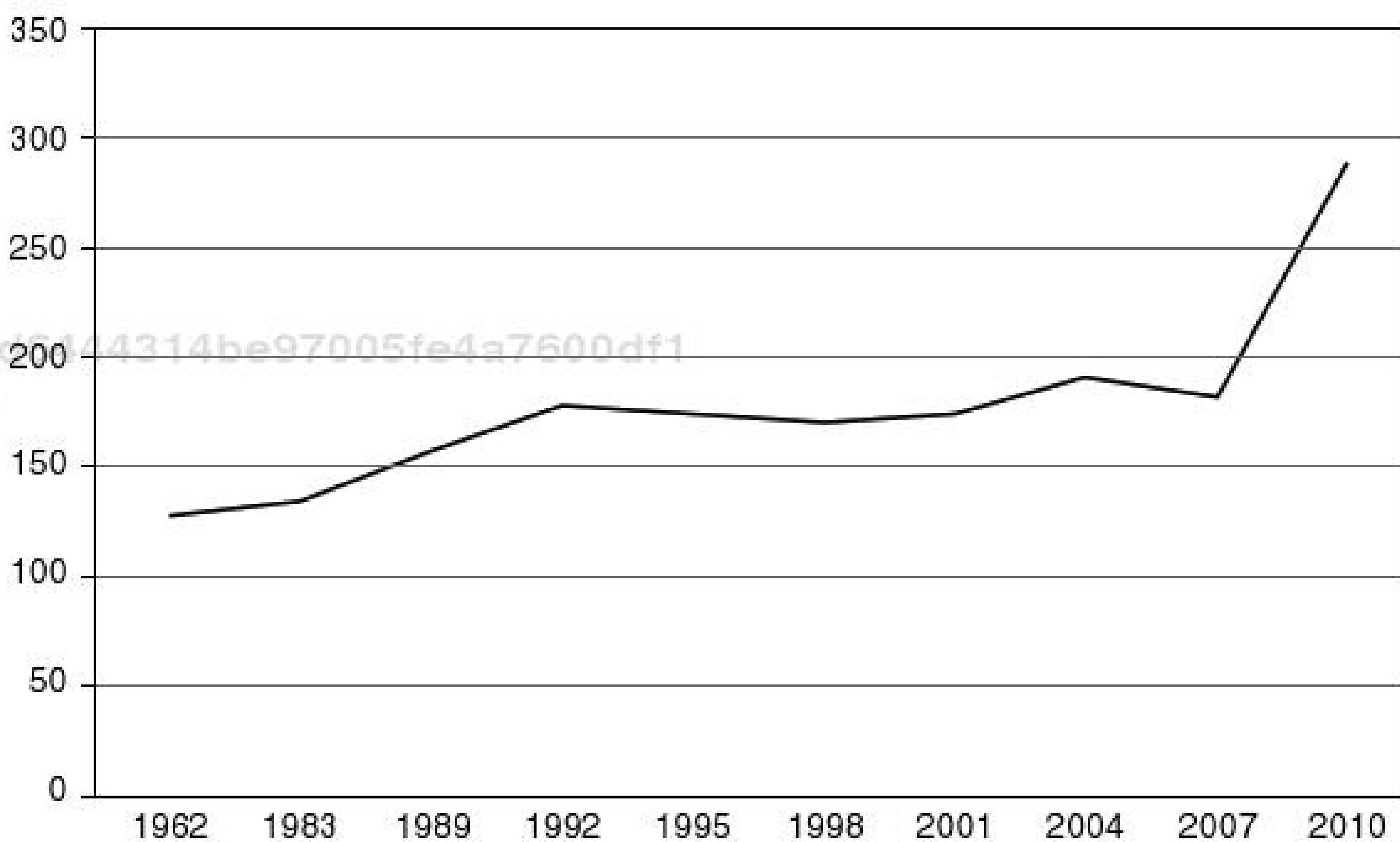

FIGURE 1.10 Ratio of Wealth of Top 1 Percent to Median Wealth in the United States, 1962–2010

Data source: Economic Policy Institute 2011e.

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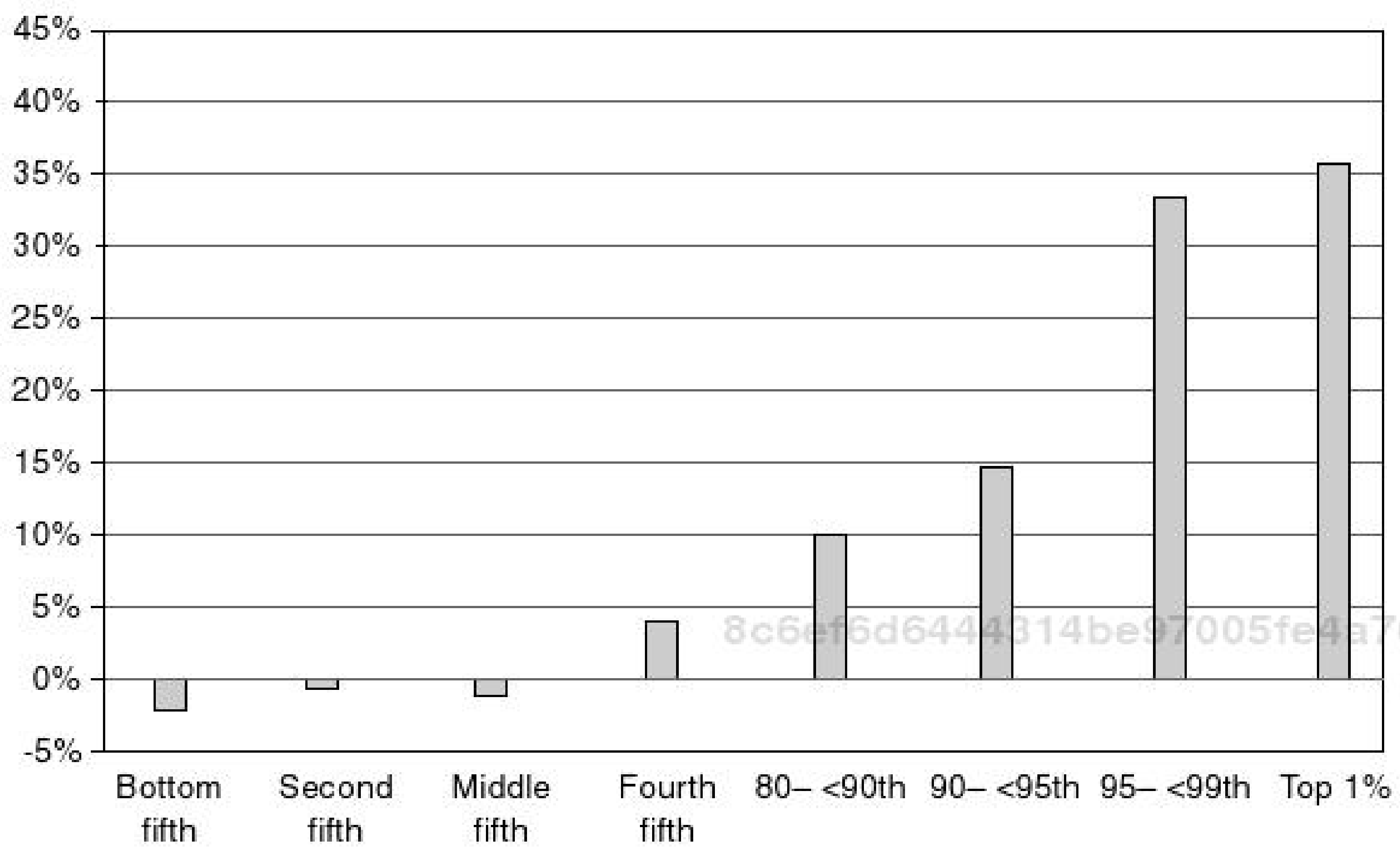

FIGURE 1.11 Change in Share of Total Wealth from 1983 to 2010 in the United States, by Household Rank

Source: Economic Policy Institute 2011g.

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to 2009. During this period, *all* gains in wealth went to the top two quintiles, with the wealthiest 5 percent of Americans accounting for 81.7 percent of the total wealth gained. The middle, lower middle, and lowest quintiles, meanwhile, all saw decreases in their wealth over this time (see Figure 1.11).

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Extreme Conditions in Rich Countries

If the United States shows us how bad intracountry inequality can get, Greece, Spain, and Portugal can show us how sharply a whole economy can shrink. I use these three countries as but the most extreme sites of what is a broad trend within the developed world, including the rest of the eurozone: the shrinking space of the economy in developed countries. Such shrinking is an unusual trend in developed countries when not at war with each other. The more common language to describe these trends is that of

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low growth and high unemployment. I will argue that this language is too vague given the extreme condition of large parts of the population and economy in these three countries, and in fact many other countries, including the United States. Modest increases in employment growth are not enough to eliminate this shrinking. The aim here is not to provide a detailed description of the well-documented rise in unemployment and bankruptcies. My aim is to use these trends to explore the shrinking of economic space and its consequences.

There is a de facto redefinition of "the economy" when sharp contractions are gradually lost to standard measures. The unemployed who lose everything—jobs, homes, medical insurance—easily fall off the edge of what is defined as "the economy" and counted as such. So do small shop and factory owners who lose everything and commit suicide. And so do the growing numbers of well-educated students and professionals who emigrate and leave Europe all together. These trends redefine the space of the economy. They make it smaller and expel a good share of the unemployed and the poor from standard measures. Such a redefinition makes "the economy" presentable, so to speak, allowing it to show a slight growth in its measure of GDP per capita. The reality at ground level is more akin to a kind of economic version of ethnic cleansing in which elements considered troublesome are dealt with by simply eliminating them. This shrinking and redefinition of economic space so that economies can be represented as "back on track" holds for a growing number of countries in the European Union and elsewhere. One difference is the central role of the IMF and the European Central Bank in narrating what it takes to return to growth. To some extent they are succeeding, insofar as theirs are almost the only voices being heard on the matter, and the language they use is not of contracting economies but of a return to GDP growth. Indeed, in early January 2013, the European Central Bank said that Greece's economy was on the path back to growth, and Moody's upgraded Greek debt by a point; the country's rating is still low, but such shifts matter because investors

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take them into account. What is left out of these measures showing a return to some growth is that a significant portion of households, enterprises, and places have been expelled from that economic space that is being measured. The expelled become invisible to formal measurements, and thereby their negative drag on growth rates is neutralized.

A second major feature of the position of European Union institutions and governments heading the so-called rescue effort for Greece is to consider it a unique case—a poor country with extreme tax fraud and a dysfunctional government bureaucracy. To some extent Portugal and Spain are also seen as extreme, though for different reasons than Greece. That is to say, they are not seen as indicative of a trend that might also affect the rest of the eurozone. But if we look at the other European Union (EU) countries that are confronting low growth, relatively high unemployment, and pressures to cut social programs, the picture changes.

I argue that we cannot assume that Greece, Spain, and Portugal are unique cases. We need to examine whether they are. What takes an extreme form in Greece, and to some extent in Portugal and Spain, may well also be present elsewhere in the eurozone and beyond. This would alert us to a deeper structural condition in this phase of advanced capitalism, which took off in the 1980s and became entrenched in the 1990s. The explanation would thus not be confined to exceptional conditions, such as Greece's poverty and corruption, but would have to address structural features of the political economy present throughout the European Union.

The data in Figures 1.12 and 1.13 offer evidence for this thesis that Greece and Spain are extreme examples of a larger trend affecting the eurozone more generally.[27] Greece's government debt almost tripled from 2000 to 2013. While Spain's debt actually declined in the roaring 2000s, by 2011 its private debt was surpassing the eurozone average. Notwithstanding sharp differences among countries, the eurozone overall saw declining economic growth and, as

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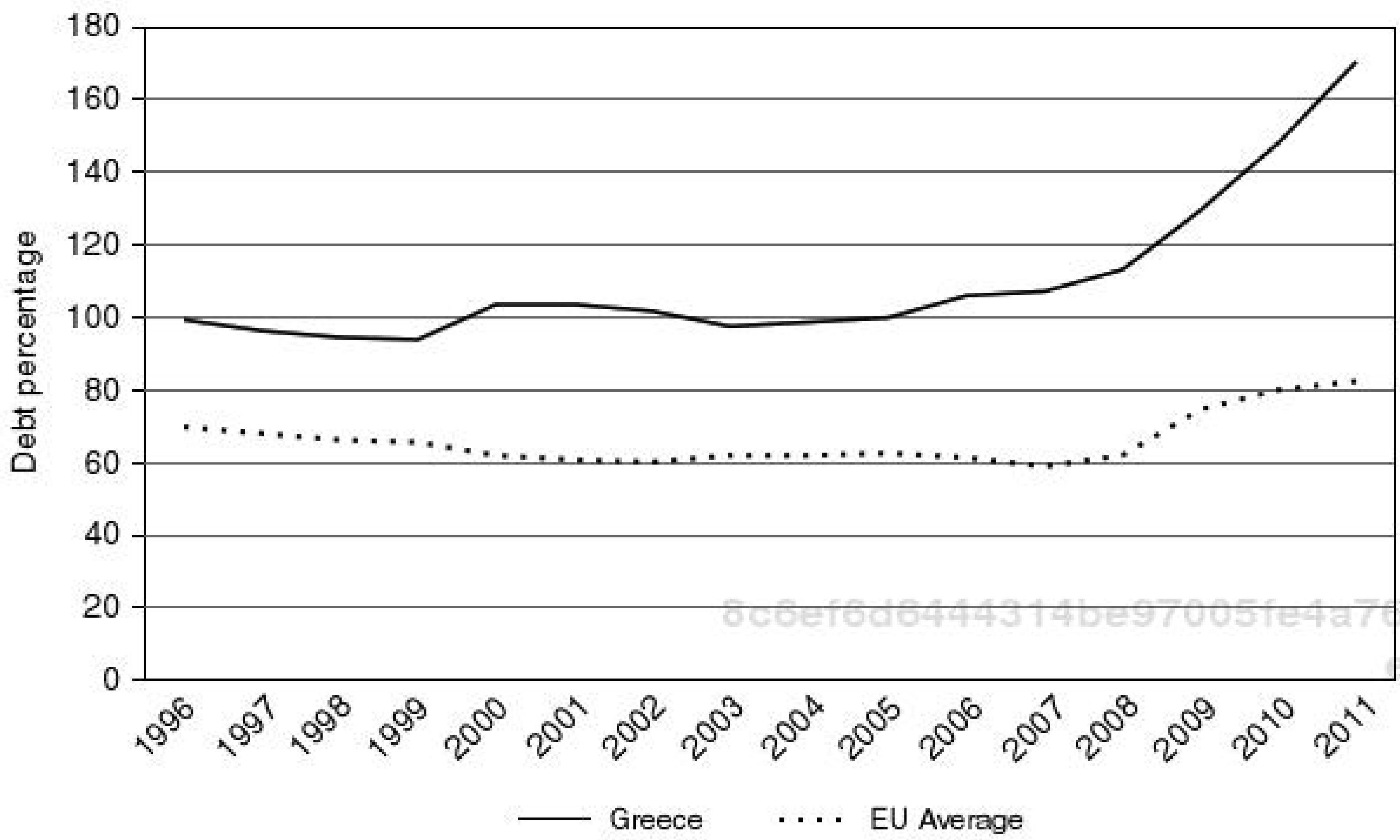

FIGURE 1.12 Greek Debt Compared to Eurozone Average, 1996–2011

Data source: Eurostat, "Government Deficit and Debt," 2013a.

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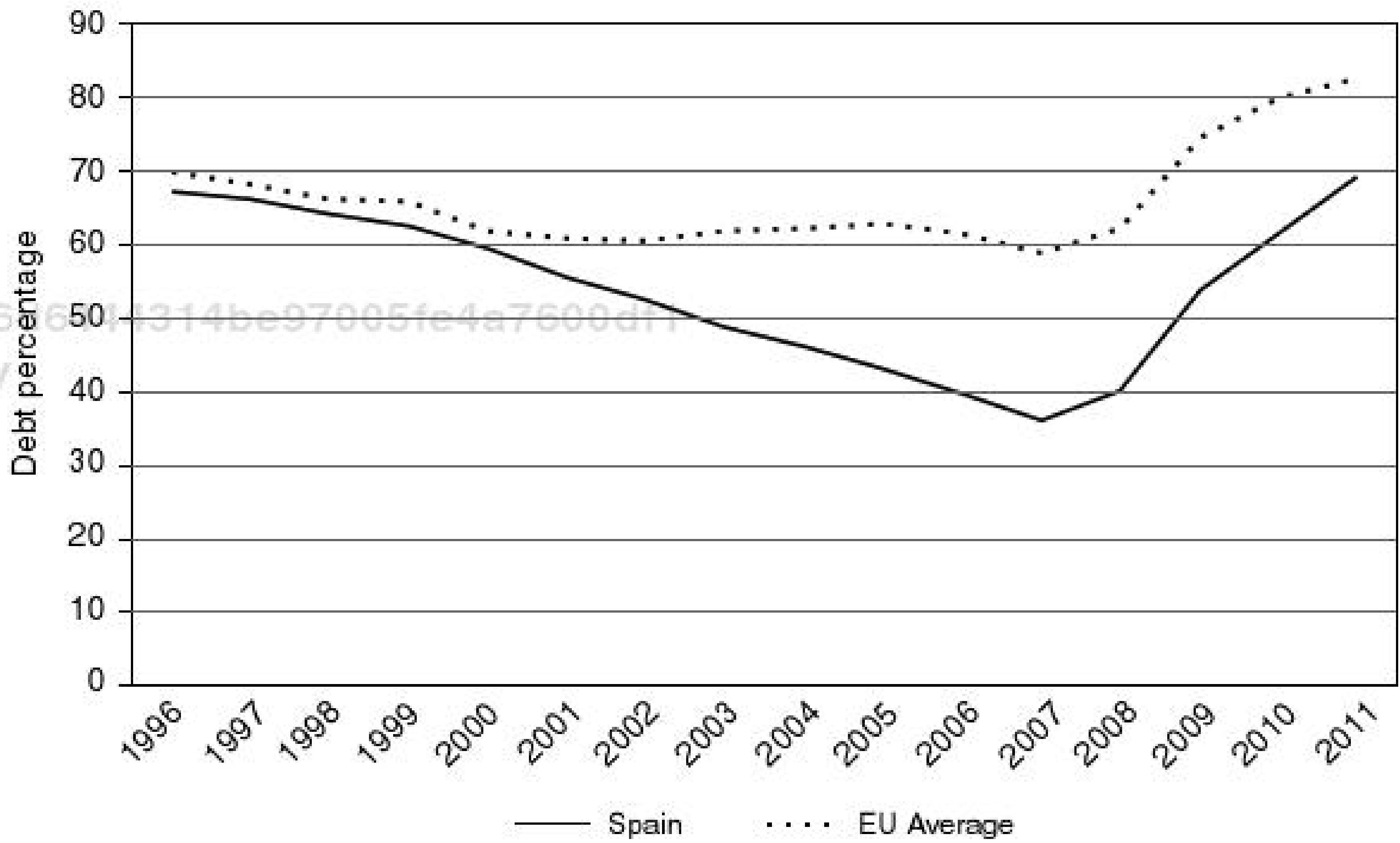

FIGURE 1.13 Spanish Debt Compared to Eurozone Average, 1996–2011

Data source: Eurostat, "Government Deficit and Debt," 2013a.

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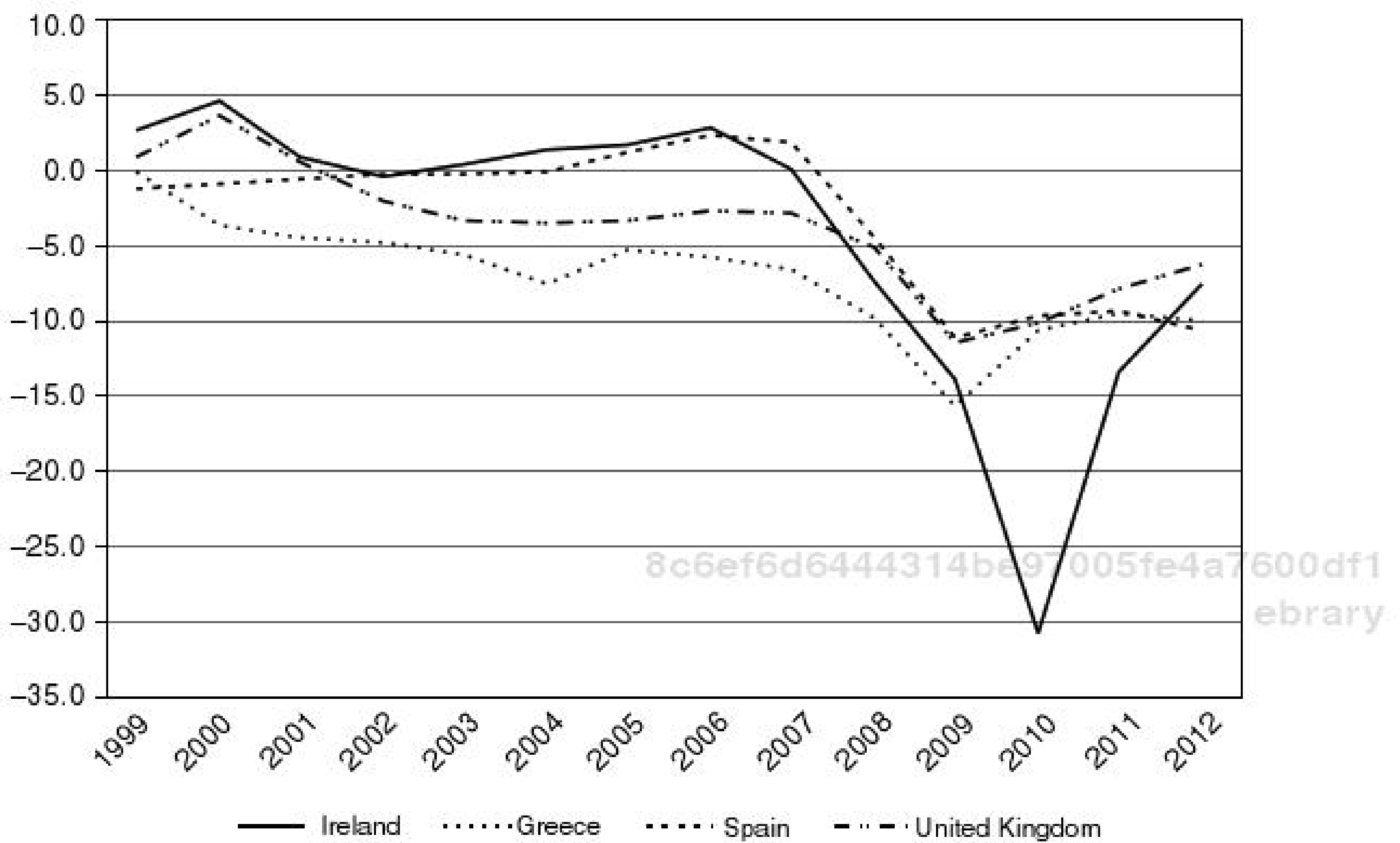

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FIGURE 1.14 General Government Financial Balance, 1999–2012

Data source: OECD 2012.

Figure 1.14 shows, a considerable rise in government indebtedness. And workers across Europe have staged protests against rising unemployment and austerity measures.

In a detailed examination of the G20, a group that includes many non-European countries, the International Labour Organization and the OECD found that in "postcrisis" 2012, seventeen of these countries had unemployment levels above the precrisis levels of 2007.[28] Only Germany, Russia, and Brazil had a decline in unemployment. More specifically, in over half of the countries examined, long-term unemployment as a share of total unemployment remains above precrisis levels. Finally, in Europe the unemployment rate rose further overall, and particularly so in France, Italy, and Spain. Europe's 2012 youth unemployment rate exceeded 20 percent in most countries (see Figure 1.15), in some cases by a lot. It was below 5 percent in only four G20 countries (China, India, Japan, and the Republic of Korea).

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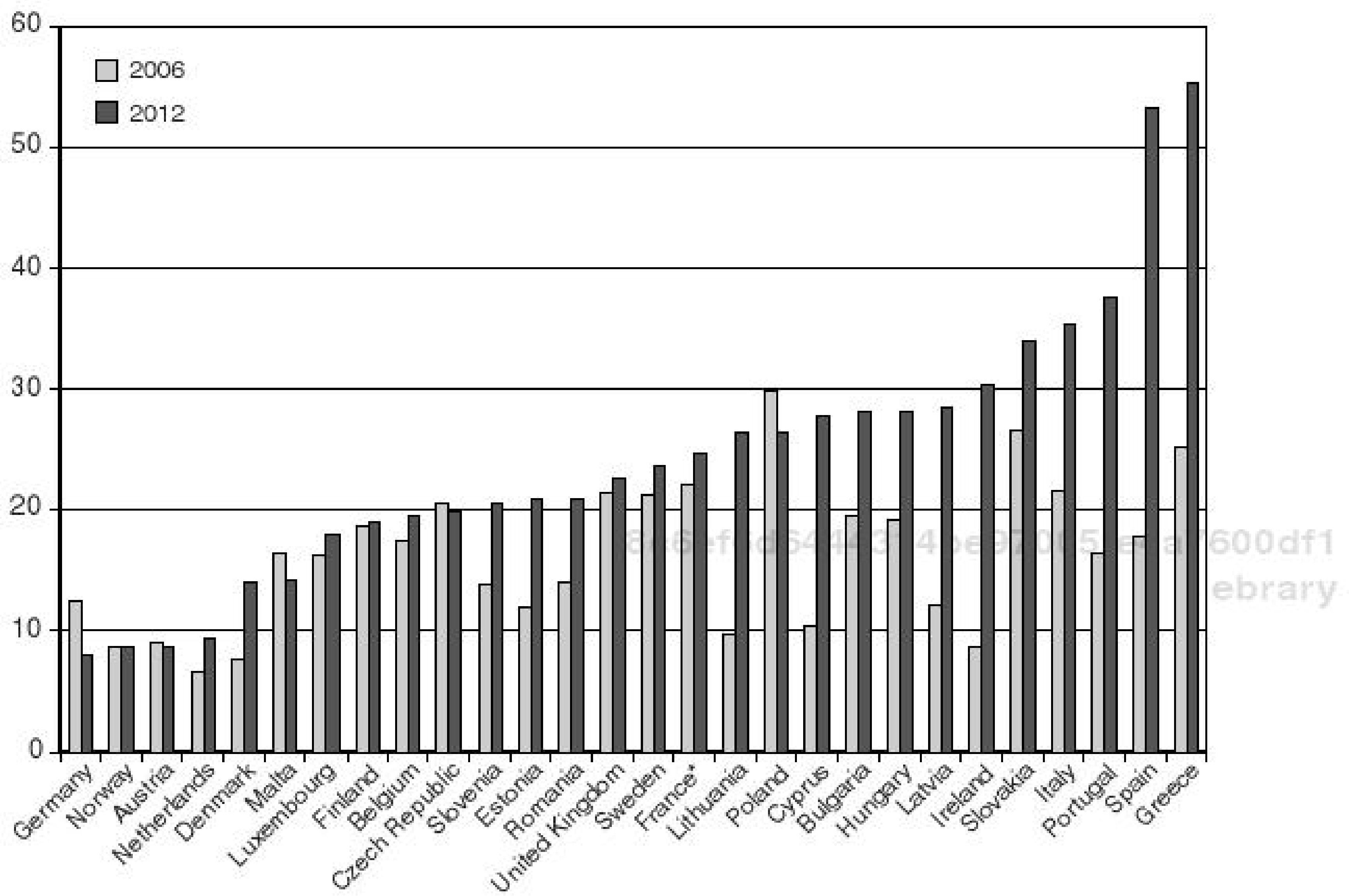

FIGURE 1.15 European Youth (under Age 25) Unemployment, 2006, 2012
Data source: Eurostat 2013b.

A second variable, the ratio of the employment rate for women to the rate for men, changed little since 2007, signaling a relatively gender-neutral impact of the crisis on job loss that is probably an indication of the depth of job losses.[29] The exceptions are Spain and Turkey, where this ratio did rise. A third variable considers 2012 youth unemployment, which was over twice as high as adult unemployment in the G20. High as it is, this rate is known to be a severe undercount, since a substantial proportion of youth in G20 countries are neither in the labor force nor in school or a training program. More generally, youth labor force participation rates have dropped in nine of the G20 countries. The median youth labor force participation rate stands at 60 percent, ranging from a low of 49.4 percent in Italy to a high of 69.8 percent in China, which suggests that where jobs are available, as in China, youth participation is high.

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This type of evidence helps us see that a good part of the world's richer economies is experiencing negatives two years after the crisis was supposedly over. The extreme cuts in social benefits, declines in workforce numbers, and increases in income taxes imposed on Greece and Spain years after the 2008 crisis, make visible a deep restructuring project. But milder versions of such restructuring are taking place throughout the eurozone, as well as in other wealthy countries such as the United States.

One project that seems to be part of this restructuring involves keeping the increasingly privatized and corporatized economy going by getting rid of excessive social contract–related expenditures. Debt repayment and austerity programs are disciplining mechanisms that serve this larger project of protecting a particular type of economy. They do not help or aim at maximizing employment and production. Greece's recession, entering its fifth year in 2012, is deepening as a result of privileging debt repayment, job cuts, reductions in social programs, and higher taxes. These policies keep intensifying, with the Greek government regularly announcing further cuts: for instance, at the end of 2012, a 22 percent cut in the private sector minimum wage, abolishing permanent jobs in state enterprises, and eliminating a further 150,000 jobs in the public sector by 2015. Recognition of the limits and counterproductive effects of such policies is widespread. Regarding Greece, Charles Dallara, managing director of the Institute of International Finance (IIF) and the spokesman for Greece's creditors, said that responses to the Greek debt crisis placed too much emphasis on short-term austerity and not enough on improving the country's longer-term competitiveness. Further, concerning what it would take to pay Greece's foreign creditors, he argued that it would take "only some €15bn–€20bn. . . . This can easily be realised in part by reducing interest rates on the loans which Europe and the IMF made to Greece on more concessional terms."[30]

Whatever the logic behind Europe's sorting of winners and losers, it is important to note it tends to cut deep into the social and

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economic fabric of a country. Economic output in Greece, Spain, and Portugal has fallen over the past several years. This challenges the prevailing European view that fiscal belt-tightening will foster growth. Official data make this clear, even if they undercount the shrinkage because they exclude a direct measure of what has been expelled from the formal economy. In the first three months of 2013, Greece's economy contracted for a nineteenth straight quarter as consumption and investment declined—a 16 percent drop in its GDP since the end of 2007. Moreover, this decline is accelerating: Greece's GDP fell by 5.6 percent in the first quarter of 2013 alone, a steeper decline than had been estimated given a return to growth, as formally measured, in several of Europe's economies. Portugal's GDP decline is speeding up as well, according to the country's National Statistics Institute. In the last quarter of 2012, Portugal's GDP fell by an estimated 5.3 percent, for a total decline of 3.2 percent for the year. Further, Portugal's contraction in the first quarter of 2013 exceeded initial projections.[31] Spain, the eurozone's fourth-largest economy, has contracted each year for the last several years; both the government and the International Monetary Fund predicted further contraction in 2013.[32] First-quarter 2013 figures show that Spain did indeed fall deeper into recession, for a seventh straight quarter of economic shrinkage. The expectation is that expansion will not happen until 2014. While the rate of contraction in Spain might be lower than that in Greece, official unemployment, at 27.2 percent, was just as high.

These economies are testing grounds for Europe's major policy setters, who posit that reducing government spending and raising taxes will bring about economic recovery and a revival of investor confidence. It is important to note that the severe economic contractions in Greece and Portugal have not significantly affected eurozone GDP.[33] Those two economies combined account for only 4 percent of the bloc's €9.5 trillion ($12.6 trillion) economy. But Spain is another matter; this may be reflected in the 100 million IMF loan exclusively for Spain's banks. Significantly, this loan was clearly not intended to en-

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able government delivery of needed health and education services or to stimulate employment via government services generally. Such uses were explicitly excluded in the loan's conditions. More generally, all three economies may be making visible deep trends at work across Europe, as indicated by data presented in the next section.

So far, there is no evidence that the strategy for economic growth is working in the stated way. The Greek, Portuguese, and Spanish economies have kept contracting. And while Greece's GDP has seen mild growth since early 2013, this measure of growth excludes all that has been expelled from the space of the economy, as we have seen. Thus it is a growth measure that exists alongside rising poverty, joblessness, homelessness, hunger, use of soup kitchens, suicide rates among owners of small businesses that are going under, and more. It leads one to wonder if this brutal restructuring was undertaken precisely in order to achieve a smaller but workable economic space that would show growth in GDP according to traditional metrics—even if it necessitates the expulsion from the economy, and its measures, of significant shares of the workforce and the small business sector. After all, a mere hint of GDP growth can be a positive signal to investors and financial markets, and this is a key achievement from the perspective of current IMF and European Central Bank policy—and not only in the EU. The alternative survival economies that are emerging exist in a different economic space, one that falls outside formal measures and indicators. For now they are not enough to meet the needs of the expelled and of the merely impoverished.

Adverse Conditions for Economic Prosperity

The sharp contraction of the space of what is considered to be the formal economy, especially though not exclusively in Greece, Portugal, and Spain, has multiple negative impacts on people. More unemployment, poverty, suicides, and austerity measures have become part of everyday life for most Greeks, Portuguese, and

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Spaniards. Following two decades of unprecedented economic growth as new European Union member states, today Greece, Portugal, and Spain face some exceptionally adverse conditions for economic recovery. In the following sections, I focus briefly on employment, outmigration, foreclosures, and poverty, placing Greece, Portugal, and Spain in conversation with other EU member countries as well as other developed countries in the Global North, such as the United States.

Employment

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The extreme employment condition in Greece and Spain becomes evident when these two countries are compared to countries as diverse as China and the United States (see Figure 1.16).[34] The Greek and Spanish labor force has unemployment rates two to three times as large as that in the United States; one qualifier here is that Europe's unemployment measures include a far larger share of

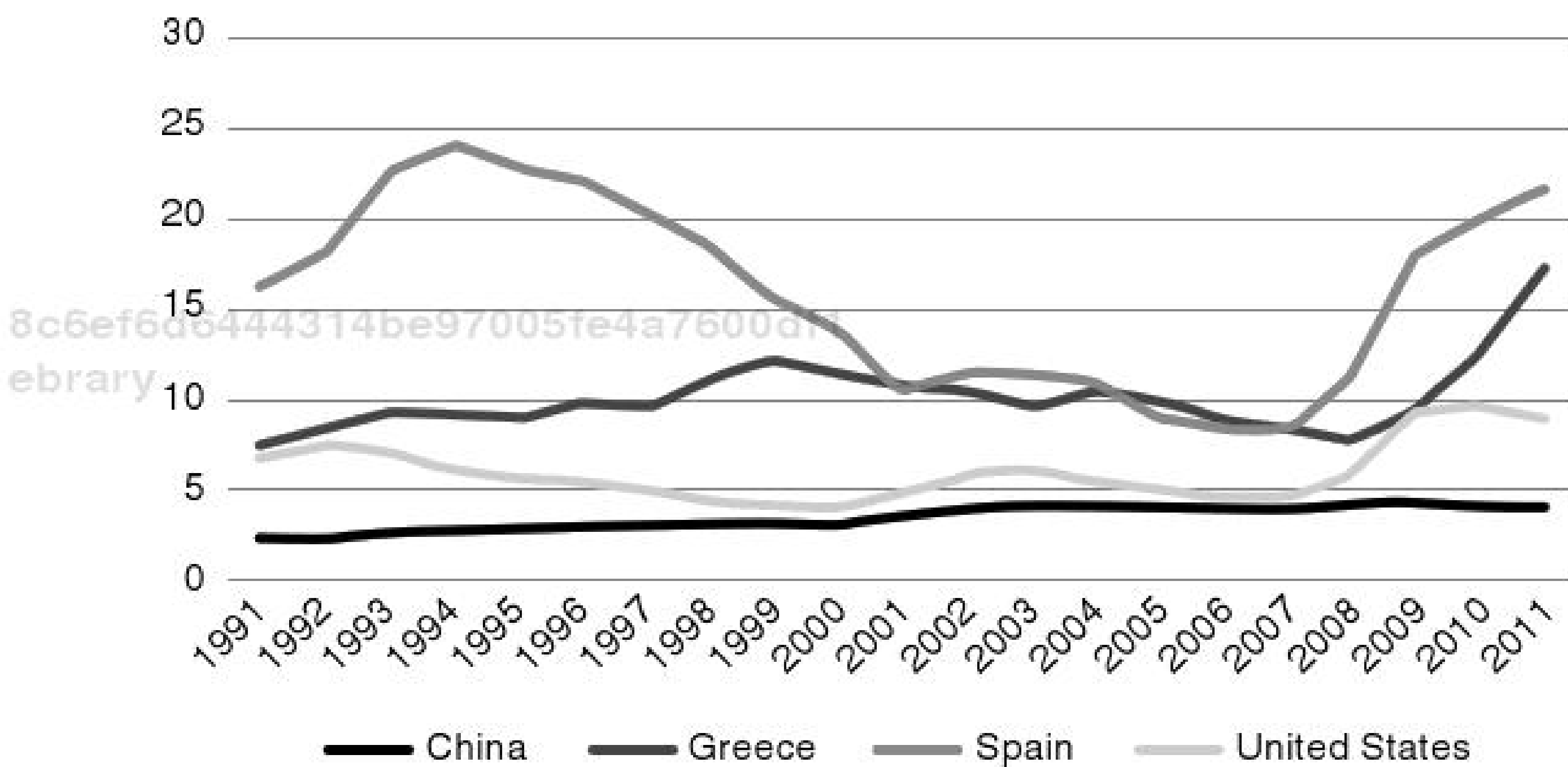

FIGURE 1.16 Unemployment Rates in China, Greece, Spain, and the United States, 1991–2011

Data source: "Unemployment and Inflation (11–19)" and "Key Supply Side Data (20–22)" in OECD 2012; IMF 2012b.

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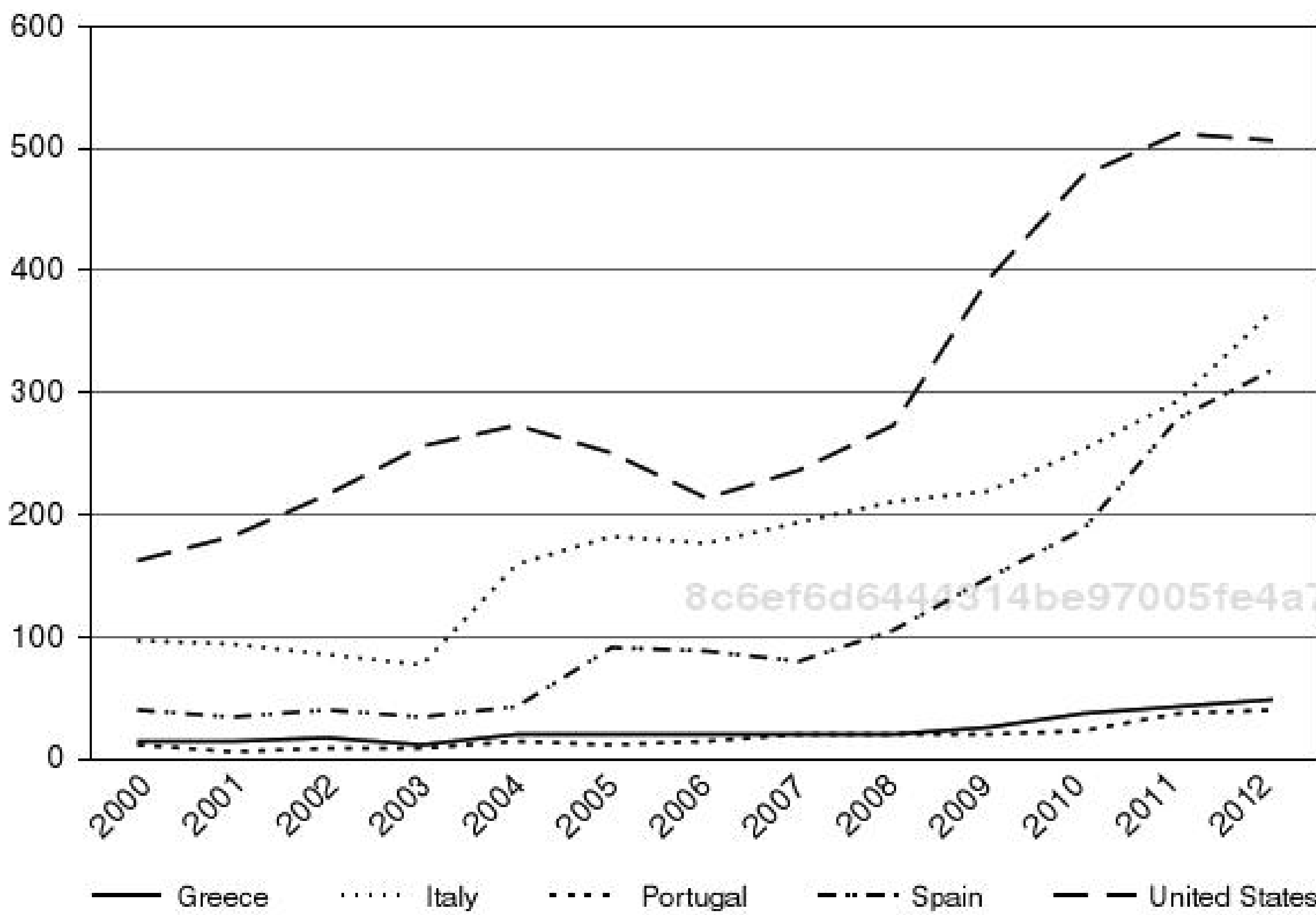

FIGURE 1.17 Male Involuntary Part-Time Workers Ages 25–54 in Greece, Italy, Portugal, Spain, and the United States, 2001–2011 (in thousands)
Data source: OECD 2013c.

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the unemployed than do United States measures. In 2013, youth unemployment rates surged past 56 percent in Spain, and Greece now leads the Global North with an astonishing 62.5 percent of its youth workforce jobless.[35]

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The number of involuntary part-time workers has grown in the past ten years. Figures 1.17 and 1.18 indicate the extent to which the adult labor market has become increasingly precarious in Greece, Italy, Portugal, Spain, and the United States. Important to note is that there is a sharp overrepresentation of women among involuntary part-time workers. For instance, in Spain their number grew from under 300,000 to almost 1 million, an overrepresentation that cannot be explained by the economic crisis alone. In Italy, Spain, and the United States, the number of men in involuntary part-time work has doubled, while it has tripled for women.

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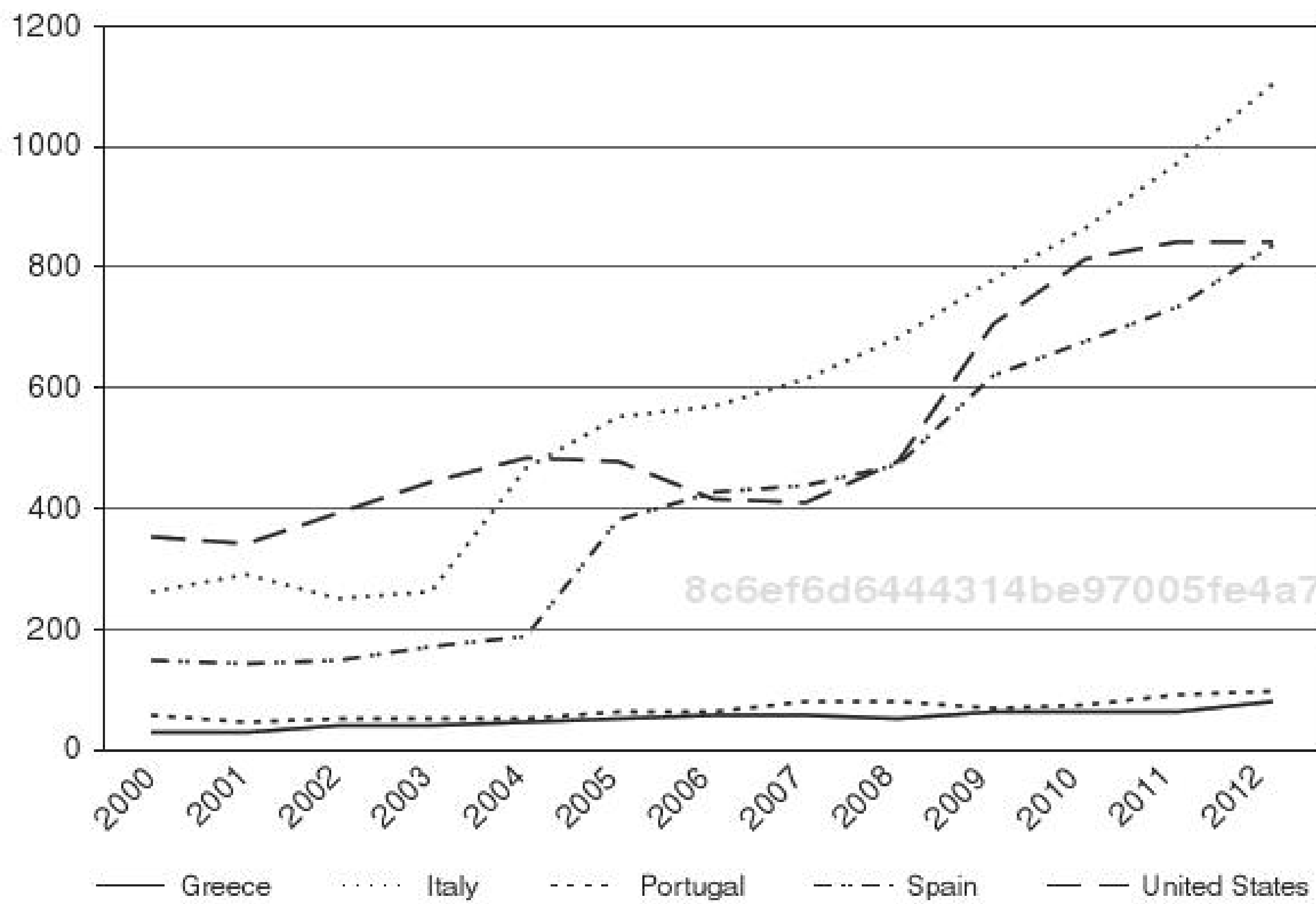

FIGURE 1.18 Female Involuntary Part-Time Workers Age 25–54 in Greece, Italy, Portugal, Spain, and the United States, 2001–2011 (in thousands)
Data source: OECD 2013c.

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Out-migration

The shrinking economies of southern Europe have generated novel patterns of geographic mobility, especially among their resident immigrant populations.[36] Figure 1.19 shows an upward trend in out-migration from Spain by citizenship, especially after 2007. The increasing unemployment in the past two years has most probably only added to this emigration.[37] These novel patterns are expected to impact the degree of economic growth and the socioeconomic standards of southern Europe in the near future.

Among immigrants, those of European and Latin American origin exhibit the highest rates of out-migration, especially when compared to Africans and Asians (Figure 1.20). Given the long history of European emigration to Latin America and the ease with which

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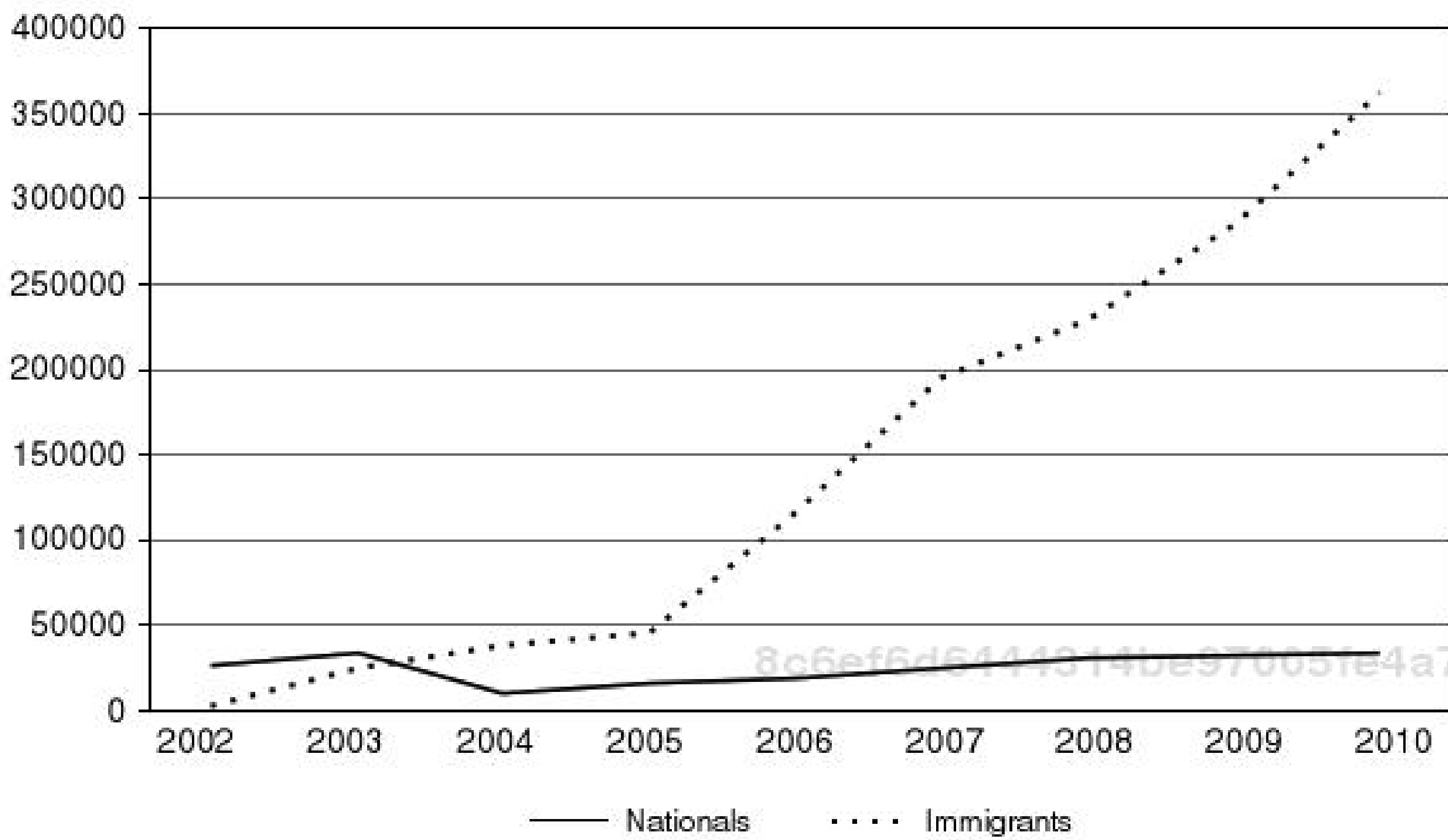

FIGURE 1.19 Out-migration from Spain by Citizenship, 2002–2010
Data source: Eurostat 2012c.

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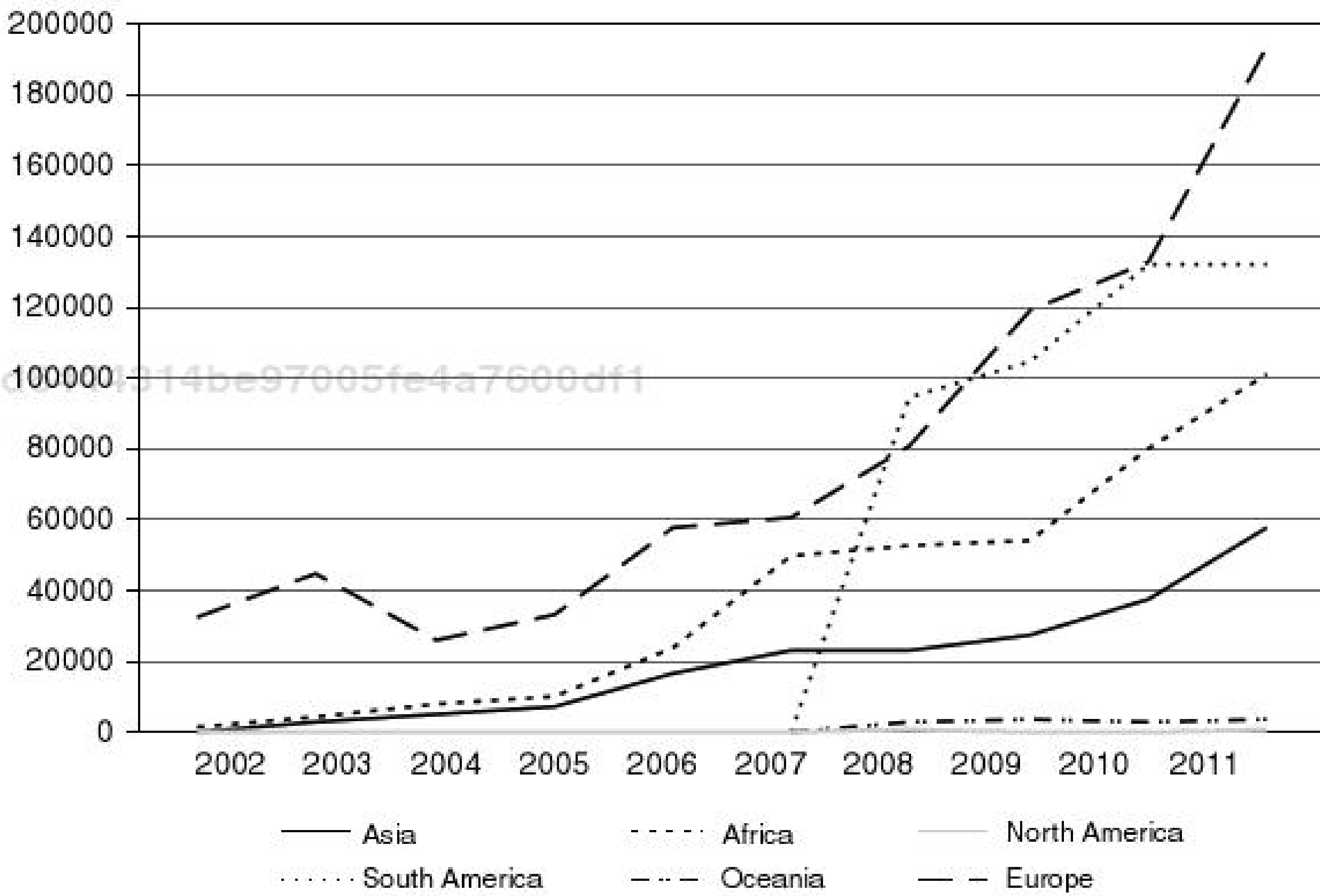

FIGURE 1.20 Out-migration from Spain by Continent of Origin, 2002–2011
Data source: Eurostat 2012c.

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Latin Americans in Europe can repatriate, it is no surprise that so many Europeans and Latin Americans have left for South America. In contrast, the restrictions that Africans and Asians face in crossing borders make them more likely to remain in the country of residence, in this case Spain.

Foreclosures

One of the most brutal forms of expulsion is the eviction of people from their homes for failure to pay outstanding debt on their home. This is an especially devastating trend in Europe because there the evicted remain responsible for the full amount of their loan even after foreclosure.

In Spain, where the percentage of homeownership (80 percent) is one of the highest in Europe, foreclosures have reached the highest numbers.[38] This is partly a function of the home construction boom in the 2000s and banks' willingness to innovate on the mortgage front. There have been thousands of evictions every month since 2008; in 2009 alone, there were more than 93,000. By the end of 2012, foreclosures in Spain had surpassed 400,000 since 2007.

But foreclosure rates have increased generally in Europe (see Table 1.3). The most comprehensive examination of European trends only goes as far as 2009, and it is after that year that matters generally got worse, as the fragmentary data indicate.[39] The increases range from a maximum of 205 percent between 2008 and 2009 in Latvia to a low of 10.83 percent in Sweden. Some countries have seen a decline in the *rate* of foreclosures, even as their overall numbers of foreclosures have been extremely high. Hungary's foreclosure rate, for example, declined by 70 percent from 2008 to 2009, but that is because it had very sharp increases in foreclosures in 2007 and 2008. By the end of 2012, Hungary had accumulated almost a million foreclosures since 2009.

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TABLE 1.3: European Countries with the Highest and Lowest Numbers of Foreclosures, 2007–2009

	Number of foreclosures			% Change		
	2007	2008	2009	2007–2008	2008–2009	Increase?
Highest foreclosures:						
Hungary	225,663	245,597	71,683	8.83	–70.81	No
Germany	91,788	88,379	86,617	–3.71	–1.99	No
Spain	25,943	58,686	93,319	126.21	59.01	Yes
United Kingdom	27,869	46,984	54,014	68.59	14.96	Yes
Lowest foreclosures:						
Bulgaria	449	886	1,570	97.33	77.20	Yes
Finland	506	825	1,036	63.04	25.58	Yes
Denmark	1,015	1,942	2,860	91.33	47.27	Yes
Netherlands	1,811	1,961	2,256	8.28	15.04	Yes

Data source: White 2013.

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Of course, these rising numbers need to be interpreted with caution. For instance, the 63 percent increase in Finland sounds high, but the total number of foreclosure procedures is still below 1,000 (and the measure used also includes nonresidential mortgage loans). Foreclosure rates in at least some EU member states started their increase from a very low base. Further, the total volume of foreclosure procedures is relatively small in relation to the total number of outstanding residential mortgage loans. For instance, the 46,825 foreclosures in 2008 in the United Kingdom represent a high number to begin with, but that number was under 1 percent of the total number of outstanding mortgages in 2008.

What is clear from these and from more recent data is that the *total numbers* of foreclosures since 2007 are increasing year after year, even if they may fall in some years. Second, the trend is not yet over, and countries find themselves in different stages of this process. For instance, between year-end 2007 and year-end 2009, default rates in Portugal and the United Kingdom rose only slightly, while default rates in Cyprus, Hungary, and Poland more than doubled and rates in Ireland tripled. Default rates in Denmark, Spain, Estonia, Bulgaria, and Latvia all increased more than threefold. Apart from Bulgaria, Cyprus, Estonia, Greece, Hungary, Ireland, Latvia, and Poland, however, in none of the member states, nor in Norway, do loans that are more than three months in arrears appear to account for more than 3 percent of total outstanding mortgage loans in 2009. Finally, member states have experienced the impact of the crisis very differently. Each of the three member states with the highest increases (Denmark, Estonia, and Latvia), for example, exhibit very different default rates, suggesting that relative increases in default rates must be viewed alongside the absolute default rate, which is low in some of these cases.

Poverty

These rising default rates, even if low, take on added meaning if we consider the growing incidence of poverty in the EU-27. Poverty is

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rising throughout Europe, regardless of the different levels of socioeconomic development. For instance, between 2010 and 2011, the percentage of the population at risk for poverty or social exclusion increased from 41.6 to 49.1 percent in Bulgaria, from 27.7 to 31.0 percent in Greece, from 25.5 to 27.0 percent in Spain, from 29.9 to 31.0 percent in Hungary, and from 15.0 to 16.1 percent in Sweden (see Table 1.4).

At the end of 2012, Eurostat, the statistical office of the European Union, released updated figures on risk of poverty or social exclusion through 2011.[40] It found that 119.6 million people, or 24.2 percent of the population, in the EU-27 were at risk of poverty, severely materially deprived, or living in households with very low work intensity.[41] In that group of twenty-seven countries, 9 percent of the population were severely materially deprived, meaning that they had living conditions constrained by a lack of resources (for example, they were not able to afford to pay their bills, keep their home adequately warm, or take a one-week holiday away from home). The share of those severely materially deprived varied significantly among member states, ranging from 1 percent in Luxembourg and Sweden to 44 percent in Bulgaria and 31 percent in Latvia. In 2011, the highest shares of people at risk of poverty or social exclusion were recorded in Bulgaria (49 percent), Romania and Latvia (both 40 percent), Lithuania (33 percent), and Greece and Hungary (both 31 percent); the lowest were in the Czech Republic (15 percent), the Netherlands and Sweden (both 16 percent), and Luxembourg and Austria (both 17 percent). Furthermore, the report found that 27 percent of children below eighteen years of age were affected by at least one of the three forms of poverty or social exclusion, based on 2010 data. Children were most affected in twenty member states, while the elderly were the most touched in Bulgaria, Slovenia, Finland, and Sweden. In Denmark, it was the working-age population that was the most affected.

Poverty figures are calculated by different measures in Europe and the United States. But some important trends can be noticed for both

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TABLE 1.4: Poverty and Social Exclusion in EU Countries and Switzerland, 2008–2011

	% of the total population excluded, by type of social exclusion			% of population excluded			Number excluded, 2011 (in millions)
	Risk of poverty	Severely materially deprived	Households with low work intensity	2008	2010	2011	
EU 27	16.9	8.8	10.0	23.5	23.4	24.2	119.6
Austria	12.6	3.9	8.0	18.6	16.6	16.9	1.4
Belgium	15.3	5.7	13.7	20.8	20.8	21.0	2.3
Bulgaria	22.3	43.6	11.0	38.2	41.6	49.1	3.7
Croatia	21.1	14.8	17.0	n/a	31.3	32.7	1.4
Cyprus	14.5	10.7	4.5	22.4	22.9	23.5	0.2
Czech Rep.	9.8	6.1	6.6	15.3	14.4	15.3	1.6
Denmark	13.0	2.6	11.4	16.3	18.3	18.9	1.0
Estonia	17.5	8.7	9.9	21.8	21.7	23.1	0.3
Finland	13.7	3.2	9.8	17.4	16.9	17.9	0.9
France	14.0	5.2	9.3	18.6	19.2	19.3	11.8
Germany	15.8	5.3	11.1	20.1	19.7	19.9	16.1
Greece	21.4	15.2	11.8	28.1	27.7	31.0	3.4

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Hungary	13.8	23.1	12.1	28.2	29.9	31.0	3.1
Iceland	9.2	2.1	6.2	11.8	13.7	13.7	0.0
Ireland	n/a	n/a	n/a	23.7	29.9	n/a	n/a
Italy	n/a	n/a	n/a	25.3	24.5	n/a	n/a
Latvia	19.3	30.9	12.2	33.8	38.1	40.1	0.9
Lithuania	20.0	18.5	12.3	27.6	33.4	33.4	1.1
Luxembourg	13.6	1.2	5.8	15.5	17.1	16.8	0.1
Malta	15.4	6.3	8.3	19.6	20.3	21.4	0.1
Netherlands	11.0	2.5	8.7	14.9	15.1	15.7	2.6
Norway	10.5	2.3	7.1	15.0	14.9	14.6	0.7
Poland	17.7	13.0	6.9	30.5	27.8	27.2	10.2
Portugal	18.0	8.3	8.2	26.0	25.3	24.4	2.6
Romania	22.2	29.4	6.7	44.2	41.4	40.3	8.6
Slovakia	13.0	10.6	7.6	20.6	20.6	20.6	1.1
Slovenia	13.6	6.1	7.6	18.5	18.3	19.3	0.4
Spain	21.8	3.9	12.2	22.9	25.5	27.0	12.4
Sweden	14.0	1.2	6.8	14.9	15.0	16.1	1.5
Switzerland	15.0	1.3	4.7	18.6	17.2	17.3	1.3
United Kingdom	16.2	5.1	11.5	23.2	23.1	22.7	14.0

Source: Eurojobs 2012.

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regions in lifetime rates of homelessness (as indexed by household surveys), in income inequality, and in tax and benefit programs that increase or reduce poverty. Such measures show that before the economic collapse, the United States and the United Kingdom had consistently higher lifetime rates of homelessness, more income inequality, and less generous social welfare policies than most European countries.[42] In all countries, racial minorities and people with mental illness experience high rates of homelessness. However, in recent years, in Greece these trends are becoming extreme. NGOs working with the homeless in Greece estimate that their number had reached 20,000 by year-end 2010, if all homeless on the street, houseless, inadequately housed, and insecurely housed are counted. This is up from the 2009 estimate of 17,000 people, pointing to a disturbing trend of rapid increase.

One indication of a people's economic despair is a sharp rise in suicides.[43] This trend is evident in several countries worldwide, from India to the United States, albeit for diverse reasons—from losing land or a business to the experience of absolute abandonment by state and society. What matters for my analysis here is the fact of the increase, not the total number of suicides. In 2011, the Greek minister for health, Andeas Loverdos, reported that suicides in the first five months of the year may have increased 40 percent compared to the same period in 2010. The report also states that most of these suicides were connected to the financial crisis, as bankruptcies increased sharply and unemployment rose from 13.9 to 20.9 percent in the space of twelve months. Klimaka, a major assistance organization, reports that during that same period of time, calls from people thought to be at serious risk more than doubled, to 5,500 in 2011.

The World's Displaced

One way of bringing a global perspective to these extreme conditions of social expulsion in rich countries is to consider key worldwide displacement trends in poor countries over the last few years.

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Unemployment, out-migration, foreclosures, poverty, and suicide rates are useful variables in Global North countries. Displacement due to war, disease, and famine are perhaps more useful variables in the Global South. The main agency in charge of tracking the displaced is the United Nations High Commission on Refugees (UNHCR); it counts specific types of displacement linked to armed conflicts, and hence underrepresents the total.[44] Thus UNHCR numbers leave out the displaced due to the large-scale land acquisitions in the Global South discussed in Chapter 2, those displaced in the Global North due to financial manipulation of their debt discussed in Chapter 3, or those displaced by catastrophic climate change worldwide discussed in Chapter 4.

At the end of 2011, the latest year for which comprehensive UNHCR statistics are available at this time, 42.5 million people worldwide had been forcibly displaced from their homes as a result of persistent or new conflicts in different parts of the world. This is the fifth year when the number of forcibly displaced persons worldwide exceeded 42 million. The classification "displaced persons" comprises several different populations. In 2011, the distribution was 15.2 million refugees (10.4 million under UNHCR's care and 4.8 million registered with the UN Relief and Works Agency for Palestine Refugees), 26.4 million displaced within their own country by conflict, and 895,000 asylum seekers (forcibly displaced as refugees across international borders), with nearly one-tenth of this last group in South Africa alone. The 2011 total contains, among others, three alarming growth trends I would like to highlight here. One is that an estimated 4.3 million were newly displaced by conflict or persecution. The second trend is that the above mentioned 895,000 asylum seekers represented the highest number in this category in more than a decade. The third is that another 3.5 million people were newly displaced within the borders of their countries, a 20 percent increase from 2010.

Next I examine some of these trends in greater detail so as to get at how these outcomes are constituted.

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Making Mass Displacement

UNHCR had responsibility for 35.4 million of the total internationally recognized 42.5 million displaced people in 2011. Of those 35.4 million, 25.9 million were refugees and internally displaced persons. The increase over 2010 was largely due to renewed conflict-related displacement in Afghanistan, Côte d'Ivoire, Libya, South Sudan, Sudan, and Yemen. Afghanistan remains the world's leading origin of refugees for 2011. On average, one out of four refugees in the world originated from Afghanistan, with 95 percent of them finding asylum in Pakistan or the Islamic Republic of Iran. Iraq ranked second, the source of over 1.4 million refugees, followed by Somalia with almost 1.1 million, Sudan with 500,000, and the Democratic Republic of the Congo with 491,500.

Protracted displacement of five years or more affects 7.1 million refugees—almost three-quarters of the refugee population under the UNHCR mandate. A protracted refugee situation is defined by UNHCR as one where 25,000 or more refugees from the same country have been in exile for five or more years. This is of particular concern to human rights activists: they have coined the term *refugee warehousing* to describe the multiyear impact of such restricted mobility, enforced idleness, and dependency in camps or other segregated settlements.[45] These are the expelled who are probably never going back to a normal life.

Table 1.5 shows the global breakdown of forcibly displaced people in 2011 by category. Table 1.6 provides a list of those countries reporting the largest numbers of new internally displaced people, and Table 1.7 summarizes some of the key facts and figures for global internal displacement trends in 2011. Finally, Table 1.8 shows where all forcibly displaced people are seeking refuge, by category of displacement and continent of asylum. These numbers are visually integrated in the world map included as Figure 1.21, which shows internally displaced people by country of asylum *and* cate-

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TABLE 1.5: Global Forced Displaced under UNHCR Care, 2011

Categories of displaced population	Number of people (millions)
Refugees	10.4
Asylum seekers (pending cases)	0.9
Returned refugees	0.5
IDPs assisted by UNHCR	15.5
Returned IDPs	3.2
Stateless persons	3.5
Various	1.4
Total	35.4

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Data source: UNHCR 2012b.

TABLE 1.6: Countries with the Largest Reported Numbers of Internally Displaced People, 2011 (in thousands)

Country	Beginning 2011	End 2011	% Change
Afghanistan	351	448	27
Azerbaijan	592	599	1
Colombia	3672	3888	6
Côte d'Ivoire	517	127	–75
Democratic Republic of the Congo	1721	1709	–1
Iraq	1343	1332	–1
Kenya	300	300	0
Pakistan	952	452	–52
Somalia	1463	1356	–7
Sudan	1526	2340	53

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Data source: UNHCR 2012b.

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TABLE 1.7: Key Facts and Figures on Displaced People, 2011

Number of people internally displaced by the end of 2011	15.5 million
Most affected region	Africa (7 million IDPs)
Region with the largest relative increase in number of IDPs in 2009	South and Southeast Asia (with a 23 percent year-on-year increase from 2.5 million to 4.3 million)
Countries with more than a million people identified as IDPs	5 (Colombia, Democratic Republic of the Congo, Iraq, Somalia, Sudan)
Countries with at least 200,000 people identified as IDP at the end of 2011	14 (Afghanistan, Azerbaijan, Colombia, Democratic Republic of the Congo, Georgia, Iraq, Kenya, Myanmar, Pakistan, Serbia, Somalia, South Sudan, Sudan, Yemen)
Countries with at least 200,000 people returning during 2009 (in order of scale)	6 (Pakistan, Democratic Republic of the Congo, Uganda, Sudan, Kenya, Philippines)
Countries with new displacement in 2009	23
Countries with a significant proportion of IDPs living in protracted displacement	At least 34
Countries in which almost all IDPs lived in identified sites	3 (Burundi, Chad, Uganda)
Countries with IDPs in urban environments	At least 48
Countries with legislation or policies specifically addressing internal displacement	16

Data source: UNHCR 2012b.

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TABLE 1.8: Estimated Number of Forcibly Displaced People by Category of Displacement and Continent of Asylum, 2011 (in thousands)

Continent of asylum	Total refugees[a]	Refugees assisted by UNHCR	Asylum seekers	IDPs protected/ assisted by UNHCR[b]	Returned IDPs[c]	Stateless persons[d]	Various[e]	Total population of concern
Africa	2,924	2,562	391	6,961	2,196	21	174	13,054
Asia	5,104	3,302	83	4,254	1,048	2,759	1,132	14,526
Europe	1,534	91	313	370	1	697	104	3,021
Latin America and the Caribbean	378	101	50	3,888	n/a	n/a	n/a	4,316
Northern America	430	n/a	54	n/a	n/a	n/a	n/a	483
Oceania	35	2	5	n/a	n/a	n/a	n/a	40
Total	10,405	6,058	896	15,473	3,245	3,477	1,412	35,440

Data source: UNHCR 2012b.

Notes: a. Includes people in refugee-like situations.

b. Includes people in IDP-like situations.

c. IDPs protected by UNHCR who have returned to their place of origin during the calendar year.

d. Persons who are not considered nationals by any state under the operation of its laws. It covers de jure and de facto stateless persons, and persons who are unable to establish their nationality.

e. Individuals who do not fall directly into any of the other categories, but to whom UNHCR may protect and offer assistance services, on humanitarian or other special grounds.

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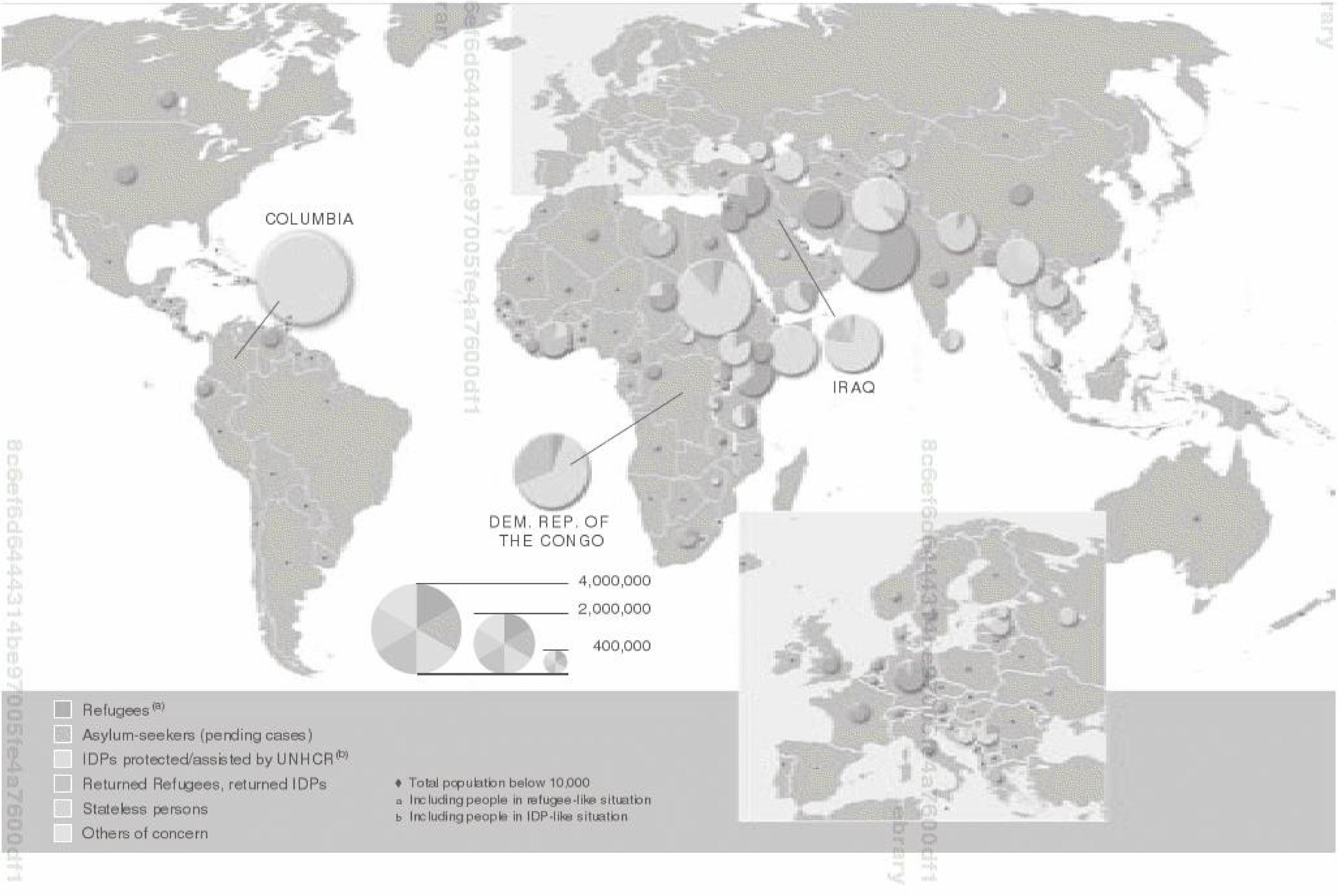

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gory. None of these numbers take into account the surge in refugees after 2011, notably due to the conflict in Syria.

Bearing the Burden of Displacement

As the above numbers indicate, Global South countries hosted 80 percent of the world's refugees. Almost 5 million refugees resided in countries where the per capita GDP was below $3,000. The forty-eight least-developed countries provided asylum to about half of these refugees. In 2011, Pakistan, Iran, and Syria hosted the largest refugee populations, at 1.7 million, 886,500, and 755,400 respectively. The Global North country with the largest refugee population was Germany, hosting well over half a million people.

The refugee population has a much greater economic impact on the Global South than on the Global North. Pakistan experienced the biggest economic impact, with 605 refugees for each U.S. dollar of its per capita GDP, followed by Democratic Republic of the Congo and Kenya with 399 and 321 refugees for each dollar of per capita GDP, respectively. In contrast, Germany experienced a minimal impact on its economy from its refugee population, with 15 refugees for each dollar of per capita GDP. Clearly, economic impact might be minimal even as social impact can be high.

António Guterres, the United Nations high commissioner for refugees, attributed this imbalance in refugee hosting to xenophobia. "Fears about supposed floods of refugees in industrialized countries are being vastly overblown or mistakenly conflated with issues of migration," Guterres said in a statement. "It is poorer countries that are left having to pick up the burden."[46]

FIGURE 1.21 Total Population of Concern to UNHCR by Country of Asylum and Category, 2011

Source: UNHCR 2012a, map 1.

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Reconceptualizing the Key Forces of Displacement

While the vast majority of displaced persons across the globe continue to be forcibly expelled from their homes due to persistent or new political conflicts, there is also an increase in those expelled due to environmental disasters.[47] Factors such as poverty and political conflict, which themselves can drive global dynamics of expulsion, also intensify the impact of environmental disasters on the world's poor. Bangladesh and Mozambique provide two illustrative case studies.

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Bangladesh is widely recognized as one of the countries most vulnerable to cyclones and flooding, both of which have increased in severity and frequency in recent years. Currently almost 40 million people in Bangladesh live in coastal zones threatened by sea-level rises. It is estimated that around 3 percent of coastal land will be lost to the sea by the 2030s and 6 percent by the 2050s. As climate change advances, however, this loss of land to rising sea levels is expected to generate a far more disastrous impact on those living in coastal regions. Rising sea levels exacerbate flooding, bringing larger storm surges during cyclones and increased salinity levels in coastal areas; this will damage crops and drinking water supplies. Increasing salinity along Bangladesh's coastline is a major emergent problem among communities there, as it destroys livelihoods by making vast stretches of arable land unfarmable and contaminating drinking water for both people and livestock. Beyond such impending coastal disasters, in the interior, severe droughts and heavy flooding are causing both temporary and long-term displacements. An estimated 6.5 million people in Bangladesh have already been displaced by climate change, a number that is only expected to rise.

Mozambique is among a handful of countries suffering from both desertification and sea-level rise. Major flooding occurred in 2001, 2007, 2008, 2010, and 2012. Mozambique has been relatively successful at resettling its climate-displaced populations, but as United

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Nations migration researchers report, resettlement removes people from the physical danger of extreme floods but can lead to other environmental, social, and economic difficulties. Subsistence farmers and fishers lose access to fertile lands on riverbanks and are confined to higher, drought-prone areas. And even if some regularly return to the fertile land and waters, they are unlikely to maintain land ownership and their livelihoods as farmers. They increasingly become dependent "*on governmental and international aid.*"[48] As in Bangladesh, the loss of livelihoods from climate change has also been the major driver of displacement in Mozambique.

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Together, these global dynamics of extreme poverty, mass displacement, environmental disasters, and armed conflicts have created heretofore unseen levels of social expulsion, especially in the Global South but now also beginning in the Global North, albeit through different events.

Imprisonment as Expulsion

A final mechanism of expulsion must be considered if we are to fully appreciate the nuances of advanced capitalism that we are living through: the rapid increase in incarceration. At the limit, it is becoming a brutal form of expulsion of surplus labor populations in the Global North, especially in the United States and increasingly in the United Kingdom. From a global perspective, one can see systemic resonances between the mass-incarcerated, warehoused refugees, and forcibly displaced people. All three signal the presence of larger foundational dynamics of expulsion that surface through the thick realities of diverse localities and systemic sites. These thick realities on the ground, along with the very different specialized research fields for each of these subjects, take us away from conceptualizations that might point to systemic parallels. From my interpretive stance, they are indeed diverse localized forms of deeper conceptually subterranean trends that cut across established differentiations.

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Mass incarceration has long been present in extreme dictatorships. But today it is also emerging as inextricably linked to advanced capitalism, albeit via the formal link of crime. Most of the people who are being incarcerated are also the people who do not have work and for whom work will not be found in our current epoch; this was less the case twenty years ago, when a prisoner had a better chance to be considered rehabilitated and deserving of a job. In this sense, then, today's prisoners in the United States and in the United Kingdom are increasingly today's version of the surplus laboring population common in the brutal beginnings of modern capitalism.

Three trends can be seen when we look at incarceration, an old process, but one that today is reaching new orders of magnitude and diversifying its institutional spaces to include private for-profit prisons.[49] Most notable is the increase in the numbers of the incarcerated, a trend evident in a growing number of countries. The United States is the most dramatic case and in that regard (again) tells us how bad it can get. The imprisoned population in the United States has increased 600 percent in the past four decades. The 2.3 million prisoners in the United States account for 25 percent of those incarcerated globally, giving the United States the largest single imprisoned population in the world. Second is the sharp growth globally in those under some form of protracted correctional supervision. In the United States alone, an additional 5 million people are currently on probation or parole, which means they are effectively second-class citizens, not easily hired for a job or able to get housing. Third is the growth in the privatization of prisons and prison services, most developed in the United States but taking hold in more and more countries. The privatizing of prison services is taking place in fields as diverse as policing, courts, community supervision (electronic monitoring), parole, probation, and halfway houses for those who obtain early release from prison.

On each of these trends, global statistics are uneven in their criteria and coverage. Measures of the world's prison population often leave out those who are on parole or other such forms of carceral

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surveillance. In its many guises, carceral surveillance outside the prison setting is becoming a significant mechanism for social exclusion, which at the limit can become yet another mechanism for expulsion. It is difficult to measure in most countries, let alone on a global scale. Similarly, the global rise of privatization across the many facets of the global carceral assemblage, from prisons to prison services, is also difficult to track. Current data on private prison facilities center on the United States as the pioneering country in this development, followed by a mix of countries with diverse initiatives at different stages of development, including Mexico, New Zealand, Peru, South Africa, and the United Kingdom.[50]

To gain a handle on this emergent condition of expulsion through imprisonment, I begin by analyzing U.S. incarceration in the global context, then move to a detailed analysis of the rise of prison privatization in the past four decades.

U.S. Incarceration in Global Context

At present, 1 in 100 Americans is incarcerated in a U.S. state or federal prison or detained in a local jail awaiting trial.[51] When those on probation or on parole are added, the total figure tops 7 million people—1 in 31 Americans. And if all people with an arrest or conviction record are counted, the number reaches 65 million people—1 in 4 Americans. That the United States criminal justice system now touches overall 25 percent of the population is quite extreme compared with most Global North countries. If there was ever an argument to be made for American exceptionalism, the mushrooming state and private corporate prison complex would likely be the proof. Not only does the United States lead the globe in incarceration rates, but the state of Louisiana has become the world's prison capital, with 1 in 55 Louisianans currently living behind bars.

A state-by-state analysis of incarceration rates in the United States makes it clear that the carceral boom is far from uniform; this also points to the need for finer politico-legal differentiations

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inside countries in country-by-country analyses across the globe. While the southern states of Louisiana, Mississippi, Oklahoma, Alabama, and Texas lead the nation in residents on lockdown, the New England states of New Hampshire, Massachusetts, Rhode Island, and Maine bring up the rear. States with high incarceration levels are frequently represented as suffering from a regional proclivity toward criminality. Rather, what those states have in common are administrative rules and practices such as protracted pretrial detention, harsh sentencing laws, and minimal opportunities for pre-release. High-incarceration states also share another feature: the proliferation of for-profit prisons and for-profit prison services.

To this list of variables that are part of how a criminal justice system is organized and run, the International Centre for Prison Studies adds several others to establish the specificity of the United States carceral state in global perspective. According to the ninth edition of "World Prison Population List," released in 2011, it is estimated that more than 10.1 million people are held in penal institutions throughout the world, mostly as pretrial detainees/remand prisoners or as sentenced prisoners.[52] This figure excludes seven countries for which data were not available. Note that the 2011 report does not control for differences in carceral practices among countries, which can make a sharp difference in the overall data. Among variables not included is whether all pre-trial detainees and juveniles are held under the authority of the prison administration and whether prisons are used to house people with mental illnesses and/or those detained for drug and alcohol addiction. Moreover, those held in a form of custody not under the authority of the prison administration—for example, the 5 million people in the United States who are on probation or parole—are generally excluded from the official national prison totals.

Despite such discrepancies, the International Centre for Prison Studies draws several key conclusions in its analysis of global prison population trends. One is that "almost half of [those held] are in the

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United States (2.29m), Russia (.81m), and China (1.65m sentenced prisoners)," with another 650,000 in detention centers in China. Figure 1.22 shows the steady growth of state and federal prisoners in private facilities from 2000 to 2010.

It is more challenging to estimate a global equivalent to the United States number of 7 million Americans under some form of correctional supervision (jail, prison, probation, parole). Parole is not widely used in much of the world; it remains a judicial practice primarily of wealthy Western countries. On the other hand, poor countries tend to have vastly more people detained while awaiting trial. In 2008, The International Centre for Prison Studies conducted a global analysis of pretrial detainees and other remand prisoners in all five continents, estimating that as many as 2.5 million people worldwide were incarcerated while awaiting trial. In Liberia, Mali, Haiti, Andorra, Niger, and Bolivia, 75 percent or more of the *total* prison population is awaiting trial. In 2008, the Open Society Foundation launched a global pretrial campaign as part of their initiative on

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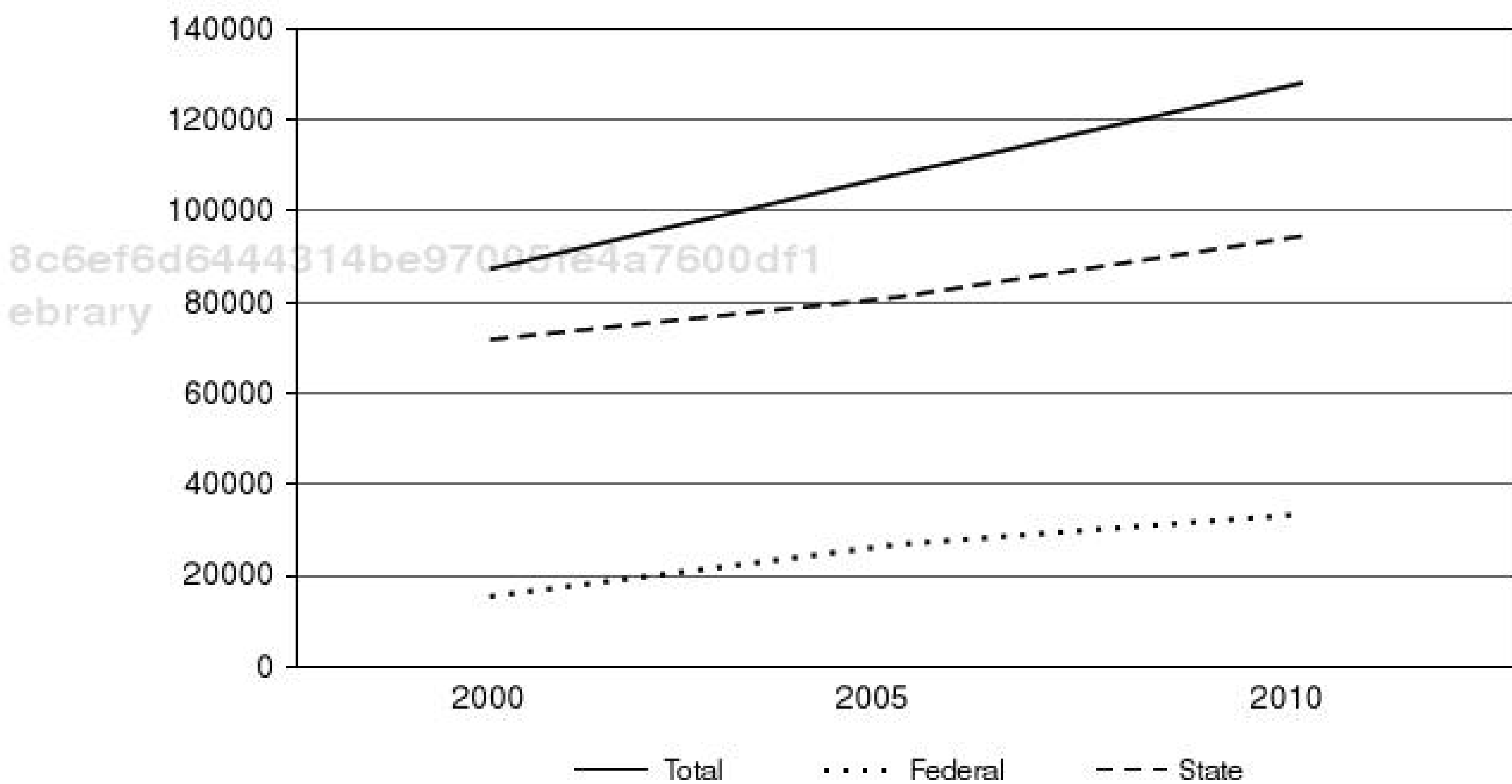

FIGURE 1.22 U.S. State and Federal Prisoners in Private Facilities, 2000–2010

Data source: Guerino, Harrison, and Sabol 2012, appendix table 19.

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rights and justice. By their estimates, approximately 3 million people are behind bars awaiting trial on a given day in our world, and the annual estimate is 10 million unduplicated individuals.[53]

Private Prisons

The proliferation of for-profit prisons and for-profit prison services that undergirds big carceral systems in the United States serves as a window on what is actually involved in such a system.[54]

In the case of the United States, historians often trace the *concept* of private prisons to the convict leasing system that emerged in tandem with the Black Codes after the abolition of slavery in the United States. But the rise of discrete, privately operated correctional facilities is decidedly a twentieth-century development. As early as the 1970s, private companies began to take over the operation of halfway houses in the United States at a time of rapidly rising incarceration rates due to drug-related convictions; public facilities could not handle the added numbers. In the 1980s, private corporations further encroached "on the 'soft' end of the correctional continuum" by contracting with the Immigration and Naturalization Service (INS) to detain undocumented immigrants.

In 1984, the Corrections Corporation of American (CCA) became the first for-profit prison company to win a contract to run an entire prison facility, in Hamilton County, Tennessee. Some years later, the Wackenhut Corrections Corporation (now GEO Group) was set up. By the 1990s, both CCA and Wackenhut had set their sights overseas, striving to influence government policy and/or gain prison contracts in the United Kingdom, Australia, and France. A 2001 U.S. Department of Justice report estimated that there were 184 privately operated correctional facilities worldwide, which held a total of 132,346 people in custody. Of these, 158 were in the United States. These were distributed across thirty states, Puerto Rico, and the District of Columbia, but concentrated in the southern and western regions of

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the country. The remaining twenty-six facilities out of the total 184, included ten in the United Kingdom and twelve in Australia.

Private prisons continued to proliferate throughout the first decade of the twenty-first century in the United States, at rates roughly proportional to the overall growth in the U.S. prison population (see Figure 1.22). By year-end 2010, private facilities in the United States housed 128,195 state and federal prisoners. About 16 percent of United States federal prisoners (33,830) and nearly 7 percent of state prisoners (94,365) were housed in private facilities on December 31, 2010. Table 1.9 provides a regional breakdown of state and federal prisoners held in private prisons in 2000, 2009, and 2010. By 2010, thirty states in the United States had some level of privatization, with seven states housing more than a quarter of their incarcerated in private prisons.

By 2005 prison privatization, often in the form of emergent public-private partnerships, was present on all continents, even if not comparable to the U.S. level.[55] Laura McTighe analyzed a series of briefings on prison privatization released by the Public Services International Research Unit and found the following patterns and conditions in the year 2005:

- In Europe, the countries that made decisions regarding private prisons or private sector involvement in prisons were Belgium, the Czech Republic, France, Germany, Hungary, Ireland, and the United Kingdom. France's famed thirty-facility public-private prison partnership provided the blueprint for the country's expansion into for-profit juvenile detention. The United Kingdom continued to extend the role of the private sector in its carceral system, including a new privatized electronic monitoring program; this expansion proceeded in the face of increased media attention focused on deplorable conditions in private facilities. Hungary started construction of a 700-bed private prison and planned a second to open in 2007, and the Czech Republic

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TABLE 1.9: U.S. State and Federal Prisoners in Private Facilities, by Region and States with Largest Populations in Private Prison, 2000–2010

Region	2000	2009	2010	% all prisoners (2010)
U.S. total	87,369	129,333	128,195	8.0
Federal	15,524	34,087	33,830	16.1
State	71,845	95,246	94,365	6.7
Northeast	2,509	5,423	5,301	3.0
New Jersey	2,498	2,950	2,841	11.4
Pennsylvania	0	920	1,015	2.0
Midwest	7,836	4,895	5,885	2.2
Indiana	991	2,479	2,817	10.1
Ohio	1,918	2,195	3,038	5.9
South	45,560	58,737	60,491	9.2
Florida	3,912	9,812	11,796	11.3
Texas	13,985	19,207	19,155	11.0
West	15,940	26,191	22,688	7.3
Arizona	1,430	8,971	5,356	13.3
New Mexico	2,155	2,822	2,905	43.6

Data source: National Prisoner Statistics Program 2013.

planned its first private prison. Ireland drew up plans for its first private prison, opened nine private courts, privatized its electronic monitoring, and converted two empty prisons into for-profit halfway houses. In Germany, the British company Serco was awarded a five-year contract to provide psychological, medical, and educational services; video surveillance, kitchens, workshops, and facility management services; and industrial work for 300 prisoners in conjunction with other companies. Greece rounded out the list with a year-end opening of six new prisons and passage of a new law that provided the framework for future public-private partnerships.

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- In Asia and the Pacific, the countries that were developing private prisons in 2005 were Israel, Thailand, Russia, and Hong Kong. Israel awarded its first prison contract. Thailand conducted a substantial feasibility study on prison privatization. Russia's economy ministry was considering private prison construction as a solution to the $9 billion estimated cost to modernize its existing penitentiary system. Members of Hong Kong's Special Administrative Region government made a trip to the United Kingdom to study its public-private partnership prison projects.
- In Africa, South Africa ended the year with its two private prisons running strong and four new facilities under construction. The leadership of the New Partnership for Africa's Development, an economic development program run by the African Union, increasingly looked to South Africa as a model for private-sector financing of prisons and other ailing public services.
- In the Australia and Oceania region, the American company GEO Group lost its only prison contract in New Zealand and was increasingly under investigation surrounding correctional issues in Australia. But by the end of the year Australia had not only privatized the New South Wales government's police stations but also welcomed a new private prison lobbying group on the national scene.
- In South America, Ecuador's interior minister advocated the expedited expansion of prison privatization, while a constitutional court thwarted Costa Rica's attempt to award a private prison contract to a Utah-based company.
- In North America, Canada made a major step toward privatization when it contracted prison monitoring out to a for-profit corporation.

This one-year snapshot of global private prison expansion is instructive for several reasons. While much research has been conducted

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on prison privatization in the United States, for-profit prisons had become a decidedly global phenomenon by the turn of the twenty-first century. Many of the corporations that led the U.S. privatization boom earned as much as 20 percent of their profits from overseas prison contracts. Furthermore, this global snapshot helps to illuminate the legal and legislative mechanisms through which privatization was often introduced, and the wide variety of prison settings in which private financing was able to flourish. Thus analyses of worldwide private prisons that focus solely on prisons holding sentenced adults and pre-trial detainees can miss key developments. Among such developments are, for instance, the expansion of privatization into juvenile detention facilities in France, halfway houses in Ireland, and electronic monitoring programs in the United Kingdom and Canada. Beyond such dedicated for-profit facilities and correctional supervision strategies, carceral systems also saw the rise of prisons that outsourced to for-profit companies services such as health care, education, food, and transportation, as was the case in Germany. The evolution from public to private prisons was often initiated through parliamentary debates and legislation; this was the case in Greece, Russia, Hong Kong, and Ecuador. Finally, lobbying efforts by private prison companies often served to expand privatization even (and especially) in the face of media and independent monitoring evidence of the failures of private prisons, as was the case in Australia.

Private prisons and prison services corporations in the United States pursue their goals as a regular private firm might (see Figure 1.23). Campaign contributions in the 2000s by two major corporations had reached several million dollars by the 2010 election cycle in Washington, DC (see Figure 1.23) and even more at the state level. In economies where privatization has been seen as efficient the argument for private prisons is easy to make. Yet prisons are not just any way of making profits.[56] Profits come from filling beds and selling state prison services. Indeed, there is evidence of bribes to keep prison beds full and profits up. In what is probably an extreme case, the Penn-

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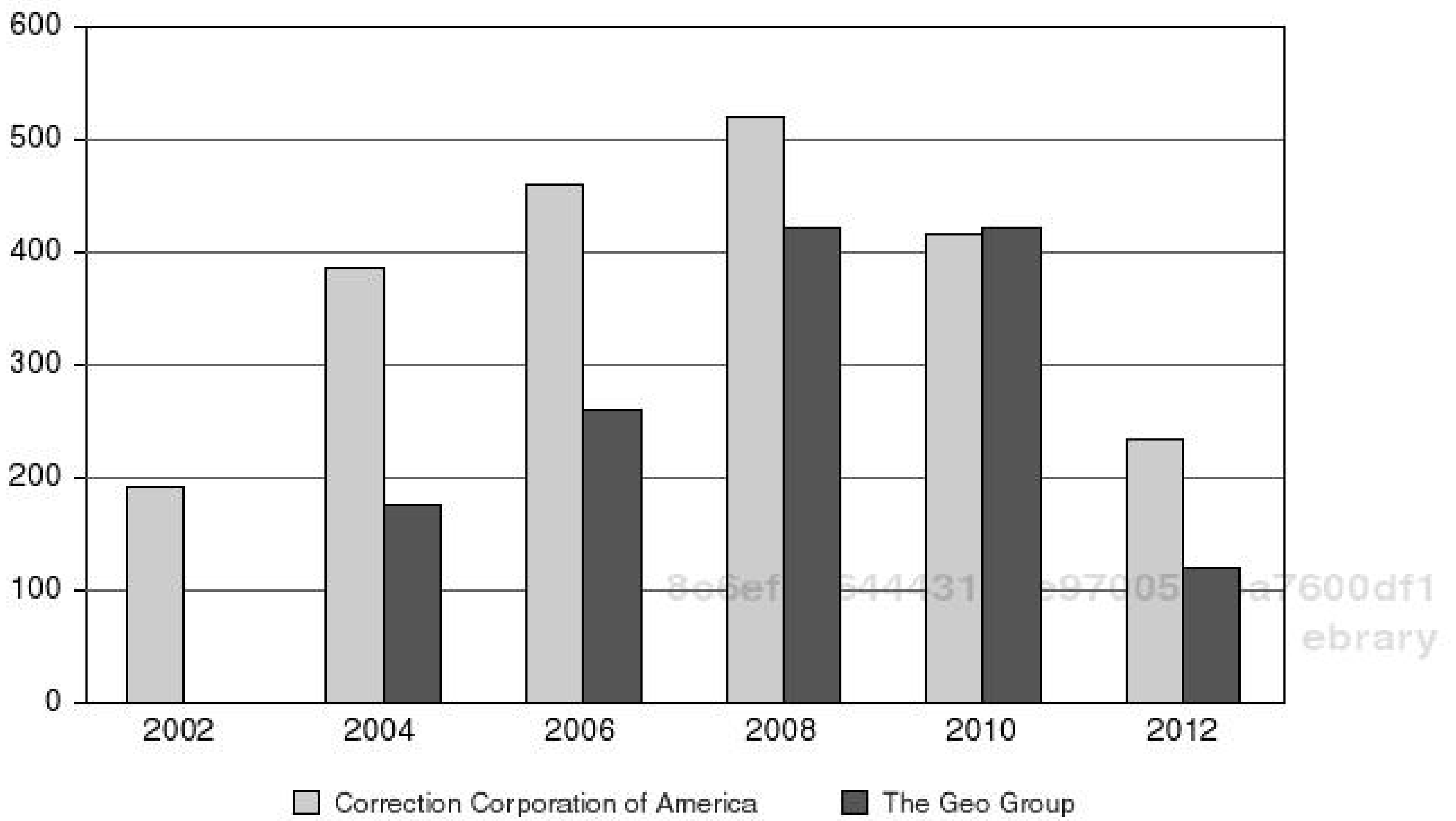

FIGURE 1.23 Washington Campaign Contributions (in thousands of dollars), 2002–2012

Source: Kirkham 2012.

sylvania Supreme Court in 2011 overturned about 4,000 convictions issued by Judge Mark Ciavarella, dubbed the "kids-for-cash" judge after he accepted $1 million in bribes from developers of privatized juvenile detention centers and then presided over trials that sent youth to those same centers.[57] There are multiple instances across the United States, albeit in milder versions, of this push to keep prison beds occupied: the rise in longer sentences even for minor offenses, three-strikes-and-you're-out legislation (whereby a third felony conviction mandates life imprisonment), the greater likelihood that even the very elderly and impaired are being kept in prison. Together these and other measures result in an expanding prison population that generates a greater demand for prison beds; directly or indirectly, this generates a greater demand for private prisons and prison services. Despite such gross miscarriages of justice, the myth that privatization decreases costs and increases safety has remained largely untouched.

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Beyond the privatization of prisons, jails, juvenile facilities, halfway houses, electronic monitoring programs, and in-prison services, many transnational corporations have set up satellite factories inside prisons. This is often facilitated by for-profit prison contracts, as was the case in Germany when the British company Serco took over the majority of operations. Throughout the Federal Bureau of Prisons in the United States, all sentenced prisoners are required to work so long as they are medically able. Institution assignments vary, and wages are a meager 12¢ to 40¢ per hour. Those employed in Federal Prison Industries make slightly more for the metals, furniture, electronics, textiles, and graphic arts they are required to produce; pay ranges from 23¢ to $1.15 per hour, of which up to 50 percent can be garnished to cover court-ordered fines, victim restitution, child support, and other monetary judgments.[58] Federal Prison Industries is a U.S. government-owned corporation created in 1934 to provide job skills training to federal prisoners, who work for the federal government; it is a very different arrangement from that used by corporations who use prison labor. Private corporations can benefit from such low-wage labor in several ways: (1) from directly using prisoner labor for manufacturing and service jobs, (2) by contracting with other companies to purchase products or services made by prisoners, and (3) by investing in the private prison corporations responsible for the ever-expanding global correctional system. Available evidence suggests that the majority of corporations profiting from prison labor, including Chevron, Bank of America, AT&T, Starbucks, and Walmart, fall into the second mode.

In prisons and jails across the United States, increasingly the commodity being bought and sold is prisoners themselves. This has been facilitated by a shift in the way that prisons are funded by the government: from cost reimbursement to fixed-rate per diem systems, whereby a prison receives a flat fee per incarcerated person per day. Recently, several state prison systems have transitioned

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from cost reimbursement to per diem systems for their entire facilities. The practice is also starting to extend to local jails: New Orleans became the first major U.S. city to finance its local jail through a per diem system.

Until the 1880s, the Department of the Interior and its U.S. Marshals Service were responsible for federal prisoners at facilities across the United States, including local jails. Historically, the U.S. Marshals Service housed federal prisoners at facilities across the United States, including local jails. Per diem funding dates back to that time, when the federal government began to "rent" beds in state prisons and local jails for housing those serving federal time. However these federal prisoners were by far the exception. This is an important point to underscore if we are to understand why mass incarceration has become such a powerful vehicle of expulsion under our current phase of advanced capitalism.

This may seem like little more than a logistical change in the way that prison operators are reimbursed by the state or local municipality. In practice, however, reimbursement for incarcerated bodies rather than actual prison operating costs has created a perverse incentive to lock up more people for longer periods of time at taxpayers' expense. If a person is held in custody for even twenty-five hours, a prison or local sheriff's office is reimbursed for two days. After basic operating costs are covered, anything left over is profit for the sheriff. (In contrast, one might posit that if the bottom line is operating costs, it would seem that fewer prisoners for less time is the ideal, and it would mean using less of the taxpayers' money.) The capacity for profit generation through the warehousing of incarcerated people has been leveraged in critical ways outside of the dynamics of prison privatization discussed thus far. For example, it has now been well documented that sheriffs in rural Louisiana parishes trade prisoners among facilities to keep all beds full and, thus, reimbursement rates at the highest possible amount.

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Conclusion: Predatory Formations

A long chapter with many diverse strands deserves a short and sharp conclusion. There is one organizing proposition across all these diverse strands: since the 1980s, there has been a strengthening of dynamics that expel people from the economy and from society, and these dynamics are now hardwired into the normal functioning of these spheres. One outcome is the shrinking of the recognized economy—recognized in standard measures. I see this as a rupture with the preceding period—the Keynesian period in some parts of the world, and, with its own modes, the working communist state period in others. In both these types of political economy the systemic tendency was toward incorporating people, especially as workers, notwithstanding social exclusions of all sorts. In this sense they contrast with the expulsion dynamics I see as prevailing in the current post-1980s period across diverse types of political economies (though this chapter has largely focused on political economies in the Global North; Chapter 2 will concentrate on the Global South).

Getting at those expulsions meant getting at a mix of very diverse conditions and local specifics—in short, getting to ground level. To do this I used established data sets, albeit to explore an idea that is far from established. In the established data, each condition is specific to a country and a sector, and each has been researched and conceptualized on its own terms. And yet at ground level, a level not intermediated by the specifics of nation and sector, each of the examined conditions contains within it an expulsion dynamic—marked by extremes in unemployment, poverty, suicide, displacement from home and land, incarceration, or suicide.

Beyond the empirics of each condition, the second strand organizing the chapter is the need to conceptualize these diverse conditions inside countries and across countries in ways that make visi-

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ble deeper shared dynamics across sectors and countries. A prison in the Global North is not the same entity as a displaced-persons camp in the Global South. The "long-term unemployed" and small business bankruptcies in each Greece, Italy, and India are not the same as the "excess suicides" in each country. The emigration of Spain's middle-class citizens because they have been expelled from the prosperity zone of their country's economy is not the same event as smallholder farmers migrating to urban slums because they have been expelled from their land. Each one of these cases is specific, and each one has been researched and conceptualized on its own terms via the existing data. In this chapter I have sought to capture the fact itself of this mix of local events and situated meanings. And yet, at ground level, not intermediated by the specifics of country and sector, they all go in one direction—toward pushing people out.

I conceive of the mix of elements that generates each of the particular expulsions examined in this chapter as a kind of predatory formation. That is to say, these expulsions are not simply the result of an individual's, a firm's, or a government's decision or action. Yes, such decisions and actions matter, but they are part of larger assemblages of elements, conditions, and mutually reinforcing dynamics. Suicide is a very personal decision, but the demographic concept of "excess suicides" in specific places and situations is partly a function of a larger assemblage of conditions. European Central Bank and IMF officials have made the decision to insist on government debt reduction via cuts in basic services and the jobs of mostly modest-salaried government employees. Yet we cannot simply say that the IMF and the bank are guilty of the extreme outcomes discussed in this chapter; the decisions of these powerful actors are part of a larger assemblage of institutional changes implemented in the name of the "proper way of running an economy," an idea that goes back to the 1980s and has now spread worldwide. Similarly, each of the cases discussed in this chapter arises partly out of the application of complex knowledges and the deployment of complex technologies.

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Yet we cannot simply say that such knowledges and technologies are the cause of the extreme outcomes analyzed here.

There is a kind of systemic logic at work in each of these predatory formations. It is this logic that led me to the notion of a formation rather than simply a collection of powerful individuals and firms that make decisions with major consequences for people and places worldwide. At the heart of this logic is a distortion when compared to the prior period—that of rising welfare states in many market economies as well in many communist countries.

Perhaps this systemic logic is clearest in the case of private prisons and, as I examine in Chapter 2, land grabs. Profit-driven private prisons are not the same as government prisons. Strictly speaking, the latter are part of a government's larger obligation to protect its citizens from genuinely dangerous individuals. Since it is meant to be a public good financed through citizens' taxes, the goal of a government prison is to imprison those who are a danger and only for as long as is necessary: citizens' taxes should not be used on frivolous imprisonment and unnecessarily long terms (though in practice, the right balance among these imperatives—protecting citizens and using citizens' taxes wisely—is rarely fully achieved). When prisons become a corporate business whose logic is not unlike the logic of a motel owner—fill those beds—the goals are opposite from those of government prisons: to imprison more people and to keep them there for longer periods. As I examined in this chapter, the proliferation of private for-profit prisons has coincided with far longer sentences for trivial acts and a further increase in the rate of incarceration. There are decision makers at each step of the process, but they are caught in a sticky web of systemic logics. Finally, the profits of private prisons are represented as a positive addition to a country's GDP even as they are a government cost; in contrast, government-run prisons are only represented as government debt.

It is this type of predatory logic embedded in an assemblage of diverse elements, each only a bit of a larger formal institutional

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domain, that marks much of our current period. In Chapter 2 I focus on yet another such systemic logic: when a corporation or a foreign government acquires a large tract of land to grow palm to make biofuels, it expels whole floras and faunas, small farmers, rural manufacturing setups, and more. But it all translates into a rise in corporate profits and an increase in a country's GDP. Each of the predatory formations discussed in this book also tells us something about the larger challenge we confront—one that goes beyond powerful individuals and institutions.

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CHAPTER 2

The New Global Market for Land

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The acquisition of local land by foreign governments and foreign firms is a centuries-old process in much of the world. But we can detect specific phases in the diverse histories and geographies of such acquisitions. A major such shift began in 2006, marked by a rapid increase in the volume and geographical spread of foreign acquisitions, as well as the diversity of the buyers. More than 200 million hectares of land are estimated to have been acquired from 2006 to 2011 by foreign governments and firms. Much of the purchased land is in Africa, but a growing share is now in Latin America and, a first since the post–World War II era, in several countries in Europe and Asia, notably Russia, Ukraine, Laos, and Vietnam. Finally the buyers are increasingly diverse, including purchasers from countries of origin that range from China to Sweden, and firms from sectors as different as biotechnology and finance.

What matters for my analysis is this extremely sharp change in the total level and geographical range of foreign land acquisitions. It represents a break in a long-term trend and thereby becomes an indicator of a larger systemic shift, one that goes beyond the old, established patterns of acquisition. Two significant factors contribute to this sharp increase in acquisitions. One is the growing demand for industrial crops, notably palm for biofuels, and for food crops, the latter still coming largely from the states of the Persian

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Gulf and from China. The second is that growing demand for land and the sharp rise in global food prices in the 2000s made land a desirable investment, even for speculative reasons. It is now public knowledge that the major banks were already concerned in 2006 about signs of the extraordinary financial crisis that was about to break. It is no coincidence that land then surged as a destination for investment capital, both because of its materiality (the thing itself, rather than a derivative representing land) and as a means of access to an expanding range of commodities (food, industrial crops, rare earth minerals, and water).

The acquisition of foreign land is not a lone-wolf event. It requires, and in turn stimulates, the making of a vast global market for land. It entails the development of an also vast specialized servicing infrastructure to enable sales and acquisitions, secure property or leasing rights, develop appropriate legal instruments, and even push for the making of new law to accommodate such purchases in a sovereign country. This is an infrastructure that goes well beyond supporting the mere act of purchasing. It not only facilitates but also stimulates further foreign acquisitions of land. This increasingly sophisticated specialized service sector invents new types of contracts and forms of ownership, and creates innovative accounting, legal, and insurance instruments.[1] As it develops, this specialized sector, in turn, depends on further acquisitions of foreign land as a source of profits. We see the beginnings of a large-scale commodification of land, which may in turn lead to the financializing of the commodity we still call, simply, land.

The scale of land acquisitions leaves a large global footprint. It is marked by a vast number of microexpulsions of small farmers and villages, and by rising levels of toxicity in the land and water surrounding the plantations constructed on the acquired land. There are growing numbers of displaced people, rural migrants moving to slums in cities, destroyed villages and smallholder economies, and, in the long run, much dead land. What actually happens when a

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new owner/leaser, whether national or foreign, has acquired 2.8 million hectares of land to grow palm for biofuels? Mostly, dozens of villages, whole smallholder agriculture districts, and whole manufacturing operations in these rural regions are expelled from the land. Some may receive compensation and some may be resettled in equivalent terrain. But generally speaking, the losses are far larger than the compensations. Finally, flora and fauna are expelled to make room for monocultures. All this brings degradation of the land and the earth itself, through loss of diversity of nutrients and of insect life. After a few decades, the land will be exhausted, clinically dead, as we have seen in older plantation zones in Central America, the Caribbean, and parts of Africa. In the very long term the land may recover, but the descendants of the expelled farmers and rural manufacturers will most likely not benefit, and instead find themselves living in crammed slums at the edges of large cities.

Let me emphasize that this trajectory has become the norm, regardless of who is purchasing land and where. Millions of Brazilian smallholders have been expelled from their farmland, which has been taken over by vast soya plantations that produce for export. The developers may be national or foreign corporations and individuals. One outcome has been hunger in areas where there used to be little if any hunger even if they were poor: soya has replaced black beans, which were a source of income and food for poor farmers. And many of them have had no option other than to migrate to the slums of large cities. The new hunger is further accentuated by the toxicity that large plantations bring to the surrounding area, making it difficult for the households of plantation workers to use their small plots to grow food.

The actual material practices that underlie these large-scale foreign acquisitions vary enormously. I am interested in these material practices, which transform sovereign national territory into a far more elementary condition—land for usufruct. This process, at least indirectly, degrades the governments that sold and leased the

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land. The eviction of farmers and craftspeople, villages, rural manufacturing districts, and districts of agricultural smallholders similarly degrades the meaning of citizenship for local people. And when the mines and plantations occupy land where there are no people, they degrade water and earth. Such material practices reconstitute territory in vast stretches of the nation-state: territory becomes merely land in the case of plantations and dead land in the case of mines.

These are accelerated histories and geographies in the making. Right now we know that many millions of people are dramatically affected by the scale of these processes. The fact that the vast majority of acquisitions since 2006 have been by foreign governments and firms may or may not prove decisive for the people of those areas. Sometimes host governments have agreed to these deals for the benefit of local elites; other times they have simply succumbed to pressures and commissions. Researchers can find it easier to track foreign rather than national acquisitions of land, as information about the former is more likely to be in the public domain. But large-scale national acquisitions are also happening, with implications similar to those I discuss for foreign acquisitions. The critical dimension explored in this chapter is the empirical one: the scale, geography, purpose, and diversity of foreign acquisitions.

This empirical examination aims at laying down the facts in order to signal the devastating consequences that rural populations and rural land may face. Given the recency of this new wave of acquisitions, we do not yet fully know the consequences for all the people and the land caught up in this vortex of large-scale acquisitions. But we do know enough to be worried.

Debt as a Disciplining Regime: Preparing the Ground for Land Acquisitions

Today's large-scale acquisitions of foreign land are enabled by the explicit aims and unplanned consequences of the IMF and World

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Bank restructuring programs implemented in much of the Global South in the 1980s. To this we can add the demands of the World Trade Organization (WTO) in the 1990s and into the 2000s to lift import-export barriers in the name of "free trade." The resulting mix of constraints and demands had the effect of disciplining governments not yet fully integrated into the regime of free trade and open borders pursued mostly by large firms and the governments of dominant countries.

The aim was compliance with what was then an emerging body of rules and conditionalities that eventually were represented as self-evident norms for the proper governing of an economy if a country was to have growth and prosperity. Among the better-known of these quasi-norms were the control of inflation even if it meant sacrificing economic growth and employment, reduction of apparent government waste at just about any cost; payment of debt even if it meant cutting social benefits, health care, and infrastructure development; and privatization of all the basic service functions, from telecommunications to banking.[2] These norms, imposed on Global South countries through IMF and World Bank restructuring programs beginning in the 1980s, resonate with what today goes under the name of "austerity" in Europe.

In my reading, then, it is not merely the fact that governments of poor countries are burdened with debt repayment that creates suffering, as much well-meaning discussion of the Global South and the eurozone describes. What also matters is the larger assemblage of elements within which debt functions and which the dynamics of debt helped constitute. Let me bring in the qualifiers later and for now put it brutally for the sake of clarity. Even if privatization and the lifting of trade barriers are not by themselves destructive forces, they tend to become so in the context of weak governments weighed down by costly debt restructuring programs. Indeed, they have become mechanisms for the direct and indirect destabilizing of a large number of governments in the Global South. For instance, many

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national manufacturing and consumer services firms have gone under because they could not compete with cheap mass imports by global firms. In short, these diverse programs had the effect of reconditioning national sovereign frameworks in ways that enabled the insertion of national territory into the new or emerging global corporate circuits. Once there, territory became land for sale on the global market.

My core conceptual move here is to see these programs of the 1980s and onward as regimes of discipline. These regimes aimed at a major restructuring of the role of government and at making the executive branch of government beholden to powerful international organizations such as the IMF, the World Bank, and the WTO. These regimes do not exist simply to push for repayment of debt and a few policy changes, though perhaps the work of the IMF and the WTO did, decades ago, begin with such limited goals. Nor have the IMF, World Bank, and WTO programs in the Global South succeeded in what they presented as necessary policies to achieve economic growth. Where followed, their advice has not delivered either economic development or strong democratic government. The effect in most of the program countries was, rather, a massive increase in indebtedness to foreign lenders and a sharp shrinkage in government funds for education, health, and infrastructure. Nor did the private economic sector fare well: there were widespread bankruptcies among local enterprises after the entry of well-capitalized foreign mass-market firms. Indeed, the IMF has had to face up to this by implementing special debt relief programs for the forty-one so-called HIPCs (highly indebted poor countries).

The language of failed states, the most common way to describe these weakened, often devastated nation-states, leaves out many of the negative effects that key actors of the international governance system, notably the IMF and the WTO, have had on program countries. Such language represents these states' decay as endogenous, a function of their own weaknesses and corruptions. These states are

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indeed mostly weak, corrupt, and uncaring about the well-being of their citizens. But it is important to remember that it often is and was the vested interests of foreign governments and firms that enabled the corruption and weakening of these states. And good leaders who resisted Western interests did not always survive; consider, notably, the now-recognized murder of the Congolese leader Patrice Lumumba by the United States government. Further, the extensive land acquisitions now under way, with the expulsions of small farmers and poisoning of land they are causing, cannot be understood simply as a consequence of the corruption of host states.

IMF and World Bank restructuring programs prepared the ground for the systemic deepening of advanced capitalism. This is not a novel point, and while I agree with the well-known critiques of these programs, my focus here is on something that has received less attention: detecting how those restructuring programs partly enabled the ease with which foreign buyers can purchase land in many of the countries subjected to such programs, and the ease with which governments are willing to allow those acquisitions. Greed and money are not enough to explain the outcome. Further, notwithstanding the similarities to older imperial epochs, there is now clear treaty law that asserts the authority of all national states over their territory. As a result, it is actually not so simple for a government to acquire vast stretches of land in a foreign country, nor for a government to sell or lease its land to a foreign government. Enablements, which include corruption and a government's overwhelming foreign debt, can play a role in the negotiation. But so can innovative lawyering, accounting, and business deal-making.

There are (at least) two vectors through which we can identify the bridge between restructuring programs and today's massive land acquisitions. One is the debt regime as a factor that helps weaken and impoverish national governments in much of the Global South. This in turn has often been a factor in governments' extreme corruption and disregard for the nation's well-being, especially in

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underdeveloped but resource-rich countries. It can also be a factor in a government's willingness to sell vast amounts of land and expel whole villages from their land to do so. The other vector is the debt regime: it can function as a strong and "legitimate" point of entry into a sovereign nation-state; what was once open access to the economies of Global South countries for the IMF and World Bank seems to have eventually been extended to foreign governments and firms. The debt regime, in turn enabled extensive fiscal disciplining and prioritized the payment of foreign debt over national priorities such as education and economic development. To put it bluntly, it is easier for rich foreign governments and investors to acquire vast stretches of land in sub-Saharan Africa and parts of Latin America and Asia if their dealings are with weakened and/or corrupt governments and local elites, with little if any voice and political representation left for the population.

This is not to argue that rich countries, global firms, and international organizations have long conspired to weaken poor countries specifically to enable purchases of land. I am extracting the older history alluded to earlier in this chapter, which begins in the 1980s with restructuring programs, and arguing that it weakened and impoverished those national governments. As I will discuss later, many of these countries had developed both mass manufacturing and a middle class employed in government bureaucracies; for instance, Mogadishu, Somalia, was a middle-class city, with a large educated workforce and a prosperous working class. When national debt exploded in the 1980s in much of sub-Saharan Africa, partly due to the recycling of so-called post-1973 OPEC dollars, much of this progress was thwarted. Key reasons were the imposition of debt repayment priorities and the opening of markets to powerful foreign firms. This weakened the state, thereby impoverishing the middle classes, and it destroyed the indigenous manufacturing sector, which could not compete with large mass-market foreign firms. A downward cycle was put in motion that in turn enabled the much

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later large-scale acquisition of land by foreign governments and firms.

One way of reading this earlier history in the Global South is to see it as an antecedent of what has begun to crawl into the Global North through the venue of state deficits as those deficits began to rise sharply over the last few years.[3] A key component of these rising deficits among Global North governments is the falling share of corporate taxes in total state tax revenue; to this we can add in some countries, massive transfers of state tax revenue to fund bail-outs or cheap money for banks. The growing dependence of states on individual tax payments makes the state even more vulnerable given a financial crisis with massive repercussions on the economy, notably a sharp rise in unemployment. Add to this the bankruptcies of growing numbers of small enterprises, often family-owned, which are unlikely to use tax havens, and states experience an additional loss of revenue. These losses proceed alongside the sharp rise in corporate profits—public resources decline and private resources grow, as examined in Chapter 1. Under its own specific modalities, the Global North experiences an asymmetry between the fortunes of governments and major firms similar to what I examine here for the Global South. In the Global South this facilitated, among other things, the concentration of benefits at the top (including the upper levels of the middle class), thinned out the modest middle classes, and sharpened the meaning of poverty. This looks remarkably similar to the major trends in Greece today, even though Greece's wealthy elites mostly do not live in that country, unlike what is the case in Angola and Nigeria, for instance. The structural adjustment programs imposed on Global South countries echo the austerity politics of the Global North, not just in Greece but also in countries as diverse as the United States and the Netherlands.

Debt and debt-servicing problems have long been a systemic feature of the developing world. But the particular features of debt negotiated by the IMF, rather than the fact of debt per se, are what

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concern me here: this was not just about debt, but rather about using the issue of debt to reorganize a political economy. The second feature that concerns me is how the gradual destruction of traditional economies in rural areas prepared the ground, literally, for some of the new needs of advanced capitalism, notably land for plantation agriculture and for access to water, metals, and minerals. While the pursuit of these needs is familiar and has happened before, my argument is that they are now part of a new organizing logic that changes their valence and their macro-level effects. This notion or proposition is based on a methodological and interpretation practice I develop at length elsewhere.[4]

With few exceptions, poor countries subjected to the restructuring regime that began in the 1980s now have larger shares of their populations that are in desperate poverty and are less likely to enter the "modern" economy via consumption than they did even twenty years ago, a dynamic that parallels certain developments in the Global North (see Chapter 1). When this new era began in the 1980s, many sub-Saharan countries had functioning health and education systems and economies, and less absolute destitution than today. Also, resource-rich countries have seen more of their people become destitute and expelled from basic survival systems because of those resources, even as another part of their population becomes a rich middle class, also because of those resources; Nigeria and Angola are probably the most familiar cases of this common pattern in the current decade. The dominant dynamic at work for these populations is, to a good extent, the opposite of the old Keynesian dynamic of valuing people as workers and as consumers. Expulsions from home, land, and job have also had the effect of giving expanded operational space to criminal networks and to the trafficking of people, as well as greater access to land and underground water resources to foreign buyers, whether firms or governments. Systemically, the role of rich donor countries has also shifted: overall they give less in foreign aid for

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development than they did thirty years ago. As a result, in many cases the remittances sent by low-income immigrants to countries of origin are now larger than foreign aid to those countries. Further, since the late 1990s an increasing share of foreign aid comes through NGOs and philanthropic organizations, further marginalizing many a government's role in development. One extreme outcome is the de facto downgrading of governments to the status of predatory elites.

These systemic shifts contribute to explain a complex difference that can be captured in a set of simple numbers. Generally, the IMF asked poor program countries in the 1980s and 1990s to pay 20 to 25 percent of their export earnings toward debt service. In contrast, in 1953, the Allies cancelled 80 percent of Germany's war debt and only insisted on 3 to 5 percent of export earnings for debt service. They asked 8 percent from central European countries in the 1990s. Against these past levels, the debt service burdens on poor countries beginning in the 1980s are extreme. It does suggest that the earlier aim of policy for Europe—first Germany after World War II and more recently central Europe—was reincorporation into the capitalist world economy. In contrast, the aim for the Global South in the 1980s and 1990s was more akin to transformative discipline, starting with forced acceptance of both restructuring programs and loans from the international system. It is in this sense that the restructuring programs were about more than debt service: they aimed at shaping a political economy and a repositioning of these countries as sites for extraction, ranging from natural resources to the consumption power of their populations.

After twenty years of this regime, it became clear that it did not deliver on the basic components for healthy development. The discipline of debt service payments was given strong priority over infrastructure, hospitals, schools, jobs, and other people-oriented goals. The primacy of this extractive logic became a mechanism, perhaps mostly unintended, for systemic transformation that went

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well beyond debt service payment. It contributed to the devastation of large sectors of traditional economies, often the destruction of a good part of the national bourgeoisie and petty bourgeoisie, the sharp impoverishment of the population and, in many cases, of the state. Again, beyond the many differences there are worrisome resonances with today's austerity politics in Europe and other developed countries.

Even before the economic crises of the mid-1990s that hit a vast number of countries as they implemented privatization and open-border policies, the debt of poor countries in the Global South had grown from $507 billion in 1980 to $1.4 trillion in 1992.[5] Debt service payments alone had increased to $1.6 trillion, more than the actual debt in 1980. From 1982 to 1998, indebted countries paid in interest four times the amount of their original debts, and at the same time their indebtedness went up fourfold. These countries had to use a significant share of their total revenues to service these debts. For instance, Africa's debt service payments reached $5 billion in 1998; that year, for every $1 in foreign aid African countries paid $1.40 in debt service. By the late 1990s, debt-to-GDP ratios (see Table 2.1) were especially high in Africa, where they stood at 123 percent, compared with 42 percent in Latin America and 28 percent in Asia.[6] As of 2006, the poorest forty-nine countries (countries with annual per capita income of less than $935) had debts of $375 billion. If to these poor countries we add the "developing countries," in 2006 a total of 144 countries had debt amounting to $2.9 trillion and paid $573 billion to service that debt.[7]

Generally, IMF debt management policies from the 1980s onward have not halted the worsening situation for the unemployed and poor.[8] Much research on poor countries documents the link between hyperindebted governments and cuts in social programs. These cuts tend to affect women and children in particular through reductions in education and health care, both investments necessary to ensure a better future.[9]

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