

Investigating Charter City Ideologies and Geographical Imaginaries:

The Case of Próspera and Singapore

By

Aaron James Omer Iqbal

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Abstract

In 2011, economist Paul Romer gave a Ted Talk titled, “Why the World Needs Charter Cities.” During his lecture, Romer described an idealized form of urban governance. The essence of Romer’s talk was to reshape the connection between cities and economic development through emphasizing an unregulated competition between cities as a mode of spurring economic growth. Romer’s talk echoes a sentiment from like-minded individuals and institutions that believe cities should be organized around a libertarian ideology where institutions and landowners, rather than public governance structures, have the greatest amount of power in urban development. My thesis investigates the ideology that underlies the charter city idea through a study of Próspera, a charter city located in Honduras, and the libertarian ideology used to both promote the city and develop its constitution and institutions.

This study also includes investigating the perceived historical continuity between Próspera and cities such as Singapore and Hong Kong that are seen as embodying the charter city model. Charter city advocates draw on idealized versions of such cities’ rapid economic development as both inspiration for, and justification of, their approach to urban governance. In contrast, in this thesis I highlight that charter cities alleged link with such sites do not reflect the reality and context upon which their economic growth occurred. Through focusing on ZEDEs (Zones for Employment and Economic Development), the enabling legislation passed in Honduras that allowed for Próspera’s establishment, I argue that the institutions which make up Próspera are more reflective of the colonial administration of Singapore and its contemporary use of state power to boost economic growth than of an idealized libertarian governing

structure. Through this work, as well as a discourse analysis of official Próspera documents, posts on social media sites, blogs, and academic articles, I highlight the neo-colonial, property-based character of charter cities which are enshrined through its institutions and laws as well the specific political conditions, characterized by political instability, which have allowed charter cities to exist within sovereign nations.

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Chapter 1: Introduction

In 2017, plans for construction of a new kind of city were given the go ahead by the Honduran government. This city, named Próspera, is located on the island of Roatán off the north coast of Honduras (see map below). Próspera is governed by a private corporation known as Próspera LLC, a company based in Delaware. Próspera is what is known as a charter city that, within its designated territory, has the power to appoint judges, create its own public services, run its own elections, set up its own taxes, and create its own laws. It can do all this largely insulated from traditional oversight from the Honduran government based on the supporting legislation, Zones for Employment and Economic Development (ZEDE), which allows for its existence.

My thesis investigates Próspera, with an emphasis on gaining an understanding of the ideological framework through which charter cities are situated and with the following questions in mind: How is a city given such a degree of autonomy? What events proceeded that allowed this kind of urban environment to exist? What are the goals of such spaces; and why are they setup in the manner that requires such substantial independence? That is to say, why are charter cities needed, what void are they filling? To do this, I argue we need to understand the libertarian ideology underpinning Próspera, the political context in Honduras within which it was established, and the historical lineage that Próspera views itself as continuing.

Figure 1:

Map of Honduras and the island of Roatán



(Ernst, 2022)

Outline of Paper

In Chapter 2, I discuss the libertarian ideologies and the historical continuities espoused by charter city advocate organizations. Specifically, I will analyze discourses that outline how charter city cities follow a specific tradition of creating urban environments that prioritize free-market economic competition as connected to idealized narratives around cities like Singapore and Hong Kong. I follow this by outlining key themes of charter city ideology as framed through their vision of a collective identity for Próspera; that is, how charter cities want to present themselves. To establish these key themes, I outline the philosophical, political, and economic foundations ideas behind charter cities, as well as the intellectual origins of their collective identity. This is accomplished through examining specific discourses which charter city advocates utilize and the political philosophies behind them. Through analyzing both the collective identity and the intellectual origins of charter cities, I develop the framework which I build upon in subsequent chapters. Specifically, my framework emphasizes the three guiding principles which includes one, a focus on individual rights; second, property rights, above all other rights, being the most important right; third, the prioritization of economic development.

In Chapter 3, I investigate how charter cities are enabled through legislation and what happens when a charter city is constructed within a sovereign nation. First, to understand the case of Próspera, I briefly examine Honduran history and argue that Honduras has often served as a site of what Beth Gaglia calls 'enclave capitalism' (Gaglia, 2016) where zones within the country are carved out to act as spaces where foreign economic activities can function outside

of regular legal protections and regulations. In addition, I argue that specific political conditions which occurred after the 2009 Honduran coup have been paramount in allowing for the proliferation of charter city legislation and the creation of Próspera. Second, I present my analysis of Próspera. This analysis is accomplished through a thorough examination of the city's charter and governance structures. In doing so, I link the guiding principles discussed in the previous section to the Próspera system of governance and highlight how principles of property rights, prioritization of economic development, and individual rights are enshrined in legislation and political bodies.

In Chapter 4, I examine both the political realities and the geographical imaginary that are behind how Próspera envisions themselves in regard to a historical urban continuity with cities like Singapore. In this section I analyze which specific aspects of Singapore Próspera's governance system takes inspiration from by analyzing statements from the political leaders of Próspera. I follow this by contrasting the statements by Próspera's political leaders with a brief historical analysis of Singapore and its economic policy. Here, I argue that the libertarian ideology attached to Singapore's economic system does not match the reality of heavy state intervention by the Singaporean government which supported the city's economic growth. Based on this understanding, I argue that Próspera follows a different urban continuity, one that relies on power from foreign nation in order for their operations to continue. I highlight this by arguing that enclaves like Próspera follow a similar model to how colonies like Singapore needed foreign power in order to maintain their enclaves and operate as economic hubs. Furthermore, I conclude, that, unlike the libertarian ideology which espouses the edicts of

individualism, private property, and free market principles; the political reality of political instability and violence were needed in order for Próspera to exist. I conclude that the historical continuity which Próspera follows is similar to the neoliberal order that has had profoundly shaped other countries of Latin America. That is to say that foreign intervention through political violence being used to establish new economic orders is nothing new, rather, ZEDs are a new mutation of this ongoing process.

Methodology

My thesis utilizes a Critical Discourse Analysis (CDA) to investigate the ideological framework that is announced by proponents of charter cities and how this ideological foundation is the basis for connecting charter cities to rapid economic growth seen in cities like Hong Kong, Singapore, and Dubai. A CDA approach is useful as I am able to place the ideological rhetoric of charter city advocates within the context it is used within (Wodak, 2001, p. 12). Specifically, how are the libertarian values espoused by charter city advocates and available for study through the discourse present in articles, podcasts, and interviews graphed onto the aforementioned cities through its governance structures. This methodology enables the investigation of how the coupling of charter cities, libertarianism and urban economic growth found in Singapore, Hong Kong, and Dubai manifests in Próspera.

The use of CDA required the development of a framework for the analysis of texts and other forms of media (videos, podcasts, social media posts). To develop this framework, my first step was to analyze how charter city proponents understood themselves. Once I had established a framework, which was done through the researching of texts of charter city

institutions as to ascertain which political philosophy was being utilized in charter city rhetoric, I was able to use utilize the framework and read the texts through that lens, from which I could understand why certain statements or actions were being undertaken by the aforementioned charter city institutions. I furthered this when analyzing social media posts by officials linked to Próspera through sites such as Twitter, Reddit, LinkedIn, and YouTube, as these sites acted as an additional sphere of research. A great deal of charter city content could not be analyzed if one does not include social media, as much of the discussion surrounding charter cities and Próspera is only available through a social media inquiry. This aspect of digital research in the social media sphere gives us a chance to rethink our social knowledge and methods (Carrozza, 2018, p. 654). Furthermore, social media sites within charter city initiatives are active in the “creation of personal social space and in achieving and compromising connections between people, spaces, and objects” (Lupton, 2014, p.51). This is especially important for this thesis as many individuals who are proponents of charter cities and charter city institutions produce and reflect on their ideology through the digital space of social media. Without this lens from which I could analyze charter cities, important context involving charter cities would not be available when using traditional avenues of scholarly inquiry such as academic articles or government documents.

My methodological approach has two main case studies: Próspera and Singapore. For Próspera, I extensively analyzed a variety of sources with the goal of understanding how prevalent libertarian ideology is present. To do so, I gathered all available information about Próspera present online, including sources such as press releases, news stories, social media

posts, interviews, such as an 'Ask Me Anything' on Reddit with Próspera's Chief of Staff, and anywhere else that Próspera's leadership promoted the city. In addition, I examined stories which linked Próspera to Singapore and made note of why these claims were being made, which was done by analyzing writing of prominent individuals within Próspera such as their CEO. Alongside this focus on discursive claims, I also gathered official documents from the political body which governs Próspera. This included a close read of Próspera's charter (a 2000-page document which details how civic life functions within the city), and bills proposed by the Próspera council, as well as a reading of the 2013 amendment in the Honduran constitution which allowed for the construction and operation of ZEDEs, with a specific focus on Próspera.

I also investigated the policy networks which put forward models that use Singapore as case study for charter city organizations to follow (Ball, 2016; McCann & Ward, 2012).

Following organizations that promote charter city development, such as Free Private Cities and Charter City Institute, reading documents such as white papers, press releases on project which acted as policy for governments to follow, as these companies act as consultant firms, working on various projects. Analyzing Singapore had two main points relating to the context. First, with an understanding of how Próspera understands Singapore, I was able to relate their understanding with academic literature which would relate to the claims of individuals within Próspera.

Specifically, I was addressing the claims of rapid economic progress based on free-market principles which are understood by high-ranking officials within Próspera and the wider charter city movement, to be the main reason as to why Singapore became an economic success. This

was done through an investigation of white papers, podcasts, and blog posts to ascertain specific qualities of Singapore which the charter city movement are referencing.

Positionality

As an exercise of self-reflection, I acknowledge my biases have influenced my research process. Coming from a background of being from Canada has influenced my understanding of the materials I have researched. As someone who has never traveled to Honduras or Central America and is unable to speak Spanish, my understanding of relating the lived experiences of the various communities to the frameworks which I have chosen to view my research from has certainly led to biases that inform my understanding of events taking place in Roatan and Honduras. Furthermore, I had not previously been involved in charter city spaces both online and in in-person before I began my research.

Limitations

The nature of the work I have pursued in this thesis has placed constraints on this project. First, my work was limited to the English-speaking literature. Although some material I have gathered has been translated from Spanish into English, the majority of primary sources were produced for an English-speaking audience. As my research topic takes place in a Latin American country, where the majority of people speak Spanish, this places a limit on what I was able to access in regard to on-the-ground realities of Próspera. As such, academic, news stories, government reports, or any kind of Honduran media has a limited voice within my thesis. Future research that includes this aspect of literature that is absent from my thesis would provide a more robust understanding of ZEDEs. However, as the goal of my thesis was to understand the ideologies

underpinning the largely English-speaking proponents of Próspera, I was able to access the full records and discussions of this group both in terms of presented discourse and the governance structure of Próspera itself.

As my thesis topic is primarily theoretical, my paper does address the lived circumstances which ZEDs have created for the communities which are affected by them. Although my thesis draws upon stories by people and communities which have experienced the consequences from the construction of ZEDs, their stories support a theoretical understanding of ZEDs, rather than providing analysis of that lived experience.

Further, I was unable to visit the location of Próspera and statements from social media or press releases were acquired through second-hand sources. In this thesis, I did not conduct interviews, or ask questions of individuals or organizations involved with charter cities in general or people working in Próspera. Future work could provide a better understanding of the ideological implications which underpin charter cities and connecting it to the urban historical continuity of Singapore. In short, asking why Singapore is a model city for them and asking what aspects of Singapore they take inspiration from would offer a more thorough understanding of my thesis' questions. Visiting Próspera would also provide greater understanding of how the ideology transfers a constructed environment, which becomes materialized within the space of Próspera through its governance structures, laws, and services.

The effects of COVID-19 on my research

As I started my research during Covid, I was not able to conduct interviews with officials linked to Próspera, individuals within communities that have been affected by Próspera, or individuals

within the charter city institutions I analyze. Future research on this topic would benefit greatly and provide additional context and information that will greatly benefit the kind of analysis my thesis provides.

Chapter 2: Understanding the Ideological Paradigm

Introduction

Although Próspera is the focus of this thesis, it is certainly not the only charter city project being attempted. Many countries and private corporations have envisioned their own charter city projects as a way of supposedly driving economic growth while dealing with the inefficiencies of traditional governments. One of the most prominent of these projects is NEOM, the 170-kilometer 'line' of being constructed in Saudi Arabia by the national government, covering 26 495 square kilometers. Within this line, laws which are normally used to administer Saudi Arabia are different within NEOM (Akbari, 2022, p. 444). The leadership of Saudi Arabia believes that in order to transform itself into an economic hub, the current laws they currently have are not suitable for a economic competitiveness (especially with concerns on what happens to the country after their economy can no longer rely on their petroleum stock (Grand & Wolff, 2020, p.17)), and therefore it is necessary to create a new zones with new laws to create this desired business friendly environment. Another project in the United States, American billionaire Marc Lore has proposed the creation of a city out in the desert of the Western United States, while a failed proposition in Nevada would have allowed private corporations to create their own cities within what were called "Zones of Innovation" (Metz, 2021). Around the world, charter cities have been (and are still) attempted in multiple sites.

The popularity of charter cities poses questions for geographers and other social scientists: Why are these kinds of projects being proposed and what purpose do they serve? In this chapter, I analyze the underlying ideologies behind these projects. By examining the institutions and individuals who advocate for charter cities, I establish a foundation that allows

us to examine the goals of charter cities and their ultimate manifestation in governance structures. The primary purpose of this chapter is not to examine the validity of the arguments which are given as prima facie; rather, the goal is to understand the specific ideological beliefs of charter cities which can then be used to investigate claims made by their supporters and examine if those claims are inline with how charter cities are governed, as well as analyze their alleged connections to the other cities such as Singapore, which are claimed as models for their system of governance from.

In this chapter I will discuss a historical continuity that is espoused by charter city advocate organizations. Specifically, I will analyze statements that discuss how charter cities follow a specific tradition that was, and still is, believed to be used by cities like Singapore and Hong Kong. This will be followed by outlining key themes of the ideologies that have supported the growth of charter cities. This will be framed through the idea of collective identity; that is, how charter cities want to present themselves and the intellectual origins that underpin this presentation. I do so through examining the discourse that charter city advocates utilize to promote their projects, and through analyzing the philosophers and political philosophies which spur the ideas behind charter city thinking. Through analyzing both the intellectual origins and the collective identity of charter cities, I then extract further concepts which will be detailed in subsequent sections arguing that we can identify the following principles embedded in the ideologies of those who promote charter cities: (1) support for private property; (2) a focus on individual rights over group rights; and (3) the prioritization of economic development.

Historical Urban Continuity

When analyzing charter cities, one cannot escape the historical connections claimed by charter city advocates. For instance, on the website for the Charter Cities Institute, you can find references to cities such as Singapore, Hong Kong, Shenzhen, and Dubai as examples of the efficacy of the charter city model (Charter Cities Institute, n.d.). The context in which these cities are shown are brief images that state economic statistics, highlighting how the GDP of those cities has drastically increased in a short period of time. For instance, if one looks at Hong Kong, the Charter Cities Institute website shows that in 1980, Hong Kong's GDP per capita was \$5700 USD, in 2018 its \$46 193 USD (Charter Cities Institute, n.d.) These flashes of statistics try to show a correlation between these cities and the various charter city projects of today. In effect, this creates an idealized historical urban continuity that sees charter cities as one and same as the aforementioned cities. As the Charter City Institute states:

Charter Cities are not an entirely new idea. Shenzhen, Hong Kong, Singapore and Dubai demonstrated that by pursuing different developmental strategies, its possible for cities to leverage urbanization to grow from impoverished to world class cities within two to three generations. Learning from these successes, CCI has developed a replicable model for charter cities that can be implemented in low-income countries, serving as the foundation for economic success (Charter Cities Institute, n.d.: np).

Indeed, charter city advocates excitedly push the idea that these new kinds of cities are following in the footsteps of Singapore and Hong Kong. As Nobel economist Paul Romer, a spokesperson for charter cities, stated, one of the goals of the charter city movement is 'creating more Hong Kong's' (Ebner & Peck, 2021, p. 33) through unleashing economic

development by creating lax regulatory environments (which I will describe in detail in this section).

However, recent scholarship on charter cities critiques such city-to-city comparisons. As Jamie Peck and Nina Ebner (2021) write, Romer's preoccupation with Hong Kong is based on a fiction: "[Romer's Hong Kong] is not the Hong Kong of either actual history or the contested present of course, but the Hong Kong of the free-market imagination: an idealized site for efficiently administered and lightly regulated capitalism" (Ebner and Peck, 2021, p. 32). Other scholarly articles raise similar critiques. As Cheong and Goh (2013, p. 103) argue, the comparison between charter cities and Hong Kong does not show the complete story of how Hong Kong was able to become economically successful which is "derived from its unique history and geography, which other charter city experiments, absent the juxtaposition of these factors cannot hope to emulate Hong Kong's role to its hinterland..." Indeed, a lack of understanding of the context of these cities is a prominent feature in the writings of charter cities advocates who often discuss these cities outside of their broader social, political, and economic connections.

Charter city advocates also brush off another critique and historical continuity, that charter cities are neo-colonial ventures (like the cities of Singapore and Hong Kong). For example, the Garifuna¹ activist group OFRANEH (Organización Fraternal Negra Hondureña) has called the enclave initiatives that support charter cities as 'colonialism 2.0' (Ebner & Peck, 2019,

¹ Garifuna, also known as Garinagu, are an Afro-Indigenous ethnic group with many communities situated along the coast of Central America in the countries of Belize, Guatemala, Nicaragua, and Honduras (Abtahain et al., 2023, p. 1).

p .36). Charter city advocates reject this alternative continuity. As Romer states, these accusations are merely ‘emotional’ responses that “do not fully grasp the ‘logic’ of his arguments” (Ebner and Peck, 2021, p. 34). By understanding these imagined continuities, and what they leave out (a thread I pick up in Chapter 4), I argue we can get a better sense of the logic behind charter cities. In the rest of this chapter then, I will analyze the arguments made in support of charter cities and outline the collective identity they envision and ideologies they draw upon in making such comparisons – an ideology that is based on libertarian economic and political ideas. In doing so, I outline specific guiding principles that can help us frame the historical continuities seen by charter city advocates and how they materialize the governance structures put in place in cities like Próspera.

Collective Identity

A brief analysis of charter city supporters, like Paul Romer, reveals a specific understanding of what they believe charter cities should stand for. As outlined above, proponents of charter cities understand themselves as the next generation of cities that spur economic growth. With this in mind, I argue that along with their historical understanding of cities, there is also a specific kind of collective identity espoused by charter city advocates. This next section analyzes what kind of collective identity is embedded within the rhetoric used to promote charter cities. To do so, I first develop the concept of collective identity.

In a 1988 interview with Bill Moyers, political philosopher Sheldon Wolin was asked which questions the American people should be asking with the rapidly approaching 21st century. Wolin states:

Wolin: “The central question to me is the question of what I would call collective identity. That is, what do we think we want to stand for as a people? And that’s what I think the democracy, the preoccupation with a democratic culture, for me, is all about. That what I think we want to stand for is not expansion of American power, not the endless economic and technological innovation that I think we’re committed to, whether we want to be or not, but really what is it we want to see ourselves identified with as a people? Do we want to see ourselves identified with notions of cooperation, notions of diversity, notions of respect and encouragement of different kinds of sensibilities and different kinds of cultures, different kinds of understandings of the world? Or do we want to see ourselves, instead, basically as the technological power of the world? Collective identity is something that the founders tried to deal with in the Preamble to the Constitution, where they mention certain kinds of values.”

Moyers: “We the people in order to”

Wolin: “In order to,” yes. And justice is part of it, and so is defense, of course. But it’s a first stab at a collective identity and an understanding of ourselves and how we want to present ourselves to the world” (Films Media Group, 1988).

Although Wolin was concerned with the general American populace (see also Wolin, 2008; Wolin, 2004; Wolin, 2003), the question of collective identity is an important one that charter city advocates espouse. That is: what do charter cities want to stand for and how do they want to present themselves? Individual charter cities may differ in their goals, but I argue that contained in the statements of charter city advocates, as well as the philosophical and economic literature they draw upon, are core ideological principles that allow us to delve into the collective identity imagined through charter cities and their perceived connections to their supposed historical antecedents. By understanding the collective identity which charter cities use a basis for construction, we can investigate the kinds of systems and structures (economic and legal) that underpin the charter city project and individual charter cities like Próspera.

Indeed, the collective identity of charter cities is something that has been discussed by its advocates. In his 2011 Ted Talk, *The World’s First Charter City?* Paul Romer explains the need for such places. Using Wolin’s characterization, we can understand Romer’s (2011) main

concern and vision for the future as the need to reconceptualize and prioritize economic development. As Romer states, “Our new goal should be that when every family thinks about where they want to live and work, they should be able to choose between at least a handful of different cities that were all competing to attract new residents” (Romer, 2011). There is a straightforward message within this framing of charter cities. Specifically, that charter cities are tools to promote economic competitiveness, not only among other non-charter cities, but between charter cities themselves. At the time of Romer’s talk, most of the plans for charter cities were being planned out abstractly. However, Romer is considered one of the most influential thinkers behind the charter cities idea and had, at this time, been working with the Honduran government in drafting legislation for what would become the precursor to Honduran ZEDs: REDs (the Spanish acronym for Special Development Regions) (Miller, 2015, p. 275). Building on Romer’s ideas by analyzing statements from existing charter cities, we can gain insight into the identity that charter city proponents envision.

Given that this thesis examines Próspera as an emblematic case study, it is worth examining in detail Próspera’s CEO, Erick Brimen’s, description of why charter cities are constructed. In a 2020 interview with the organization Fireside Strategic, Brimen was asked why a place like Próspera exists. Brimen answered:

Fundamentally, I was born and raised in Venezuela. A country by any account that has everything going for it in terms of natural resources, geographic location, great people, and relatively peaceful environment for many, many, many decades. And yet, as a country that is today the poorest in the region, totally devastated by political unrest and social divisions; and most recently, it’s kind of obvious it has to do with political systems that don’t work. However, it was already that way before Chavez and other polarizing figures took over and I grew up in the environment and was fortunate

enough to not being amongst those who had a hard time finding food. I was quite privileged growing up having access to a wonderful education and loving family. (Fireside Strategic, 2020)

In Brimen's view, there is a fundamental question that led to his interest in charter cities. Why do kids growing up in the same country as him have such a different experience in their daily lives even though everyone is subject to the same laws and have access to same natural resources? Brimen states that his realization of these problems is rooted in our systems of governance; as he states: "The great divide of our age is very anchored on the source of that problem. We have systems of governance and ways in which society gets organized, which works very well for few. Especially well-connected and wealthy individuals, and for the rest, not so much, and we are seeing this in every country." (Fireside Strategic, 2020). To him this is a problem to which charter cities are a solution.

Brimen believes that the way of solving this problem is by fixing the way society is structured; but it is a particular restructuring that Brimen envisions. As outlined in his talk, Brimen suggests that the ideal structure for a society of contains four parameters. First, the structure of governance has to be profitable. If it is not profitable, the system of governance can not scale. Second, it must be peaceful where charter cities work with governments and not push them aside. Third, the structure of governance must be voluntary for its residents. Finally, that it must be on a greenfield site that is open for development (Fireside Strategic, 2020). Within these parameters Brimen argues that we can create a "transnational platform for human prosperity. Deployable anywhere in the world" (Fireside Strategic, 2020). In these precepts, we see a further evolution of Romer's ideas, where economic competition (profit) is prioritized and supporting structures (stable/peaceful social relations) are put in place for the rolling out of a

blank slate society of individuals who voluntarily become part of the charter city (presumably among an array of competitive options).

Brimen further discusses three essential rules in order for a society to flourish and for effective governance. First, recognizing human rights, with the most essential human right being *property rights*. According to Brimen, the most basic property is your body and mind, every derivative that comes from that is a property (Fireside Strategic, 2020). Second, the ideal way to solve disputes is through arbitration within the law set by the charter city. The final rule is security, meaning that even if there is a disagreement within the society, the rule of law will prevail; and importantly, restricting the use of force to access the property of your body and mind (Fireside Strategic, 2020).

A brief examination of Erick Brimen's ideal society reveals its underlying principles. Importantly, there is an unfavourable view of current systems of government which Brimen says is a global issue (Fireside Strategic, 2020). For Brimen, fixing this is not done by restructuring those existing systems of governance, rather there needs to be completely new systems which must be created in order to solve a crisis of global inequality. Furthermore, the foundational principle behind this restructuring is that the most essential human rights are property rights which are to be protected through high levels of security and arbitration. In the case of Próspera, this has meant creating a new legal framework which will be examined in more detail in Chapter 3.

Through examining the thought of Romer and Brimen we can see the outlines of a fairly clear ideological framework behind the charter city idea: valorization of private property and a

focus on individual autonomy over collective institutions. However, the ideas of both individuals does not capture the entire scope of organizations and individuals that advocate for charter cities. Furthermore, these ideas do not exist in isolation but rather emerge from a long history of libertarian ideological beliefs. In the next section I investigate the origins of these ideologies and how they were subsequently appropriated for use in advocating for charter cities.

Intellectual Origins

Analyzing the core tenants of libertarian political beliefs, we can see similarities of those tenants and the writings of charter city advocates. When using the term 'libertarian' it is important to be concrete in how the term is used. In John Thrasher's (2017) chapter on Social Contractarianism, he outlines three basic elements within libertarianism. First, the commitment to normative and methodological individualism²; second, a general skepticism of government power as well as faith in market solutions; and third, a strong presumption against coercion. Thrasher summarizes by stating, "Libertarianism, then, is a family of views defined by a commitment to strong individualism, a presumption against coercion, and skepticism about government power combined with a belief in the efficacy of markets" (Thrasher, 2017, p. 214).

In addition to using the aforementioned elements, there is also a philosophical tradition loosely based on the ideas of Thomas Hobbes that underpins charter city organizations while still working within a libertarian ideological sphere. For instance, one can find references to philosophical writings such as Thomas Hobbes book *Leviathan* (1651) in the work of many

² Methodological individualism, where "the individual is central to social analysis" (Friedman, 1990, p .5). Normative individualism is defined as "the view that in the last instance moral norms and values can only be justified by reference to the individuals concerned, as its basis" (von der Pfordten, 2012, p. 449).

charter city advocates (Gebel, 2022). Titus Gebel³, in a piece for the Free Private Cities Foundation, references Hobbes in *Free Private Cities – A New Operating System For Living Together*, writing: “In his famous book “Leviathan”, Thomas Hobbes argued that a state monopoly on force creates a peaceful order that ultimately benefits all of the state’s inhabitants” (Gebel, 2022). Although there is a reference to a philosophical and political tradition through these writings, these authors are vague in describing the connections they see. Indeed, as indicated by Michael Davis in his article, *Locke (and Hobbes) on “Property” in the State of Nature*, Hobbes did not write at length on private property, with only a “few scattered sentences on property” (Davis, 2013, p. 271). Yet, in the work of charter city proponents the use of power to enforce private property is emphasized as a key tenet through an imagined link to Hobbes. Furthermore, although Hobbes does not have much writing on property, other libertarian thinkers do believe that private property is the fundamental touchstone of their ideological system. For instance, libertarian thinkers such as Gerald Allan Cohen argue that the self-ownership of private property and “the substantial limitations on state power to interfere with those rights” (Thrasher, 2017, p. 212) is a foundational in a libertarian society. State power thus is available only to maintain the right of the individual to property.

Using Thrasher’s three points for our base of understanding libertarian ideology, we can find this tradition embedded within the network of charter city proponents globally and in Honduras. Indeed, Ebner and Peck (2021) highlight the organizations that promote charter city

³ Titus Gebel is a German entrepreneur who holds a doctorate in law from the University of Heidelberg. He is the Foundation Council President of the Free Cities Foundation, with the goal of creating a new ‘product’ that is described as the “market of living together” which “aims to fast-track economic and societal progress (Free Cities Foundation, n.d.).

projects and their connection to libertarian politicians. In the Honduran case, as I will outline below, ZEDEs were established through the Committee for the Adoption of Best Practices (CAMP) whose members had a shared libertarian ideological viewpoint on the need for small government and private outsourcing (Ebner & Peck, 2021, p. 40). Indeed, the members of the CAMP came from libertarian organizations such as the Mont Pelerin Society and included former advisors from the Reagan administration and Alejandro Chaufen from the Atlas Network, “which was founded by Sir Antony Fisher on a charge from Hayek to nurture free-market think-tanks around the world” (Ebner & Peck, 2019, p.40).

Beyond CAMP there are other concrete cases of organizations that follow a libertarian bent which have been involved in the promotion of charter cities. This includes the FLOW (Freedom Lights Our World) Institute, founded in 2005, and the Free Cities Institute, founded in 2011, were both created by charter city advocate Michael Strong along with Whole Foods founder John Mackey with the intent to “promote full corporate governance and privatization of education, health and other public services” (Geglia, 2016, p. 356). Both these organizations, and others like them, offer consulting services that promote the effectiveness of private governance in running public services while also promoting economic competitiveness to be accomplished through business-friendly practices such as low taxation. As one of these organizations, Free Cities Foundation, states: “Our mission is to support innovation in governance that leads to greater human freedom and prosperity. We aim to inspire, inform and connect people to accelerate the creation of a global market of living together in Free Cities” (Free Cities Foundation, n.d.). Within the rhetoric espoused by these organizations, there are

certain principles that help us understand what are the core values that are the most important for the creation of charter cities. The following section argues what these guiding principles are.

Guiding Principles

Having established the ideological framework that has guided the charter city movement, in the following sections, I will categorize their ideas into specific principles that have inspired the governance structures of charter cities. These include: (1) individual rights over group rights; (2) the valorization of private property; and (3) prioritization of economic development. Although these principles are covered their own section, it is important to note that in practice they are related and cannot be understood in isolation.

Private Property

As Brimen stated in his Fireside Strategic interview, fundamentally, the most important rights for charter city advocates are property rights (Fireside Strategic, 2020). Brimen does not explain his reasoning for placing property rights as the most fundamental right. However, property rights, and specifically private property is a core foundation upon which charter cities are constructed. Brimen further states this case in an interview with the Charter City Institute, arguing that regimes with strong property rights have the “ability for disputes to be resolved effectively, efficiently and fairly for there to be a general sense of security” (Charter City Institute, 2020).

Further, Brimen also argues that an important component for creating a charter city is having land that can be appropriated for charter city construction (Fireside Strategic, 2020).

Charter city advocates have labeled these as ‘greenfield sites’, and the reasoning for wanting to use these sites is straightforward. On the Charter City Institute’s website, in their section labeled “*How to Build a Charter City*”, they list two reasons: First, “Situating a charter city on an undeveloped greenfield site allows city developers to avoid political challenges of implementing changes in an existing city”; second, “Funding to purchase and development of the site comes largely from private investment to limit risk of the host country” (Charter Cities Institute, n.d.). These points are clearly linked to the ideological view of proponents for reduced government involvement and an increased role for private corporations in the running of services within a city. In this case, having privately financed greenfield sites highlights the protection of private capital’s control over land, which is framed as protecting host countries, whereas existing cities would involve the ‘political challenges’ of government institutions and presumably of public ownership and control.

The focus on greenfield sites resembles the idea of terra nullius⁴(this comes off as neo-colonial as the land is not being utilized for the development of charter cities, the land itself is not maximizing it’s potential for profit. Therefore, other uses can be seen as underutilized from the point of view from charter city advocates), it can be classified, that the land charter cities will be constructed on land which is not occupied. Furthermore, although the specific process which states how an area is deemed as being ‘underutilized’ by the Honduran government is not known, there are clear examples that these definitions have disproportionately affected

⁴A Latin phrase meaning, “vacant land” was a term of European colonial discourse. In that context, it meant land could be seen as not being productive even if the land was being utilized by a population. Philosopher John Locke wrote that there is a “universalization of productivity and convenience generation” which means “that land which is not cultivated industriously and rationally is ‘imagined’ as squandered terra nullius” (Murray, 2022, p. 7)

specific ethnic groups (in the following example a Creole community) and ZEDs directly benefiting from their dispossession and retool land which had previously been constructed around different spatial relations to the purpose of capital accumulation (Blesdoe & Wright, 2019, p. 13). In the case of Próspera, it is not the case that these sites are unoccupied but rather that Indigenous and other uses of this land are erased and ignored. This highlights how structures of power influence spatial use, highlighting that groups (in this case the Honduran government) who have the power to define the use of space, inherently acts as spatial exclusion (Blomley, 2016, p. 594). In the case of Próspera, there are ongoing disputes with the neighbouring settlement of Crawfish Rock (See Figure 1), a Creole community who are descendants of Afro-Antilleans, Anglo-Antilleans, and North Americans, (the residents of Crawfish Rock are part of a greater English/Creole speaking community which inhabits the Honduran Bay Islands. This includes the municipalities of Roatan, Guanaja, Oak Ridge and Utila) (Stonich et al., 1995, p. 9), where residents see Próspera as infringing on their water rights (MacDougall & Simpson, 2021). In 2019, for instance, the village lost access to running water after having issues with its cistern. Próspera connected Crawfish Rock to its own water supply and began billing the residents. At first, this was seen as a charitable act, but as Brimen stated, Próspera does not “believe in charity as a primary source of support, because I think it creates dependencies” and instead billed the local community for access (MacDougall & Simpson, 2021). Indeed, it seems that the greenfield site chosen for Próspera has not allowed it to avoid political challenges by the surrounding local population. In fact, Crawfish Rock has protested other issues such as beginning in May of 2020 where there were protests over Próspera’s armed security guards asking people coming and going from Crawfish Rock to identify themselves and

state their business (MacDougall & Simpson, 2021). Rather than avoiding the political challenges, populations whose way of conducting their daily life come into conflict with Próspera requires the surveillance and control of a population which do not favour the actions of Próspera. This highlights a level of violence required for the implementation of and infusion of capital via the ZEDE legislation, as well as the construction and continuing operations of Próspera ZEDE which directly comes into conflict with an ethnicity which has been deemed to be unworthy of consideration under the logics of 'racial capitalism' where racialized hierarchies enable processes of accumulation by dispossession (Blesdoe & Wright, 2019, p. 12).

Individual versus Group Rights

As can be seen in Brimen's lack of sympathy for the community of Crawfish Rock, charter city advocates highlight the superiority of individual rights over group rights. For instance, Titus Gebel presents this as a moral argument rooted in human ideological systems: "The fact that individual values are ultimately subjective, and that people also have objectively different life situations causes any "political solution" to leave behind those who have been forced to do something against their will" (Gebel, 2022). In a logic where forcing an individual to do something against their will is considered a fundamental departure from founding principles, it is only by enshrining individual values that a community can be considered just. If we follow Gebel's logic of all humans having subjective values in need of protection, its concrete manifestation can be found in the charter city ideal of the 'citizen contract' where each individual enters into a contract with the charter city willingly prior to citizenship. This, of course, can be linked to the guiding principles of libertarian ideology which are rooted in

individual sovereignty where, for instance, Thrasher states that a “social contract acts as a tool to evaluate existing and possible social rules and institutions” (Thrasher, 2017, p. 215) by the individual who is seen as freely choosing the social institutions they live within among a myriad of options.

When presenting the idea of the citizen contract, proponents such as Free Private Cities and Titus Gebel compare the individualized contract against the merits of a group-based constitution. An important idea to keep in mind, is this comparison of what a constitution is. In Sheldon Wolin’s book, *Democracy Incorporated*, he defines a constitution as a tool which emphasizes checks and balances, with limitations on government authority (Wolin, 2008, p. 131). This definition has multiple ways of being interpreted, especially how organizations and individuals understand the idea of ‘limited governmental authority’. In theory, a constitution acts as the will of popular sovereignty and changes to a constitution reflects the will of the people the constitution is governed by. This can be conducted through democratically elected governing bodies for instance.

Free Private Cities, an organization in favour of charter cities, argues that a constitution is an inadequate form of governing people. In their article, *Why a Citizen Contract Is Better than a Constitution*, they state:

From their state, most people demand – at least – protection of life, liberty, and property. In exchange, they are willing to pay for it. So why not put the relationship between citizen and state on a purely contractual basis? Such a Citizen Contract would offer much better protection than any kind of constitution, for a variety of reasons. Firstly, because the contract cannot be changed unilaterally by one side. Constitutions are changed, even against the will of the people concerned, provided there is a respective majority. Secondly, because the Contract Citizens would have a better legal

standing. Both sides would be contractual parties on an equal legal footing. As with any other service provider, citizens could sue or withhold payments to the state if they believed that the contract was not being properly fulfilled. Thirdly, because other parties would not be able to interfere with this contractual relationship. Citizens would know that they couldn't change the content of the contracts of fellow citizens, neither through government nor parliament, and therefore would respect each other's different views and assessments. The state would eventually morph from having a demigod and uber-father status, to having the status of a mere service provider. (Gebel, 2021)

The three important issues come to the fore through this understanding of a constitution. First, in this view a constitution can be changed by one side with a clear delineation seen between government and citizens (rather than citizens being seen as part of government). Second, that a constitution does not provide equal standing between both sides but prioritizes state power. Third, that due to the ability of third parties to interfere with constitutional interpretation, individual rights are not protected. This vision then, offers the collective-based identity for a society as put forward in a constitution as a fundamental departure from the prioritization of individual rights. As with Brimen, the analysis underpinning the promotion of charter cities, and in this case the 'citizen contract', is one that requires a reorientation of society to achieve justice. Indeed, as an example of a preferred model Gebel highlights Próspera's Agreement of Coexistence, where people who wish to become citizens of Próspera must first agree to the terms (by signing a contract) set by the city.

Proponents of charter cities advance other arguments based on this prioritization of the individuals. One of the key factors here is the complexity of laws within contemporary cities. For charter city proponents this is a problem because they believe that if you are going to live in a city then you should be aware of all of those laws and make a conscious decision on if you want to live there. As has been described by charter city advocates like Titus Gebel and Erick Brimen,

the thousands of rules which govern city life are a way to constrain productivity of citizens and which limit economic competitiveness (Gebel, 2022; Fireside, 2020). Further, in their view, these rules which have not been agreed upon by individuals and have been put in place without the consent of those who are expected to follow those laws are unjust. If that user does not follow those laws they have not individually agreed to, that person is able to be punished by the state.

Importantly, as discussed below, when proponents discuss the rules which constrain citizens, the emphasis is on rules that limit economic productivity, linking the idea of individual autonomy with economic development (Gebel, 2022; Romer, 2011). The context in which the phrase 'economic productivity' is utilized is referencing laws that businesses have to adhere to within city guidelines which are argued as stifling economic growth. Examples of this include taxes, environmental regulations, and labour standards. In response, charter city proponents offer the citizen contract as an alternative, enshrining the rights of the individual who is seen as being on equal footing as the state.

Prioritization of Economic Development

Economic development is an explicit reason stated justifying the need for the establishment of charter cities. Looking at statements from charter city advocates, we gain an understanding of the ideology that underpins this movement and its articulation with libertarian elements. One organization, The Charter City Institute, says the following in their section titled, "Why Charter Cities":

The world is projected to add 2.5 billion more urban residents by 2050. Much of this growth will be concentrated in the Global South, but many of these cities and

governments struggle to meet the challenges posed by this rapid urbanization, lacking critical infrastructure, jobs, and effective governance for economic development. This leads to continued slum growth and poverty, poor living conditions, and limited job potential for city residents. Charter cities can help. (Charter City Institute, 2022)

This statement highlights the essential parts in understanding the charter city ideology.

Specifically, it points to perceived problematic areas within urban centers. They believe that the targeted regions they wish to expand into, like Honduras, lack effective governance and that this stymies economic development. Other organizations (FLOW, Free Cities Foundation, Charter City Institute) put out similar statements, where they explain the same alleged problem of ineffective governance as the root cause of impoverishment rather than the power dynamics resulting in urban poverty, with the solution being the construction of charter cities (Gebel, 2021; Charter City Institute, 2022; Colindres, 2019).

Another example from Free Private Foundation discusses similar problems in urban governance. In his abstract, Titus Gebel argues:

In our current political systems, the actions of both rulers and the governed are shaped by wrong incentives. Rulers have no liability and face no economic disadvantage if they make poor decisions. The governed are made to believe that “free” benefits can come into existence through the power of their votes. This politicizes the state monopoly on force and leads to constant changes to the social contract and an endless struggle to influence the direction of this change (Gebel, 2021, n.p.)

For Gebel, the solution to this alleged problem in our current political system of lack of economic incentives for governments and citizens can be found in charter cities. In the same article, he states “I propose a peaceful and voluntary alternative to the political status quo: Free Private Cities. The defining feature of a Free Private City is that it is run by a for-profit company, referred to as the Operator, which acts as a ‘government service provider’” (Gebel, 2021). Here

then, both state and citizen become oriented towards profit generation rather than collective provision.

As outlined above, charter city advocacy organizations clearly state that charter cities will promote economic development in their host countries such as Honduras. This raises the question of how charter cities are understood alongside other logics of economic development and urban governance. An example of this connection between different economic and urban projects can be found from an advocate of charter cities, Scott Beyer, and the idea of 'market urbanism' which he defines as: "the cross between free-market policy and urban issues. Rooted from the classical liberal economic tradition, the theory calls for private-sector actions that create organic growth and voluntary exchange within cities, rather than ones enforced by government bureaucracy" (Market Urbanism Report, 2023, n.p.). Here the logic behind charter cities combines a specifically economic view with a close attention to urban governance, merging this libertarian ideal of private sector focused growth with urban life.

Beyer was impressed when he visited Próspera in 2023, stating that ZEDEs have the potential to provide "economic opportunity for the populace" (Beyer,2023). Indeed, as with other charter city advocates, Beyer points out the inefficiencies of current cities in the United States including pension debt and poor infrastructure (Market Urbanism Report, 2023). For Beyer, the remedy to this new low and inefficiency in current urban governance is turning our attention to the American corporation as a model. As Beyer states, many corporations have been able to see great return on their investments, "Since 2012, the S&P 500's overall shareholder returns are 177 percent, while the companies therein have driven advances in clean energy, digital technology, banking access, medicine, and more" (Market Urbanism Report,

2023). For Beyer, the efficiencies of generating monetary profit from the companies is an inherent good that will benefit all in the society. This is in contrast with current municipal governments, who have scattered goals as they have to account for multiple interest groups in a community (Market Urbanism Report, 2023).

The idea of prioritizing economic development and urban governance strategies are an important justification for the benefits provided by charter cities. Beyer highlights the positives of charter cities in an article where he discusses Honduran ZEDs. One of the ways he highlights the positives of ZEDs is through the use of statistics in showing economic standards in Honduras. For example, using the Heritage Institute's Economic Freedom Index for showing the decline in property rights and fiscal health (Beyer, 2023). Beyer's use of these statistics stresses the importance he places on specific economic conditions; those economic conditions being what generates the most capital for private industry. The statistics include factors such as tracking property rights, tax burdens, investment freedom, and labor freedom (Heritage Foundation, 2023). As the Heritage Foundation states, "Deeper institutional reforms are needed to strengthen economic freedom and economic growth. Systemic weakness persists in the protection of property rights and enforcement of anticorruption measures. The judicial system is vulnerable to political influence. The economy receives relatively high scores for policies that support and sustain open markets" (Heritage Foundation, 2023). In addition, Beyer highlights other aspects of Honduran society. Notably, he references Honduras having the second highest murder rate in the region, the highest poverty rate in the region and finishes with mentioning the general corruption in Honduras (Beyer, 2023). The purpose of mentioning these conditions are that the promise of charter cities in Honduras and their use of liberal economic practices act

as a way to bring Honduras out of these poor conditions. Yet, the specifics in how that would happen are not discussed. What is discussed is the potential for ZEDs like Próspera to become hubs of financial and technological innovation. As one of the co-founders of Próspera, Gabriel Ayua, told Beyer, he wants Próspera to become a “Latin American Singapore” (Beyer, 2023). The importance of highlighting these kinds of economic markers such as property rights and anticorruption measures show that there is a specific kind of understanding of economic success at play, with a specific set of standards used to measure their health. Individuals like Beyer turn to institutions like the Heritage Foundation in order to gauge a country’s potential for charter cities as they provide the indicators useful for knowing if a places like charter cities can be viable within the political and economic environment of a country.

Chapter 2 Conclusion

Returning to the core question of this chapter: what do charter cities want to stand for? I have laid out a way of understanding charter city identity. First, there is a clear bent towards a libertarian ideology, where the focuses on the rights of property and emphasis on individual rights are the main focus and where all other rights are secondary. By having property rights as the main focus, conflict resolution will become as efficient and peaceful as possible in the service of economic development and market solutions (Thrasher, 2017, p. 214). Furthermore, the placement of individual rights as being the ‘natural’ way a person should operate in conjunction with their government (Gebel, 2021), as opposed to collective based legislation based on consensus, lends credence to the charter cities being the most effective form of governance. This leads into the second point, that charter cities are built on prioritizing economic development over other concerns.

Furthermore, market solutions are touted as the best solutions for solving issues of urban governance, as highlighted with market urbanism, and the selective use of statistics are used to show that countries that do not promote free market ideas are constructed as having poor economic and social health. A focus on individualism over group rights is highlighted as there is the held belief that humans will always have subjective values that cannot co-exist with documents like a constitution; and therefore, tools like a citizen contract are used to alleviate any infringement on individual rights. However, these are only the writings and beliefs of charter city advocates and what is said and written does not entirely match up with how these ideologies are realized when constructed in an actual charter city. My next section looks at the construction of Próspera to highlight how the similarities and differences occur when actualized in a defined both in legal terms and within its governance structure.

Chapter 3: Framing the Political Context of ZEDEs

In the previous chapter, I discussed the guiding ideological principles that allow us to understand the goals (promotion of economic development, individual rights, and property rights) of charter cities proponents. Using these guiding principles as a lens, this section analyses how charter cities are enabled by being situated in a specific political climate which creates room outside of legal, democratic politics for charter cities to be constructed. Drawing on the case of ZEDE laws in Honduras, I state we can understand why ZEDE laws are constructed the way they are because charter city proponents were deeply involved in guiding their underpinning legislation. The objective of this section is to investigate how charter cities are enabled through legislation by investigating legislation passed by the Honduran government with the RED laws and the ZEDE laws; specifically analyzing the political context in Honduras after the 2009 coup, as well as what happens when a charter city is allowed to be constructed within a sovereign nation with the focus being on the case study of Próspera. With an understanding of the ZEDE legislation, I will provide an analysis of Próspera's governance structure by exploring how civic life functions through its founding charter. I will also investigate how citizenship works in Próspera; as well as researching the political bodies that govern daily life in Próspera ZEDE.

First, to understand how Honduras is become a space open to charter city projects, I will briefly examine the country's history. Through this examination I argue that Honduras has historically been a site of what Beth Gaglia calls 'enclave capitalism' (Gaglia, 2016), where zones within the country are carved out to act as spaces through which foreign economic firms can

function unregulated by the local state. In addition, I will argue that the 2009 Honduran coup and its aftermath were paramount in allowing for the proliferation of charter city legislation and the creation of cities like Próspera.⁵

Second, I will present my analysis of Próspera and link the guiding principles discussed in the previous section to the governance structure of Próspera. This will be accomplished through analyzing the governance mechanisms that are used to organize Próspera's institutions. I will begin by briefly explaining how political life in Próspera is organized, that is how its laws are passed, how people vote, and who is eligible to vote. Then, using the guiding principles discussed in the second chapter, I will analyze how Próspera has constructed its systems of governance by investigating the contract that each citizen of Próspera must sign (called an 'Agreement of Coexistence'), the Próspera council which votes on which legislation is passed, and the voting rights for each citizen Próspera. By discussing the political tools used to govern Próspera, I highlight how these mechanisms are directly related to the ideological principles discussed in the first section: an emphasis on individual rights over group rights, property rights as the most important right over all other rights, and the prioritization of economic development. I conclude by asking the question 'Próspera for who?' and investigating the creation of a secondary class of citizens who are needed to provide the labour to keep the charter city functioning.

⁵ Two other ZEDEs exist in Honduras: Ciudad Morazán, located near the city of Choloma; and ZEDE Orquidea in Choluteca (Geglia, 2021).

Honduran History with Economic Zones

Honduras' relations with economic zones within its borders is nothing new. A look into Honduran history reveals it has been involved with varying projects of this kind for many decades. In this section I review the history of economic zones in Honduras, then I examine the period following the 2009 coup, and finally discuss the laws that establish ZEDEs. I argue economic zones established in Honduras were accomplished through an illegitimate political process which occurs due to a coup. Without this political instability, the establishment and construction of ZEDEs would not have been realized.

In *Honduras: Reinventing the Enclave*, Beth Gaglia (2016) outlines a variety of economic zone enclave policies which have shaped the country. One of the more famous examples is Honduras being labeled as a "Banana Republic", housing foreign-run banana enclaves in the first half of the twentieth century for agribusinesses such as the United Fruit Company (Gaglia, 2016, p. 354). These companies managed various regions within Central American countries, for Honduras, this was primarily on the north coast of the country. Along with this corporate power, the American government gave certainties of security to companies managing agribusinesses in those areas (Fenner, 2014, p. 615). These certainties of security were made known in the late 1920s and 1930s with ships from the United States Navy called the Special Service Squadron reminding local Hondurans that "while American marines had not landed on their shores since 1925, they could be ordered to do so at any moment" (Fenner, 2014, p. 616). This provided protection for American businesses within Honduran borders to operate in a manner they saw fit to secure their profits.

More recently, projects within Honduran borders include the Honduras' Export Processing Zones (EPZs), which date back to 1976 with the "construction of Puerto Cortes on the northern coast as a free trade zone" (Geglia, 2016, p. 354). In total, Honduras housed 67 EPZs, and with these zones there came the birth of the maquila industry⁶, where laborers worked on mainly textile production for foreign-owned companies supplying mostly the South Korean and United States markets (Geglia, 2016, p. 354). These zones allowed for cheap imports to those aforementioned markets, while also providing fiscal benefits to foreign businesses in Honduras, such as tax havens, and special labor regimes where employees had little voice in the condition of their workplace (McCallum, 2011, p. 3). The effects of this project on the structure of the Honduran economy were profound. As of 2022, the maquila industry is touted as being the backbone of the Honduran economy by elites who see it as the driver of development (Niell, 2022, p. 16). The statistical case for this narrative is associated the job and wealth growth, with the maquila industry employing 140 000 workers and providing 62 percent of Honduras's total exports (Niell, 2022, p.16). The negative effects of these zones had on the locally owned Honduran manufacturing sector were also significant, including driving low wages through their labour regimes (Niel, 2022, p. 17). These zones remained popular in Honduras until the early 2000s with competition from new zones, specifically in China, increased (Slobidan, 2023, p. 190). Discourses promoting maquilas are similar to the rhetoric of charter city advocates (Niell, 2022, p. 16) describes this as 'development rhetoric'). Specifically, we see the touting of job

⁶ First established in the 1960s, maquiladoras allowed multinational corporations to import materials without the need of paying tariffs (Castilo & Vries, 2017, p. 200). Along with the combination of cheap labour, maquiladoras became popular for multinational corporations to set up export processing zones in many countries across Latin America, such as Mexico (Castilo & Vries, 2017) and Honduras (Niel, 2022).

creation and the increase of exports as a key motivating factor, mirroring Beyer's promotion of charter cities under the rubric of market urbanism.

In both Banana Republics and EPZs, companies operating within Honduras were foreign corporations which were able to gain access to Honduran labour and land through carving out special zones for operating their businesses. Indeed, as I will discuss in the subsequent section, in order for EPZs and Banana Republics to exist, political climates which favoured business interests had to be in place. For example, shortly before the first EPZ was introduced in 1976, the 1972 Honduran coup occurred. The coup placed General Oswaldo Lopez Arellano⁷ in charge, deposing Nationalist party President Ramon Ernesto Cruz⁸ (Euraque, 1990, p. 670). In the wake of this coup, Dario Aquiles Euraque argues that there was a transition to what he called 'peripheral capitalism' (Euraque, 1990, p. 755) where a peripheral country acts as a site of investment for 'core' countries through which they can extract benefits such as a cheap labour force and less governmental interference in aspects such as environmental regulations or taxation on foreign businesses (Rosenberg, 1981, p. 605). This was, in part, accomplished through decree no. 8 of December 26th, 1972, which forced landowners to rent peasants uncultivated land (Euraque, 1990, p. 754).

As outlined in the next section, I argue that the political shift with the 2009 Honduran coup follows the same principle that occurred with the 1972 coup and that such violent shifts

⁷ Oswaldo Lopez Arellano was an instrumental figure as an army figurehead. Being responsible for leadership changes in Honduras acting as Chief of Air Force Internal Security being pivotal in the 1956 military coup (Euraque, 1990, p. 349); as well as leading the coup of 1963 (Euraque, 1990, p. 351)

⁸ A lawyer for the Nationalist Party who served in the Carias dictatorship. Cruz was tied to the most conservative sectors of the party (Euraque, 1990, p. 732). His disposal in the 1972 coup came with wide support from the working and peasant classes, groups that were targeted in the 1963 coup (Euraque, 1990, p. 670).

towards business-friendly regimes are needed in order for the establishment of zones like EPZs and ZEDs. This highlights that the creation of special economic zones are enacted through the use of violence to exert political change.

Honduran Political Climate Post 2009 Coup

As discussed, charter city advocates search for nations that have political instability. This instability is desirable as it allows for charter city legislation to be pushed through with minimal resistance from governments which in turn increases their chances of procuring autonomous zones such as the greenfield sites. In the Honduran context, scholars argue that after the 2009 coup, there was a level of political instability that allowed for the passing of the ZEDE legislation that enabled the creation of Próspera (Geglia, 2016; Slobodian, 2023). This section will outline the specific events that occurred after the coup which created the political climate that enabled the ZEDE legislation. I argue that without this political instability, the legislative path for charter cities to be created within Honduran borders would not have been possible.

Indeed, charter city advocates look for countries with supportive political systems in place. In fact, the timing of the Honduran coup acted as a new door opening for these advocates as another was shut. Prior to the passing of the ZEDE law, Madagascar had been one of the countries that looked promising for enclave investment for charter city advocates. In 2008, then President of Madagascar, Marc Ravalomanana, had created a scheme which leased 1.2 million hectares of agricultural land, free of charge, for ninety-nine years to a South Korean Conglomerate (Slobodian, 2023, p. 189). Paul Romer seeing an opportunity to construct charter cities, pitched his vision to President Ravalomanana who was enthusiastic. However, this

process was abruptly cut short as the subdivision of the land by Ravalomanana⁹ divided Madagascar's elite which later backed a coup in 2009 that overthrew him (Slobidan, 2023, p. 189).

The 2009 Honduran coup allowed for dramatic changes in the Honduran constitution which supported the creation of ZEDs and an opening for charter city promoters. Newly installed President Porfirio Lobo and his advisors were already interested in establishing zones within Honduras that reflected of what they saw as economic successes, the EPZs of the 1970s; and after they saw Paul Romer's 2010 talk online, they contacted him (Slobodian, 2023, p. 190). Furthermore, President Lobo's affection for zones like EPZs goes further back in his political career and is linked to his veneration of the so called 'Asian Tigers' (Singapore, Hong Kong, Taiwan, South Korea) whose success is a major influence in the planning for economic development in Latin America (Ebner & Peck, 2021, p. 37). In fact, that goal of copying the high economic growth rate from places like Singapore and Taiwan was a priority for President Lobo who led a tour of South Korea, Singapore, and Kuwait "in search of takeaway insights for RED Zones" (Region Especial de Desarrollo) as he was a proponent of the development produced by the Asian Tigers in Latin America (Ebner & Peck, 2021, p. 37). The regime put in place by the 2009 coup was one primed to support the arrival of charter cities like Próspera.

Beth Gaglia argues that President Lobo reformed the constitution to support the creation of economic enclaves in two ways. First, President Lobo's administration wanted

⁹ Marc Ravalomanana was a Madagascar dairy tycoon who would become president in 2002. The attempted land grab by foreign conglomerates was part of a larger scheme of richer nations sought to "secure overseas agricultural sites after a spike in world food prices. Hosts countries were offering land for nothing or next to nothing, in hopes of securing some jobs for locals and spillover effects from foreign investment." (Slobodian, 2023, p. 189)

economic enclaves to have their own territorial denominations, which previously it would not be categorized as such; and second, having economic enclaves granted special permission to operate outside the Honduran judicial system of governance (Geglia, 2016, p. 355). This would manifest through the first attempt to establish an economic enclave policy, REDs, which was then followed by the creation of ZEDEs (a history which I will explain further on in this section).

The connection between economic enclave policies and the 2009 coup was made explicit by one of the leaders of Próspera, Jorge Colindres. In an interview on the Geoeconomics Podcast when asked about purpose of ZEDE legislation, Colindres responded, “the origin is in 2010, the idea was that Honduras needed to change, in 2009, there was a political crisis in Honduras. The idea was that Honduras may continue to face political instability. These zones were mechanisms to create spaces within Honduras that would become as an oasis of legal stability and resistant to political disturbances at the national level” (Serlet, 2021). Colindres’ statement reinforces the idea that charter city advocates look for countries that have had political shifts that enable the creation of supporting legislation, seizing on moments of political instability to advance chosen policies. Like Romer looking at Madagascar, the new Honduran government established through the coup provided an opportunity to introduce new legislation that would allow charter city proponents to access land within the country.

Defining a ZEDE

Understanding the ZEDE laws allows for a deeper investigation into the consequences caused by their implementation. That begs the question, how is a ZEDE defined? The ZEDE reforms were not the first iteration of zones designed for hosting charter cities and to understand them, it is

important to excavate their origins. The first iteration of an economic zone policy following the 2009 coup was the Region Especial de Desarrollo (RED). Like ZEDEs, REDs were also an extraterritorial entity set up by Honduran legislation that was managed by a foreign entity which was able to create their own services like a constabulary, education, and medical systems (Slobodian, 2023 p. 190). However, REDS went a step further than ZEDEs where they could enter into their own treaties with foreign nations and “determine their own immigration policies and conduct diplomacy alongside the Honduran government” (Slobodian, 2023, p. 190). Based on these factors, REDs were deemed unconstitutional in 2011 by the Honduran government. However, specific elements of REDs would be used for drafting ZEDE legislation.

The removal of RED legislation was based on two main points of contention: their ability to conduct their own international relations and to control their own immigration policy. In response, ZEDE legislation was designed so that a ZEDE would be unable to have either of those RED characteristics while still maintaining the focus on the creation of enclaves that enabled economic activity. Furthermore, ZEDEs were touted as being more democratic than REDs as residents would be able to have more say in a decision of if a ZEDE would be able to establish itself (Miller, 2019, p. 287). However, residents who were in locations where ZEDEs have been established, noted that they have little say in the consultation process. For instance, in Trujillo, which lies along the Caribbean coast, members of a Garifuna community had been fighting for control of their ancestral lands (Sullivan, 2015).

As Felix Valentin, who works with the Black Fraternal Organisation of Honduras (OFRANEH), an organization who works with Garifuna communities to protect their social,

economic, and cultural rights, states, the introduction of a ZEDE in Trujillo aggravated an ongoing land dispute with Canadian tourism developer, Randy Jorgensen, in which the Garifuna state that Randy illegally bought 70 hectares of land and then fenced off an additional 200 hectares. Felix states that because that land is part of the Garifuna territory, it is classified as ancestral land which cannot be sold to third parties (Sullivan, 2015). Furthermore, areas that have been determined to be 'low populated' (which is determined by the national census office [Geglia, 2016, p. 357]) are not given the chance to vote on whether a ZEDE is allowed. The transfer and status of the land in the pre-determined low-development areas is done without consultation of local communities (Geglia, 2016, p. 357), undermining claims to democratic legitimacy under assumptions of *terra nullius*.

Thus, the ZEDE legislation has tried to differentiate itself from REDs by changing two specific aspects and adding a consultation for Hondurans living in areas that could become ZEDEs. Nevertheless, as will be described in the next section, the establishment of ZEDEs replicated much of the RED legislation in circumventing the consultation process and its disregard for the sovereignty of Honduran communities.

Articles and Amendments

ZEDEs required many political maneuvers for their existence to become a reality. One of the key characteristics of ZEDE legislation was the alteration it made to specific amendments of the

Honduran constitution. Specifically, amendments 294, 303, and 329 (Miller, 2019, p. 287). The following table lists the articles and their amendments as stated in the Honduran constitution to highlight the changes made with the 2013 amendments to the constitution. This table shows how the 2013 amendments allowed for zones like ZEDEs to be constructed:

Table 1: Amendments to the Honduran constitution

Article	2013 Amendments
<p>Article 294: “The national territory shall be divided into departments. Their establishment and boundaries shall be determined by the National Congress.</p> <p>The departments shall be divided into autonomous municipalities administered by corporations elected by the people, according to the Law” (Constitution of the Republic of Honduras, 1982 (as Amended to 1991), 1991, p. 63)</p>	<p>“Without prejudice to that established in the previous paragraphs, the National Congress may create zones subject to special regimes in accordance with Article 329 of this Constitution.”</p> <p>(CONSTITUTION OF THE REPUBLIC OF HONDURAS, 1982, 2013, P.55)</p>
<p>Article 303: “The power to dispense justice emanates from the people and is administered free of charge on behalf of the State by independent magistrates and judges. The Judicial Power consists of a Supreme Court of Justice, the Courts of Appeals, and the Courts established by the Law.</p> <p>The Supreme Court of Justice shall have its seat in the Capital of the Republic, shall be composed of nine principal magistrates and seven alternates, elected by the National Congress, and shall be divided into chamber [salas], in accordance with the provisions of the internal Regulations of that Court.” (Constitution of the Republic of Honduras, 1982 (as Amended to 1991), p. 64)</p>	<p>“No trial shall have more than two instances, the judge or justice that has exercised jurisdiction in one of them may not hear the other, nor in the appeal of the same matter, without incurring liability.” (Honduras’s Constitution of 1982 with 2013 Amendments, 2013, p.68)</p> <p>“The judicial branch consists of a Supreme Court of Justice, the Court of Appeals, the courts, by tribunals with exclusive competence in zones of the country subject to special regimes created by the Constitution of the Republic and additional offices specified by law.” (Honduras’s Constitution of 1982 with 2013 Amendments, 2013, p.68)</p>

<p>Article 329: “The State promotes economic and social development, which will be subject to appropriate planning. The Law shall regulate the system and process of planning with the participation of the Power of State, and political, economic, and social organizations shall be duly represented.” (Constitution of the Republic of Honduras, 1982 (as Amended to 1991), p. 68).</p>	<p>“The state may establish zones of the country subject to special regimes which shall have juridical personality and are subject to a special fiscal regime and may incur obligations which do not require the guarantee or collateral of the state in solidarity and may create contracts until the fulfillment of their timely objectives and during various governments. They shall enjoy functional and administrative autonomy that shall include the functions, abilities, and obligations that the Constitution and the laws confer on the municipalities.” (Honduras’s Constitution of 1982 with 2013 Amendments, 2013, p.75).</p>
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These changes to the constitution allowed for the creation of a ZEDE which can circumvent the established Honduran court system. What this means in practice is that ZEDEs are able to create their own court system and their own judges which are appointed by the Honduras’ Judicial Council and not appointed by the Honduran Congress as with other courts (Miller, 2014 p. 288). Examining the legal tools made available to ZEDE entities by the amended constitution, it is apparent there is a propensity that discourages oversight by the Honduran government. For instance, the amendment to Article 294 states that congress has the power to divide the country into “subnational regional governments known as departments and, within them, corporate municipalities” (Miller 2014, p. 288). This amendment allowed congress to create ZEDEs; and furthermore, seemingly comes into conflict with ZEDE legislation stating that the locals will be part of a process in which they decide if a ZEDE can be constructed near their land, yet as I discussed, communities such as Garifuna and locals at Crawfish Rock were not given a consultation process on approving the respective ZEDE’s in their area. As shown with the

bordering settlement of Crawfish Rock on Roatán, in which the locals have come into conflict through the issues of water rights and Próspera’s security guards (MacDougall & Simpson, 2021); as well as with the Garifuna communities which saw land that was protected under Honduran law being zoned for a potential ZEDE without their consultation (Sullivan, 2015).

Another important amendment to Article 303 altered the judiciary structure with the following line: “The judiciary consists of a Supreme Court of Justice, the Court of Appeals, the Courts, courts with exclusive jurisdiction in special zones... and other institutions provided by law”¹⁰ (Miller, 2014, p.288). This line gives special protections to ZEDEs, in that there can be no oversight from another Honduran legislative or judicial body over a court system established within a ZEDE and by its system of governance. Furthermore, ZEDE courts differentiate themselves from what was established through the original RED legislation. With the RED amendment, there was a prohibition against “the creation of courts of exception” while Article 303 gave ZEDEs this judicial power (Miller, 2014, p. 290). The importance of this was for ZEDE courts to remove themselves from the potential interference from the Honduran Congress and instead being held accountable by the Honduras’ Judicial Council (the Honduran Supreme Court) (Miller, 2014, p. 290).

In addition, amendment 329 to the constitution states that ZEDEs must “adopt the best international and national practices for creating a competitive legal and economic environment on an international scale” (Miller, 2014, p. 291). As discussed in chapter 2, certain economic

¹⁰ The difference in the quote used by Miller (2014) here and the quote used in my table is due to a translation difference of the amendments from the Honduran Constitution.

markers are used to highlight the health of an economy on how favourable a countries political and economic climate are towards private investment. As ZEDEs act as zones for private capital to invest, having this codified in amendment 329, in which they must adopt the best international and national practices, provides the protection a ZEDE needs to continue operation without fear of their operations straying from their ability to generate profit for the individuals and businesses investing in a given ZEDE.

From these amendments, there is a clear environment being created in which a ZEDE is given a degree of autonomy that purposefully discourages oversight from Honduran bodies. The impetus for ZEDEs to act as sites of economic development can also clearly be seen in the legal obligation of a ZEDE to be economically and legally viable entities. Through these amendments the vision for ZEDEs, and the charter cities like Próspera which they enable, comes into focus. This includes the economic and political role for the citizens who choose to live there.

ZEDEs in Practice

Moving beyond constitutional amendments and into the ZEDE legislation itself, in this section I will briefly describe how specific ZEDEs function and the kind of powers they are able to institute based on this enabling legislation, including the power to create their own financial regimes. This will be accomplished through a close read of how Próspera has used these amendments to create their own governance structure. Doing so helps establish the degree of autonomy a ZEDE is granted and allows us to examine through how the autonomy is mobilized to enact the ideological guiding principles of governance that inspires charter cities discussed in the first section.

One of the important aspects of ZEDE are their ability to create and operate entities like the court system (as outlined above). Other kinds of entities which can be established include an “independent financial regime with the ability to impose and collect taxes, use revenue for their own purposes, set a budget, establish rates for services, form contracts, and incur debt without approval from the national government, provided that the national government is not responsible for the debt” (Miller, 2014, p. 294).

Because a ZEDE is able to setup its own financial regime, this allows them to set up a system which follows the guiding principles that define the charter city system of governance. In this case, this means establishing a governance structure that focuses on generating profit, which can be seen as a main goal of a ZEDE such as Próspera (as stated on their website), as well as prioritizing individual over collective rights which is done through a citizen contract called an agreement of coexistence (described in the next section). One of the consequences of this is that Próspera’s ongoing existence is based on its ability to generate revenue through its citizens and, correspondingly, those who are not able to fulfil that obligation may be seen as a threat to Próspera’s mission. This is not just a theoretical discussion, as it is stated in the amendment of Article 329 of the ZEDE legislation that ZEDE entities like Próspera must remain internationally competitive both legally and economically.

Other institutions that a ZEDE can establish and run on its own are services such as education, medical and constabulary. For instance, a vote taken within the Próspera ZEDE saw the approval of its own police force on May 4th, 2022, as a part of its authority titled, “Próspera Police Department Resolution”. Within this resolution, it defines terms such as “Peace Officers”

and outlines terms related to Peace Officers such as the qualifications needed to be a Peace Officer (Próspera ZEDE, 2021, p.7)¹¹ as well as the authorities and duties of a Peace Officer (Próspera ZEDE, 2021, p. 8)¹². These acts are revealing not only of the autonomy granted to ZEDEs but also Próspera's vision with, for instance, Peace Officers required to have their own private insurance for any losses they incur for Próspera.

Another revealing term about the extension of powers through ZEDE laws is Próspera's category of "(e)Resident", defined as "a natural person or legal entity that is registered as an electronic or physical resident of Próspera in the Próspera Personal Registry or Próspera Entity Registry in good standing" (Próspera ZEDE, 2021, p. 1). For an (e)Resident, they are allowed to purchase property and live within the ZEDE up to 6 months per year. In addition, they must pay an annual fee of 130 USD (Roberston, 2023). This establishes a new type of citizenship for those who live in the city, that there can be multiple classes of citizenry, and links residency with the paying of fees. In this example, it is clear that ZEDEs like Próspera are given powers to construct their own services and within those services are given leniency (meaning that they must still

¹¹ The qualifications of a Peace Officer consists of five requirements: First, "Be not less than twenty-one years of age;" Second, Be an (e)Resident of Próspera; Third, "Be of good moral character, and able to read and write the English and Spanish languages understandably; Fourth, "Complete a training regime in privileges afforded by the RCLC [Roatán Common Law Code] for Arrests and detentions, the search and seizure of property and persons, forcible entry and ejection, self defense of others and the use of force, including the use of deadly force and implements capable of causing death, such as the use of firearms"; Finally, the applicant must show proof satisfaction to the Chief of Police that they "have a sufficient insurance policy under the Próspera Financial Responsibility Statue and Próspera Financial Responsibility Resolution for any loss occasioned by the act of the applicant as a Peace Officer."

¹² In section 6 of the resolution titled 'Authorities and Duties of Peace Officers' are defined as follows: "Peace Officers shall have such authorities and duties as are derivatives of the authorities and duties of the Chief Of Police and delegated to them in accordance wit the organizational structure of the Police Department, as well as the polices and guidelines promulgated by the Chief of Police, subject to override by the Law Enforcement Committee."

follow the Honduran criminal law and any international treaties that Honduras is subject to) to make those services fit the society which a particular ZEDE wishes to make.

Two additional aspects of the ZEDE law which highlight its autonomy within the Honduran national framework are the appointment of a Technical Secretary who acts as the primary administrator for Próspera and the Committee for the Adoption of Best Practices (CABP), a 21-person council that is selected by the President of Honduras and oversees all ZEDEs and which approves a ZEDEs' Technical Secretary (Geglia & Nuila, 2021). By examining these two bodies, we can understand the autonomy that ZEDEs are granted as well as the vision for ZEDEs established through the CABP. These bodies act independently of the Honduran congress and examining their functioning reveals how the guiding principles of individual rights, economic development and property rights materialize through the power of Technical Secretary and CABP. Interestingly, before with the RED law, a similar position to the Technical Secretary allowed foreigners to hold this type of position but with the updated ZEDE law only Honduran citizens are eligible (Geglia, 2016, p. 357). However, Geglia notes that unlike the RED law, the ZEDE law "includes no requirement that representative democracy be reinstated in a particular area after a zone is established" (Geglia, 2016, p. 357).

The CABP consists of a commission made up of 21 people appointed by the president of Honduras and ratified by the Honduran Congress. Their job is to oversee all ZEDE projects within the country. While this, in theory, links the CABP to congressional oversight, the ZEDE law allows for vacancies to be filled by the CABP itself, making it in essence a self-electing body (Alford-Jones, 2017). Powers given to the CABP include actions such as approving or rejecting ZEDE

applications as well as designating entirely new ZEDE zones within Honduras. Furthermore, it is the CABP's responsibility to appoint the Technical Secretary of each ZEDE. In addition, the Technical Secretary is allowed to be a member of the CABP itself, as well as an investor of the ZEDE they oversee, creating conflicts of interest. Indeed, this is true in the case of Próspera with Jorge Colindres, a lawyer and prominent advocate of charter cities who previously worked as a managing partner at INERTIA which is "a professional services firm specializing in corporate governance, strategic planning, risk management and family office services" (LinkedIn, 2023), now Technical Secretary of Próspera and someone who has been deeply involved in Próspera's construction.

Market-based orientations and close ties to ZEDE advocacy define the CABP as it is constituted. Originally, the members of the CABP were appointed by President Juan Orlando Hernandez and as Geglia points out, members selected to the CABP were directly involved with investing in ZEDes and foreign control over the zones. Indeed, of the 21 members, only four were Honduran (Geglia, 2016, p. 358). In 2014, the list of people included ex-president Ricard Maduro, Ricardo Cardona who served as president of the National Telecommunications Commission and then being appointed as Honduras' Minister of Development and Social Inclusion by then President Juan Orlando Hernandez. The appointments of Cardona and Maduro highlight a class nature of ZEDes. Involvement by Honduran's are made if they are connecting to the business sector as well as having political ties to the government which enacted the ZEDE legislation. Outside of these Honduran elites, other members of the CABP included members who have been described as "market fundamentalists" (Geglia, 2016, p. 358). This includes

Mark Klugmann¹³ who “spearheaded the CABP in its inception and recruited its members, which included a group of insiders from the backrooms of Reagan’s Cold War” (Geglia, 2016, p. 358). Most revealingly, the CABP committee included Ryan Whittlesey who served as an assistant to Ronald Reagan and was directly involved in supporting the right-wing paramilitary Contras in Nicaragua (Geglia, 2016, p. 358). While defined as an oversight body, the CABP is, in practice, a body with clear links to the project of constructing ZEDEs as independent economic zones and an overall project of projecting imperial power in Latin America in service of foreign businesses. These visions are backed by a libertarian orientation towards economic growth and competitiveness, as witnessed by the presence of former affiliates of the Reagan regime in the United States and charter city advocates. The nature of the economic growth and competitiveness within ZEDEs is thus for a highly selected group of individuals and institutions, it is in an elite operation designed to circumvent the general Honduran populace.

The CABP highlights the ability of ZEDEs to act outside of the traditional modes of government, with oversight shifted to a libertarian body held outside of congressional oversight. Furthermore, the ability of ZEDEs to operate outside the traditional political structures of Honduras are further illustrated through their ability to appoint foreign judges to oversee the ZEDE without the approval of the Honduran Congress (Alford-Jones, 2017). This is reflected by the secretive nature of it’s the CABPs decision-making power. By mid 2017, the committee was occupied by 12 people with only five participating decision-making power which can exert

¹³ Mark Klugmann was a speech writer for President Ronald Reagan and George Bush (the senior). In Honduras, he “introduced the LEAP zone concept and “institutional leapfrogging” in 2002, he has advised three presidents. He serves on the governing board for the ZEDE development zones and is co-chairman of the statutory standing committee.” (FreedomFest2017, 2017)

authority on specifics of how a ZEDE functions. Tellingly, meetings of the CABP have been conducted outside of Honduras, with one taking place in Miami (Alford-Jones, 2017). Technically a ZEDE is bound by Honduran criminal law, however, as Kelsey Alford-Jones points out, there is the potential for leeway, as in Article 41.3 of the Honduran Criminal Code states, that the Criminal Code, including laws related to drug trafficking, human trafficking, genocide, and terrorism, will be applied “while [the zones] do not yet have their own [laws] that they consider to be most efficient to meet their objectives” (Alford-Jones, 2017). This gives ZEDEs a theoretically increased amount of autonomy as there is a loophole which allows it to bypass the safeguards of having to following Honduran criminal law. Establishing a concrete idea of how the bodies through which ZEDEs are managed (the CABP and Technical Secretary), allows us to understand the context within which Próspera ZEDE operates, and how it has chosen to manage itself with the level of autonomy granted through the ZEDE law. Something which will be explored further in the next section of the chapter.

Summary: ZEDEs and the political context

This section provided two main points. First, through a brief historical analysis, I argue that various kinds of enclaves (REDs, ZEDEs, and EPZs) follow a historical trend where Honduras was a site for experimentation in variations on economic enclave policies. In this historical analysis, I argued that a specific political context had to be in place in order for these zones to exist. Without the Honduran coup of 1972, EPZs would not have occurred and similarly without the 2009 Honduran coup, REDs or ZEDEs would not have existed. This enabled structures like the CABP which placed enclaves outside of democratic control.

With this historical and political foundation, in the next section I conduct a detailed analysis of my case of the Próspera ZEDE where I analyze how from the ZEDE legislation through the lens of the ideological guiding principles of private property, economic development and individual rights are found through the varying governance structures of Próspera. This includes its citizen contract, the Próspera council and voting rights. In addition, by analyzing these structures of Próspera, I argue that we gain a very clear idea of who Próspera is for and who it is not for.

Próspera Origins

As I discussed in the second chapter, charter city advocates announce a specific ideology through which a charter city should be governed. The guiding principles of individual rights over group rights, property rights as the important right and the priority of economic development are, as I argue, the three main tenets of charter cities. However, now that charter cities have become a reality, how are these guiding principles put into use? This section will introduce some key features of Próspera and by using the guiding principles discussed in the second chapter, I will highlight how each guiding principle can be examined through the governance systems that Próspera has put in place. First, I will highlight the individualistic aspect as seen through the contract each person must sign in order to be a resident of Próspera. Second, I link how the guiding principles of property rights and economic development of Próspera is showcased through the Próspera council. Third I will examine how voting works inside Próspera and how wealth is tied to citizenship. With this analysis, I lay out a foundation of how Próspera functions that will allow us to draw direct comparison for the final section when I analyze the similarities and differences with Singapore.

Before conducting this analysis, it is important to establish some elements of Próspera's history. Próspera is the culmination of the ZEDE law that allowed for its birth and for its continued existence. However, that does not tell us who runs Próspera or where Próspera comes from. Indeed, as discussed in the second section, the CEO and one of the co-founders, Erick Brimen, said that Próspera is a place for innovative people that wish to escape the pitfalls of traditional governance (Fireside Strategic, 2020). Going beyond the advertising rhetoric, Próspera is a private company that is based in Delaware called Honduras Próspera LLC (Geglia and Nuila, 2021).

The question of what the purpose is for Próspera has multiple answers. Over the course of the charter city's short existence and before its creation, advocates have announced the many benefits of Próspera. For instance, Jorge Colindres stated that the creation of Próspera could act as a tool to ease the migrant crisis at the United States border. In a paper he wrote for the Center for Innovative Governance Research, Colindres states in the abstract:

We propose building charter cities to help develop Honduras and alleviate the refugee crisis. Charter cities are large real estate developments under a new jurisdiction with a blank slate, or close to it, in commercial law. The new jurisdiction allows the charter city to adopt the best practices in governance, attracting investment, creating jobs, and stimulating economic growth. Singapore, Hong Kong, and Dubai were able to become world class cities due in large part to their governance, the same opportunity exists in Honduras. (Colindres, 2019)

In addition to the rhetoric of the refugee crisis, Colindres' abstract reveals other intentions for charter cities in Honduras, such as the idea that charter cities act as sites of investment.

Colindres references the three main cities of Singapore, Hong Kong, and Dubai which Ebner and Peck describe as living in the neoliberal imagination (Ebner & Peck, 2019, p.32). An apparent

and seeming truism are that charter cities act as sites of capital for investment; and this obvious observation is reinforced on Próspera's website where they write, "The Purpose of Próspera is to promote shared prosperity and human flourishing by protecting the individual rights of life, liberty, and property; as well as by attracting domestic and foreign investment, creating economic opportunities, increasing safety and security, and building resilient, transparent and effective governance institutions"(Próspera ZEDE, n.d.). With this abstract in mind, we can begin to investigate the various political and governance structures of Próspera and how they fit in line with the thinking from the abstract.

Economic Development & Private Property

Colindres' vision demonstrates the focus on two targets: (1) economic development and (2) property rights. Both these guiding principles are seen through the Próspera Council, an elected body of nine officials. More specifically, through the power the Council wields as well as the process through which citizens are elected to that body.

The announced targets of the Council create a clear vision for Próspera, consisting of two audiences for the vision. The first is advertisement to investment groups. Indeed, those looking to invest in Próspera would look at their Council of Trustees, a legislative body that oversees the political affairs and daily life within Próspera and see that the council is made up of individuals that are vocal in their support charter cities and espouse libertarian values. Second is attracting a specific type of person to come and live in Próspera. As Próspera CEO Erick Brimen

states when asked why someone should move to Próspera: “... it is the process of co-creating, I would say, if you want to be part of building the future we want to see, and dealing with the most important layer of what it means to be a civilized society, and how you get that, and if you want to be part of that we are at the very tip of the spear” (Pomliano, 2022). Brimen’s statement puts emphasis on creating a society that is friendly towards business, the use of the phrase, ‘building the future we want to see’, lets individuals and businesses know that Próspera provides a governance structure that has minimal interference in their operations and ability to generate profit.

The Próspera Council is made up of nine members who are able to vote on resolutions that determine which laws are passed within Próspera. Members on this council serve seven-year terms and there is no term limit. Members include CEO Erick Brimen who is serving as Secretary; Oliver Porter who is the founder of the Sandy Springs model, a private city setup in Atlanta, Georgia; Jeannette Doran, President of the North Carolina Institute for Constitutional Law; and, Gabriel Delgado, a tech and cryptocurrency entrepreneur associated with the Francisco Marroquin University in Guatemala (Geglia & Nuila, 2021). Along with the council, there are two Council Observers who are Rodrigo Querica, CEO of a Brazilian real estate, retail, and agribusiness conglomerate called Grupp Solpanamby; and Tom Murcott, an important promoter who attracted investors and residents to the Songdo IDB in the Incheon smart city in South Korea (Geglia & Nuila, 2021). Looking at the makeup of the council members, we can see that those who are put onto the council are people who have a deep connection to the charter city movement and are proponents of the guiding principles of private property, economic

development, and individual rights. For example, in an interview on YouTube discussing Próspera, Oliver Porter stated that in order for economic development to occur in the recovery from the 2020 Covid-19 Pandemic, services such as low taxation, minimal governmental interference through regulations, and a safe and stable operating environment are needed to prop up existing businesses and attract new business (Porter, 2021).

The focus on private property is materialized through the manner through which council members are elected. Most significantly, members of the council are not all voted in by the same people. In fact, your position within Próspera's property regime (e.g., owning property) determines which members of the council you can vote for. Of the nine seats, four are voted on by the people from the Honduras Próspera LLC, Próspera residents can vote for two, and Próspera Landowners can vote for four (The Technical Secretary has a permanent spot on the council). Importantly, there are some caveats that affect the voting power. Members of the Próspera LLC vote for members chosen by the landowners as people of the LLC can also be landowners; and landowners can vote for council members who are also voted on by the residents. However, residents who are not landowners or on the LLC are ineligible to vote for members that are voted on by the Próspera LLC and landowners. (Geglia & Nuila, 2021). In this manner, landowners are given disproportionate power over Próspera's elected body, not only having more seats allocated to them on the council, but also being able to vote in the election of the seats allocated for non-landowners. This system signifies the importance given to property ownership over residency, setting up a tiered citizenship structure and entrenching the power associated with private property ownership.

A brief analysis of Próspera's structure thus reveals the favourable conditions to those with investors who have purchased land. Those with capital are able to have a majority of the say in who is on the Council of Trustees. In addition, the chance for democratic representation is limited as for any resolution to pass the council, a supermajority of six votes is needed to ratify new laws or amend any existing ones (Geglia & Nuila, 2021). This super majority stipulation combined with the majority of the seats on the Próspera council being reserved for landowners ensures that passing or revoking resolutions are in slanted favour of individuals who work directly with Próspera LLC; and if residents wished to go against the legislation put forward, the political system is structured so that they can only oppose a measure by going through a council structured towards landowners in order to enact political change.

This prioritization of investors and economic factors is reinforced on Próspera's website where it states two key targets for Próspera: (1) a goal of Foreign Direct Investment of at least \$500 Million by 2025 and (2) creating 10,000 direct jobs by 2025 (Próspera ZEDE, n.d.). Furthermore, businesses who wish to operate within Próspera have discussed the efficiency through the ease of which they are able to setup their operations based on the oversight of Próspera Council. For instance, during a 'Liberty Week' (a week described as "a time for lovers of freedom from around the world to gather..." [Foley, 2022]) in 2022, Edward Lunney, director of school growth at High Ground Education, proclaimed the efficiency through which they were able to setup a Montessori School within Próspera. Lunney stated that compared to setting up in the United States, which he estimated takes around two years, in Próspera it was 90 days (Próspera ZEDE, 2022).

Property rights and economic development are thus two key aspects of Próspera ZEDE. The key goals of attracting investment to the city, as well as the creation of jobs gives us insight into why this charter city was created. Looking at political structures like the Próspera Council, it is that economic development and property rights are manifested through a political body which is directly tied to the Próspera LLC and which privileges landowners are given disproportionate power to participate in civic activities.

This is further reinforced when looking at individuals who are attached to the project and their ideological orientations, as we see charter city advocates who have worked on different charter city projects in different parts of the world, such as Oliver Porter with Sandy Springs in Atlanta Georgia. Furthermore, institutions that have decided to work in Próspera have espoused their reasoning for doing so is due to the favourable business environment which Próspera offers. Specifically referring to the ease of getting their business up and running as compared to other parts of the world. Understanding that property rights and economic development are integral to the various governance structures within Próspera allows us to unpack the connections between its governing ideology and the structures it sets up. In the next section I will first, analyze will be how individual rights is also a key point through which we can understand other governance structures in the enclave of Próspera; and second, discuss which kind of individual Próspera wants to live in their ZEDE.

Economic Development

The emphasis on individual rights from advocates like Romer, Colindres and Gebel (Romer, 2011; Gebel, 2021; Colindres 2019) is evident in their writings on charter cities. As Gebel (2021)

states, according to this ideology proper governance can only occur when each individual is able to sign off on their own contract with guidelines that are personalized to each person. When looking to the ZEDE of Próspera, we see the focus on individual rights is most emblematically shown through the contract each citizen must sign, whether an e-Resident (where a person can exist as a citizen of Próspera in digital space and not physically be inside the ZEDE) or a regular resident (a person who exists within the physical borders of the ZEDE). However, unlike Gebel's idea of a personalized contract, the contract each person must sign, called the Agreement of Coexistence, is identical. The contract itself contains five articles: (1) Premises; (2) Obligations of E-Resident; (3) Obligations of PZ (Próspera ZEDE); (4) Dispute Resolution; and (5) Miscellaneous Provisions.¹⁴

The part of the contract that crystalizes the idea of citizenship within Próspera can be found in article two, the obligations of an E-Resident, in section 1, which states each citizen:

is knowingly and voluntarily consenting: (i) to such delegation of popular sovereignty as is necessary to sustain the power and authority held in trust by the PZ under the PZ Charter for the benefit of the e-Resident and all other residents;

to being governed under the provisions of the PZ Charter, and PZ Rules promulgated, and civil penalties posted pursuant thereto, by the Technical Secretary, PZ Council, PZ General Service Provider, PZ Court, PZ default Arbitration Service Provider, PZ Ombudsman, PZ Trust, and the Comité para la Adopción de Mejores Prácticas (Committee for the Adoption of Best Practices); and

to complying with the provisions of the PZ Promoter and Organizer's master plan common interest community declaration, which shall run with title to all land and severable rights

¹⁴ Section 1 explains the purpose of the contract; Section 2 describes the responsibilities a resident is obligated to under the agreement; Section 3 iterates the responsibilities Próspera ZEDE has to a resident under the agreement; Section 4 is about how disputes are settled for residents under the contract in Próspera ZEDE; Section 5 lists various rules in the contract that do not fall under the first four categories. An example would be the process of termination of one's contract (Foley, 2021).

within the boundaries of the PZ (the “Declaration”), when it is duly registered in the PZ Property Registry. (Foley, 2021).

The focus on economic development seemingly takes priority over the libertarian value of individualism. Indeed, signing the agreement, an individual agrees to delegate power to the Próspera Council and other bodies which are handpicked by Próspera LLC and overseen by judges who are appointed by the CABP. However, it seems that individualism still has an ideological place within Próspera, although the Próspera Council has the ultimate say on daily life, the Council is emblematic of looking for market solutions for solving governance solutions (Thrasher, 2017, p. 214). In this sense, individuals who become citizens of Próspera do not have to worry about what actions Próspera take overall, as they know the individuals on the council (whom they elect) main priority is creating a society which creates an environment which maximizes profits for the it’s citizens and businesses.

This is succinctly put into words by Próspera Chief Director Trey Goff, when asked about what he considers a success for Próspera he responded, “we have concrete internal KPIs for the entire firm: jobs created for Hondurans (and not hired by us, that’s cheating), and GDP per capita of residents in the jurisdiction. Honduras Próspera Inc. only makes money if more Hondurans are working in the jurisdiction, making as high an income as we attract for them.” (Goff, 2022). Through this vision, success of Próspera ZEDE is directly tied to maximizing profit margins and economic growth.

An example of the essence of how individualism is expressed through the governance system of Próspera was expressed in an interview with Peter Young, a marketing manager at the Free Cities Foundation (a consulting and investing firm for charter cities), whose organization

has worked with Próspera. Young discussed the degree of autonomy which the Honduran Government has granted Próspera through the idea of air space and tying the autonomy a person has to the property they own. Young states:

If you have a house, you can decide that you're going to buy some of the space in the air above someone else's house. What that means is that if you're in a densely populated area and someone comes and builds a very large skyscraper next to your house and blocks out all the light, then this is going to reduce your standard of living because you don't have access to natural light. So, the way they try and get round that is by establishing 3D property rights in the air. So, this is just one example of an innovative governance thing that they're introducing. (McCormak. 2022)

Young's highlights a key point about how individualism is understood and then expressed through a governance structure. That idea being a person's access to property and their ability to enforce their property as a way of controlling their environment. A solution to a collective problem (lack of light due to development) is translated into an individual property relation where one can use capital to purchase air rights. However, unlike like other rights which one could argue are needed for individuals in a democratic and free society, such as freedom of speech, one's ability to control their property is different. The difference being an individual's ability to have property means someone else does not have access to that property. This differs from freedom of speech where one's free speech does not impede another's right to free speech. To summarize, individualism and property rights are intertwined with one another within the Próspera ZEDE context.

The rights of an individual have been consistently espoused by Próspera. In this context, the right for an individual is materialized in the contract each resident signs with the ZEDE linking the obligation of an individual living in Próspera to fulfilling their duties of sustaining the

ZEDE's existence. In effect, we can understand this kind of citizenship as a transaction, one where there is a literal annual payment in order for a person to be given access to Próspera's governance system. This leads to my final section where I briefly analyze the question of who Próspera is for.

Citizenship: Próspera for who?

Within this governance structure it is also important to understand how one becomes a resident of this charter city. There are two types of residencies to consider in this instance. First, is what is called e-Residency. As it states on their home website, "eResidency grants you access to the Próspera Governance Platform, and our complete suite of business services." (Próspera ZEDE, n.d.). What this means is that a person pays a subscription of 130 USD/ year and gains access to buy, own and lease land within the ZEDE; physical access to the ZEDE for 180 days every 12 months; no tax withholdings; and the ability to form corporations and other legal entities online (Próspera ZEDE, n.d.). Second, is the physical residency where residents gain all of the eResidency benefits but are also able to participate in the ZEDE government. The cost of this depends on whether you are a Honduran citizen or a foreigner; Hondurans pay 260 USD/year and foreigners pay 1300 USD/year (Próspera ZEDE, n.d.). Already, there is the obvious notion that if you want to participate in governance, you need to have the available capital in order to keep being a resident and have the ability to participate in Próspera's governance. However, Próspera can not only consist of free market-oriented minds but needs labourers who can keep it running. Services such as construction, sewage, medical care need to be taken into account.

On April 28th, 2021, Trey Goff, who currently acts as Chief of Staff at Próspera, hosted an Ask Me Anything (AMA) thread on website reddit.com on the R/Futurology subreddit. In this AMA, Goff answered a variety of questions from reddit users curious about this kind of city, as Goff described Próspera as a place “where we’re building the future of human prosperity.” (Goff, 2021) One reddit user, u/Lurking_Chronicler_2 asked the question, “Where exactly will all the manual laborers necessary to keep the city functioning live? Presumably they won’t be able to afford to live in the city itself, given the price tags attached” (Goff, 2021). Goff responded:

Those price tags are just for the "pilot" phase of one particular development. However, as the urban planner Alain Bertaud has pointed out, it is absolutely crucial that a city possess communities that are mixtures of all ethnicities and socioeconomic status. To that end, we have the ultra-lux offerings Scott overviewed over at Astral Codex Ten, but we have a range of offerings below that, even in that one development. For example, those villas are \$3750/m². We will also have smaller, more affordable "co-live" units (effectively small apartments) for \$2000-\$2500/m² targeting attracting young professional Hondurans.

Finally, we also have our "Beta Residencies." These are extremely low cost--only \$40k to build--and will be where lower-wage workers could live.

In fact, we are focused on this demographic first. The first and currently only occupied residencies in the Próspera ZEDE are, in fact, these low cost Beta Residencies pictured in the ACT piece.

But remember, this is just Próspera led developments. We anticipate and are working on attracting other real estate developers to come build awesome offerings in Próspera for all rungs of the economic ladder.

Finally, bear in mind the entire point of Circular Factory and our work with Zaha Hadid is to catalyze a sea change in real estate development where we can build things never before seen, at price points lower than anyone thought possible, through the use of robotics, machine learning, and a regulatory environment that enables this innovation safely (Goff, 2021, n.p.).

The response does not act as an official statement on how the urban development will occur with the ZEDE. However, Goff does hint with the idea of ‘Beta Residencies’ that there is the

potential for a divide among the various kinds of workers who live there. Indeed, looking at the governance structure for Próspera it is important to note that those owning land will be given a greater privilege of participation in Próspera's governance. When taking into account the colonial relations with local Hondurans, the idea of Beta Residencies accelerates this division.

Another question from the AMA provides more insight into the idea behind citizenship in Próspera. As reddit user u/rfugger asked, "How do you deal with children born in Próspera (or brought in by parents at a young age)? Will they have to sign the contract to remain or be expelled at age 18? Or will Próspera impose its rule on them without their consent?" (Goff, 2021). Goff responded, "They will, indeed, sign the Agreement of coexistence at age 18 as part of a typical "coming of age" ritual, similar to how you have to sign up for the selective service at age 18 in US. Próspera ZEDE will be anything other than completely voluntary!" (Goff, 2021). Goff's answer here crystalizes the essence of what Próspera wishes to present itself as. Indeed, the idea that the people who wish to participate in Próspera's sign the contract in order to be fully incorporated within that societal structure that has been meticulously planned for them. Furthermore, citizenship in the ZEDE is not guaranteed and is predicated on a transaction like basis where one has to opt-in to a monetary commitment, as well as the Próspera charter on an annual basis. In fact, the circumstance of being born inside Próspera does not guarantee you the right to be involved in the political process when you reach adulthood.

The question of who Próspera has an obvious answer for its founders. For Erick Brimen, he wants people who wish to advance and be at the forefront of civilizing society. Brimen's highlights this civilizing nature by discussing how Próspera is a place at the forefront of technical

advancements for areas like robotics (Pompliano, 2022). However, as revealed through the questions of the reddit AMA, not every person will be an entrepreneur who is advancing civilization. As pointed out, people will come into Próspera to make sure all of the many tasks that are needed to make sure a city can function on a daily basis are a necessity and although there is no study of how these living conditions would be, or how the Próspera charter applies to these workers (due to how new Próspera ZEDE is), Trey Goff's response highlights a potential degree of separation that could be constructed with the 'Beta Residencies'. Furthermore, people who are born are not given the right to participate in Próspera's political process, and if they do not opt in once they turn 18, they would need to sign the Agreement of Coexistence, pay the annual fee in order to remain and by doing so buy into the decision making power and political processes which govern the ZEDE. This brief analysis of Próspera highlights that the ideal citizen is someone who fulfills Próspera's existence by contributing to the economic development through bringing in investment into the ZEDE.

Chapter 3 Conclusion

This section has analyzed two main points. First, providing the historical and political context that allowed for Honduras to act as a site for various kinds of enclaves to take shape. From this, I argue that because of the political instability, Honduras acted as a perfect testing ground for new charter city legislation to take place that would normally not be able to take form. Second, through using the guiding principles that I argue outline charter city ideology in the first section, I discussed the governance structures that put these principles into practice in the case of Próspera. Through this analysis we have a grounded understanding of how Próspera operates.

Having laid out the ideological framework and how that ideological framework manifests in Próspera's governance structure, we can now tackle one of the founding ideas pushed forward by charter city advocates. Specifically, I mean to look at the historical urban continuity put forward by supporters of charter cities like Próspera that they are following in the footsteps of cities like Dubai, Hong Kong, and Singapore. In my final section, I will draw comparisons between Próspera and Singapore and argue that the comparisons made only live in the geographical imagination and do not wholly represent how Singapore was constructed and ran in reality.

Chapter 4: Investigating the Imaginary and Comparing it to Reality

This final chapter is an analysis of the political realities of Próspera in comparison to its geographical imaginary where Próspera's founders envision the city as part of an urban evolution of Singapore's model of economic competitiveness. In this chapter I will analyze which specific aspects of Singapore Próspera takes inspiration from by analyzing statements from its political leaders. I will follow this by contrasting these statements to a brief historical analysis of Singapore. This analysis covers Singapore's economic policy and reveals that the libertarian ideology assigned to Singapore's economic growth does not match the heavy state intervention by the Singaporean government which supported the city's growth.

Based on this economic reality of Singapore, I argue that Próspera follows a different urban continuity than the one they envision, one that relies on power from foreign nations in order for their operations to continue. I will highlight this by arguing that enclaves like Próspera follow a model similar to how colonies like Singapore needed foreign power in order to maintain their enclaves and operate as economic hubs. Furthermore, I argue that the edicts of individualism, private property, and free market principals which Próspera ascribes to itself are not present in its realities and obscure the level of political instability and violence needed for ZEDE enclaves and, by extension, Próspera to exist. Based on this analysis, I conclude that the historical continuity which Próspera follows is similar to the neoliberal order that has had profoundly shaped other spaces in Latin America and across the world. That is to say that foreign intervention through political violence being used to establish new economic orders is nothing new, rather ZEDEs like Próspera are a new form of this ongoing process.

The Singapore Connection

When analyzing rhetoric surrounding charter cities, the use of an ideal city from which a society should be based on is a common rhetorical approach. Cities like Dubai, Hong Kong and Singapore are the top candidates in this regard. This is due to those places holding a special imaginary in the mind of charter city advocates. In the Próspera example, for example, one of the co-founders stated that they wanted Próspera to be the Singapore of Latin America (Beyer, 2023). This raises the obvious question: what version of Singapore are they discussing and what lessons are they drawing? Quinn Slobodian's book, *Crack-Up Capitalism*, asks the same question. As he notes, "Citing the Singapore model only raises the question of which Singapore one means. Is it a welfare dictatorship? A laissez-faire wonderland? A node in the information economy? A triumph of state-led industrialization? A sustainable utopia of public housing and green space? A paranoid surveillance state?" (Slobodian, 2023, p. 62). Who is asking such questions (and why) will shape how they are answered. In this chapter my goal is to understand the specific Singaporean qualities from which Próspera ZEDE takes inspiration from and which they believe they are utilizing in the formation of their laws and institutions; subsequently analyzing the validity of those beliefs.

Próspera is certainly not the first place to draw inspiration from Singapore. When writing to a friend, former British Prime Minister, Margaret Thatcher, discussed how Britain should become "a kind of free-trade and non-interventionist 'Singapore.'" (Slobodian, 2023, p. 61). As stated in the previous chapter, former Honduran President Lobo also traveled Singapore, where he drew inspiration from their model, which eventually led to the creation of the RED and ZEDE

zones (Ebner & Peck, 2021, p. 37). To be precise, we should understand how individuals within the Próspera understand Singapore with regard to its economic growth. On his website, CEO Erick Brimen writes about Singapore. Specifically, he discusses the sovereign wealth fund of the nation, Temasek (established in 1974 with current assets worth 382 billion USD [Temasek, n.d.]). In his interpretation, Brimen highlights his perception of Singapore being a nation that acts primarily as a corporation. He writes:

Its important to understand the grey area Temasek occupies between sovereign wealth funds and traditional private sector hedge funds, as this unique status is key to its success. Temasek function similarly to other private sector investment entities in that it has a CEO, shareholders with voting rights, and a board of directors. However, it diverges in that it is officially written into the Singapore constitution as one of Singapore fundamental entities, meaning it is entitled to constitutional safeguards. Its one and only shareholder is the Singapore Ministry of Finance. However, it still distributes dividends like a traditional private sector firm. Profits are either directly put back into the Singapore government budget or reinvested into Temasek, further catalyzing the fund's growth and with it, the growth of Singapore as a whole (Brimen, 2018).

Brimen goes on to explain why treating the sovereign wealth fund like an investment company is efficient governance. Importantly, he notes this comes from prioritization of property rights and an effective tax system for business.

Temasek's profitability is extremely important to the proper alignment of incentives between the government of Singapore and the economic health of the nation as a whole: it enables the government of Singapore to partially capture a very small portion of the positive externalities created by its good governance. *It is only through best practices governance such as strong respect for property rights and efficient regulatory and tax institutions that Singapore was able to attract the astounding level of business it has today and rise from third world poverty to first world prosperity in a mere 40 years.* Temasek allows Singapore to capture some of the positive externalities that this governance catalyzed prosperity creates by capturing the value increases of the businesses which are enabled by Singapore's governance. In other words, Temasek makes good governance a profitable endeavor for Singapore." (Brimen, 2018, emphasis added)

Brimen's understanding of Singapore's wealth fund, Temasek, highlights the libertarian ideological underpinnings of Próspera which it sees reflected in a specific understanding of Singapore. Specifically, that governance which upholds rights of property and has profit as a priority will lead to the prosperity of its population. Indeed, Singapore being a cited example by charter city proponents is not incidental. This is because Singapore has cultivated an image that promotes its story of a transition from a third world to first-world country in forty years as the 'Singapore Model'.

In Choon Piew Pow's paper, *License to travel: Policy assemblage and the 'Singapore model'*, she asks the question: "How do urban policy models gain traction and circulate around the world with a semblance of authority and credibility?" (Pow, 2014. P. 287). With this question acting as the fulcrum for investigating why a 'Singapore Model' has gained global attraction, we can understand how Singapore markets itself, and importantly for this thesis, how proponents from the charter city movement understand the city. Specifically, how they highlight economic growth as the most important factor in a system of governance and libertarian ideals as the best way of achieving that growth.

To answer Pow's question, we must first understand how Singapore sells the idea of itself. That is to say, how does Singapore wish for foreigners to see and understand Singapore, as well as how it packages and sells those ideas. An important point which Pow highlights is that we cannot understand a singular 'Singapore Model', rather a more instructive way is to think of multiple Singapores being for sale (Pow, 2018). Depending on who is interested in copying the Singapore Model, different points are emphasized, and used in order to make the Singapore

Model come off as the perfect model for the customer to buy. This marketing and selling of Singapore is undertaken by urban planning firms such as Jurong Consultants, SCP Consultants and Surbana International Consultants to name a few. For instance, if a Singapore is meeting with a city government from Asia, such as China or Qatar, the consultancy firm puts emphasis on Asian comradery as the reason to buy the services of the Singapore firm (Pow, 2018, p. 1220). In comparison, if the client is from a region of the world outside of Asia, such as Latin America or Africa, then the sales pitch puts emphasis on highlighting the fast economic growth which Singapore experienced, discussing the story of how Singapore went from a third world nation to a first world economy (Pow, 2018, p. 1213).

Consultancy firms such as Surbana International Consultants have been touted as very successful businesses by individuals like Erick Brimen (Brimen, 2018). He and others have stated that the reason Singapore has been such a success economically is because of the city's respect for private property and a tax regime which allows for private businesses to flourish. However, what is not discussed is the help the Singapore government has provided to these businesses. Beginning in 1965, Singapore saw a radical urban transformation. The focus of this transformation was the prioritization of economic development by the state. However, rather than this being accomplished by the private sector alone, the state accomplished economic growth through projects such as the construction of a new central business district, international airport, industrial estates, and new towns (Pow, 2014, p. 291).

Indeed, the government of Singapore saw the need for better planning of the population. This was laid out in the publication of the *Population White Paper: A Sustainable*

Population for a Dynamic Singapore, which required the balancing “the needs of the economy for more and better-qualified workers and social and political considerations such as the dependency burden, and the ethnic and local/foreign born composition of the population (Gee & Teng, 2015, p. 196). Accounting for such factors involved the introduction of massive government influence in order to control the levels of birth and in-migration. For instance, in 1966 Singapore would implement The National Family Planning and Population Programme, a comprehensive fertility reduction programme with five basic elements:

(1) access to contraception; (2) liberalization of sterilization and abortion; (3) intensive and extensive family planning education efforts; (4) incentives and disincentives and (5) the manipulation of socio-economic determinants of fertility such as improving literacy and education amongst women and encouraging female labor force participation (Gee & Teng, 2015, p. 202).

Such state intervention in individual life highlights the high level of state intervention needed in order to progress towards the economic miracle that Singapore would be known for globally and stands in contrast to the perceived libertarian nature of this growth. Without controlling specific sectors of the population, in this case family planning, especially around women and encouragement to join a skilled workforce, this transformation from a third-world economy to a financial hub would not have been possible. This reality disrupts the libertarian claim of free-market ideology utilized for understanding Singapore’s economic success, rather it is state planning that played a significant role in this transformation.

The role of citizenship for Singapore has taken multiple forms. Aiwa Oong describes this as ‘Graduated Citizenship’, where governments “administer populations in terms of their relevance to global capital” (Oong, 2006, p. 78). Indeed, as Singapore’s population became the highly

skilled workforce it desired, a need for an increased labour force that dealt with areas such as construction and domestic work was needed. For the individuals, who are mostly migrant workers, who are a part of this workforce, the role of citizenship in a Singaporean society presents stark differences from the educated, skilled workforce. As of 2019, one-third of Singapore's workforce relies on this migrant workforce of non-citizens (Hamidd & Tutt, 2019, p. 515) and in agreement with the need to administer a population based on their relevance to global capital, this workforce is needed be "low-cost, hyper-productive, docile, and disposable" (Hamidd & Tutt, 2019, p. 515). The global Covid-19 Pandemic has highlighted the needs for the Singapore migrant workforce to fit these categories. A BBC report investigated how construction workers living in dormitories were not permitted to leave, unless it was for their work, which was the case for healthy Singaporeans who were allowed to leave their homes (Marsh, 2021). This shows a very dramatic example of graduated sovereignty but is emblematic of how a society that has the highly educated workforce but also has a need for a workforce to ensure the everyday urban systems are functional (such as construction and domestic work) has the potential for stark differences in the treatment of the respective populations. The importance of this is to draw the comparison to Próspera, like Singapore, a place which requires highly educated, foreign workers who have a degree of capital that allows them to pay the annual fee that guarantees their citizenship. As stated in chapter three, there is a need for workers to be in Próspera to make sure the everyday functions of a city are fulfilled, and as Chief of Staff at Próspera, Trey Goff stated in the Reddit AMA, there are plans (how far these plans have been implemented is not known) for 'beta residencies' for the workers to be housed in. However, it is important to note that the treatment of migrant workers in Singapore does not mean they will

be given the same kind of harsh treatment. Rather, I am highlighting these comparisons as I believe the similarities can be said of both cities.

Another aspect of Singapore's urban transformation was the creation of a new government agency called the Housing and Development Board (HDB). HDB was the sole agency which would provide a "total housing solution" by "integrating housing planning, design and management with strong state support" (Pow, 2018, p. 1214). What is important to understand that this problem, providing housing for the people of Singapore, was solved by the Singapore government, not a free market enterprise. However, interestingly, individuals and groups that worked for the HDB would go on to form private/public businesses. The first of these firms began in 1990s were staffed by former state planners formerly working government agencies such as the Urban Redevelopment Authority, HDB and the Singapore Tourism Board (Pow, 2018, p. 126). As Pow notes, in the case of a firm like Surbanan International Consultants (established in 2003), and CPG Consultants (established in 1999) both firms acted as the "corporatized arms of the HDB and Public Works Department" (Pow, 2018, p. 1216). Here, the Singaporean state's public interventions provided the foundation for private growth. The transfer of firms going from public to private is indicative of the shifting in policy from the Singaporean government to be competitive in a global market. In order for Singapore to become competitive, we see the creation of a publicly funded and staffed department which was able to transform into multiple private firms which could mobilize capital and foreign investment through, as well as providing international expertise. The importance is we adjustments being made that reflect the overall needs by the Singaporean government which are "adjusting to the dictates of global capital"

(Ong, 2006, p.74). Furthermore, the economic shift seen in these consultant firms also highlights how neoliberalism, with its original rollout of free-market principles and minimal government intervention in the 1970s (Peck & Tickell, 2002, p.387), rather the new form of management of neoliberal policies which involved more government intervention and a rollout of what Peck and Tickell (2002) describe as a “roll-out of new forms of institutional “hardware” (Peck & Tickell, 2002, p. 388).

Importantly, this model, of state-funded housing incubating economic growth, contradicts the imagined Singapore model held by charter city advocates like Erick Brimen. Indeed, it is not the operation of the free market that allowed for the urban consultancy firms to be ran as successful businesses, but it their transformation from a government agency into a private/public partnership that has allowed a particular ‘Singapore Model’ to spread its influence globally. Another example of this can be found in Singapore Airlines, a firm that is 57% owned by the Singapore government. Singapore Airlines can be seen, like the urban consultancy firms, as a state-owned enterprise, or government-linked companies (GLCs) (Chang, 2008, p. 108). Looking at other Singaporean industries, we can see that this GLC model operates in many other areas of the economy such as public utilities including telecommunications, power, and transport; and other areas such as semi-conductors, shipbuilding, engineering, shipping, and banking (Chang, 2009, p. 109).

Challenging the view that Singapore is run like a business runs into another question: how is that Singapore is able to exert such control over its economy? Indeed, if one were to understand Singapore as a business, it would make sense to look at the hierarchical nature of

Singapore governance to understand that limited democratic and highly controlled society is needed. As Slobodian writes:

The Singapore Solution also meant a thin commitment to democracy. Elections in Singapore were multiparty but hardly free. The same party has been in power for the country's entire existence, and one man, Lee Kuan Yew, led the government from 1959 to 1991. Until recently, there was no freedom of protest, and opposition politicians were regularly used into silence, imprisoned, or driven into exile. Newspapers have to regularly renew their publication license and those that step outside the space of allow discourse are simply put out of business. (Slobodian, 2023, p. 64).

I suggest, that like Singapore, Próspera needs a hierarchal organization of society in order to conduct operations that produce a business-friendly environment. In the case of Singapore, orders were given top-down, and in the early part of its history as a British colony the will of the Crown was actualized within Singapore for the purpose of expanding the British Empire's military and trade position in Asia (Yeoh, 2003, p. 6).

This hierarchical nature in Singapore is mirrored in the case of Próspera where of the nine seats on the Próspera council, five of them belong to members of the Próspera LLC, and the voting power within Próspera is tied to factors such as property ownership. I am not suggesting that severity of Singapore's virtual one-party rule and rules such as the use of the death penalty and treatment of migrant workers is one and the same with Próspera. Rather, I am arguing that these kinds of spaces need a hierarchical power that can unilaterally force change within the space that they control in order to advance business interests. When this hierarchical nature of power is challenged, mechanisms of maintaining that control are utilized. For instance, In April of 2022, President Castro announced that ZEDs are effectively coming to an end. In response, Próspera ZEDE has been using its influence outside of Honduras in order to

maintain and continue its operations. Through this analysis, we can see that Próspera's need for state intervention which is accomplished with the support of a global power is required in order to preserve the integrity of its economic enclave.

Brimen's writing highlights how the libertarian ideology underpinning the charter city movement has appropriated the city of Singapore as proof of the success of these governance systems. A 'Singapore model' has been highlighted as a prime example of what countries and cities can be if they want to see economic growth. This narrative has been promoted by the government of Singapore themselves, with various Singaporean consulting firms which provide advice on how countries or cities can transform in pursuit of the 'Singapore Model' as promoted to different audiences (Pow, 2014, p. 292). However, it is important to note that Singapore has not marketed itself through these libertarian approaches. Rather, individuals like Brimen, who articulates his opinion in his statement on Temasek, have ascertained Singapore's model as being part of a libertarian historical continuity.

The Colonial Past & Historical Continuity

As discussed above, the comparison between Singapore and Próspera has been advanced by many of Próspera's elites. I argue that with this connection they are referring to a specific Singapore that is imagined as matching the governance structure they are creating within their ZEDE. In contrast to this imaginary, in this section I argue that a comparison of both cities should begin with the colonial period. I believe this comparison is useful as both spaces are creating enclaves within land that has long been occupied by others. By understanding the structures of the enclaves of colonial Singapore we can compare the reasons these spaces were created and

the goals the enclaves were intended to accomplish. However, it is not my intention to argue that because both have been spaces of colonialism that it automatically creates a comparison. Rather, I suggest that it is through examining both Singapore's colonial past and Próspera's we can begin to understand specific characteristics of both urban environments that enabled the process of creating an economic enclave.

To make this argument I will focus on the legal structures of both places, arguing that because of Singapore and Roatán being connected to the British Empire as colonies we can analyze their intended role from British rules as trading posts and economic hubs. Furthermore, an investigation of their economic and legal structures as economic centres allows us to understand the political and economic transformation which occurred in Singapore. Specifically, how it produced from this transformation an economic model that other state actors wished to copy and have the same economic success. In short, through a specific analysis of the colonial structure that was put in place, we can understand the present for both Singapore and Próspera and importantly disrupt the claims of which structures Próspera draws inspiration from when they cite Singapore as a model city.

I argue that Próspera and Singapore share an historical urban continuity, that is to say that Próspera shares an urban system of governance inspired by Singapore. For Singapore, it was first established as a trading post in 1819 by Sir Stamford Raffles and by 1869 would be later incorporated into a formal British colony (Bhattacharya, 2019, p. 521). Not all former colonies of the British Empire would have this kind of transition. Today, Singapore has become the imaginary economic hub for charter city advocates that has become prosperous from free

market policies. Roatán has not shared this trajectory. However, due to its former place as an English colony, has seen it become a destination for Próspera ZEDE due to its environment as a tourist hub with an established infrastructure that is friendly to English speakers.

In the context of Singapore, it was an island from which the British projected power both militarily and economically. This process which began in the late 1670s under King Charles II with the British building their empire in the Americas. During this period, the monarchy saw company investors, as being loyal to the Crown. With this trust, the investors were given the freedom to self-govern (Mihok & Wells, 2014, p. 104). However, eventually for the Crown, there was a problem of these colonies possessing too much autonomy and a need for a political system which was more uniform, with power being centralized in the Crown. The reasoning for this was fear of losing out on resources, land, and political influence to rival European colonial powers such as Spain, France, and the Netherlands (Mihok & Wells, 2014, p. 104). Thus, the authority of governing colonies established after the concerns brought by Charles would see authority subside in London and all royal charters would subsequently come through the English Crown and its advisory board, the Privy Council (Mihok & Wells, 2014, p. 104). During this phase of colonialism for the British Empire, there was a paradigm shift in how its colonies were managed compared to its first wave of colonies in the Americas. This manifested in the centralization of power under the Crown and the restriction of autonomy when it came to self governance.

In the previous section when discussing the history of Honduras' relation to enclaves within the country, I argued that there is nothing new about the process of carving out space

within a territory in order to establish an economic enclave linked to foreign powers. For example, I discussed the case of Banana Republics where power from corporations in the United States, and backed by the American military, helped create economic enclaves in Latin America (Harvey, 2005; Fenner, 2014; see also Chomsky 1985). Building on this, such processes highlight a connection between Próspera and Singapore that goes unmentioned by charter city advocates: the use of foreign power to build economic zones outside of local control.

To make the argument that Próspera shares a historical urban continuity with a colonial Singapore, we must briefly restate the purpose of Próspera as stated by its founders. As CEO Erick Brimen stated, the goal was to create a space from which regulation would not hinder the business ventures that decided to conduct operations within their ZEDE (Fireside Strategic, 2020). Brimen stated that a foundation of good governance is the holding the notion of private property as the pinnacle right to uphold, and by doing so good governance, tied with economic growth can flourish.

Scholarship on colonial Singapore argue that the same motivations guided the purpose that Singapore served as a British colony. As Jayati Bhattacharya writes, “British Policy and governance shaped the economy, landscape, institutions, and demography with significant reverberations in the contemporary state. The British enforced a seamless connection and mobility of men, money, and authority across the region, redrawing existing circuits of trade and commerce, migration, and power” to centre economic activity in Singapore (Bhattacharya, 2020, p. 522). Another analysis by Brenda Yeoh in her book, *Contesting Space in Colonial Singapore*, highlights a similar pattern when discussing power relations in Singapore: “Colonial

authorities, through local institutions of urban governance as the municipal authorities, attempted to structure the urban built environment in such a way as to facilitate colonial rule and express colonial aspirations and ideals.” (Yeoh, 2003, p. 16). Yeoh continues, “Colonial landscapes ideally reflected the power and prestige of the colonists, were ordered, sanitized and amenable to regulation, and structured to enhance the flow of economic activities such as trade and communications which were crucial to the entire colonial economy” (Yeoh, 2003, p. 16). In the context of colonial Singapore, the institutions that were utilized in order to shape the urban environment included organizations such as the church, trading companies (such as the British East India Trading Company), and the military (Yeoh, 2003, p. 17). These institutions were mobilized in the service of creating an economic hub for British colonial power.

Looking at the legal structures which governed colonial Singapore, we can immediately recognize imperial power being projected through legal mechanisms. For instance, in the context of legal systems, the status of different ethnic groups was granted legal equality and were socially separated (Yeoh, 2003, p. 2). However, although legal inequality (based on ethnicity) existed, scholar John Rex argues these notions were subordinated to “other aspects of the total economic, political and legal systems which differentiate men from one another and produce roles which are often performed by culturally or racially distinct groups, each of which has its own distinct system of legal rights” (Rex, 1982, p. 207). That is to say, the economic role of an individual was given differential legal treatment over their ethnicity.

The enclave of colonial Singapore had key aspects that differed from Próspera. Indeed, the structure of Próspera does not have racial discrimination explicitly built into legal system

that provides different legal rights depending on one's ethnicity. Rather, as revealed in the voting rights in Próspera, there is one based on class lines (which likely translates into a racialized one, based on which groups of people come to work as labourers in Próspera). This is materialized in the reality that owning land gives a person more voting power in Próspera. Another being that participating in Próspera's political system requires a monetary transaction through their yearly subscription. Importantly, we see similarities between the purpose of Próspera and colonial Singapore. The governance of both spaces is oriented around a central authority which shapes the functioning of space in the pursuit of economic advantage. Like colonial Singapore, Próspera's goal of attracting more investment into the ZEDE is the ostensible reason for its existence and the presence of foreign actors. Further similarities are the rooting of this governance structure in a foreign entity that exists outside of the enclave itself. That is to say, for colonial Singapore, ultimate authority rested in the imperial power in the colonial power of the British crown. For Próspera, the power to control space ultimately lies within the Próspera council (where five of the 9 seats are controlled by members of the Próspera LLC, a company which is based in Delaware, United States) and the Technical Secretary. As will be explored later in this chapter, this authority also rests upon connections with American political power.

Security and Insurance from Power Abroad

One of the core tenants of libertarian ideology, as stated by Thrasher (2017), is the efficacy of free markets in dictating how society runs. Specifically, this refers to private actors such as corporations having the ability to run operations without the interference of overseeing bodies

like a national government. Indeed, supporters of ZEDEs and of Próspera (Erick Brimen, Jorge Colindres, and Scott Beyer to name a few) have spoken enthusiastically of having market principles guide the way in which they are run; meaning having little to no government oversight of their operations.

However, as described in Chapter three, the political systems which allowed ZEDEs to come to fruition required heavy intervention of the Honduran state. While this system established the creation of ZEDEs, a more recent change in the political climate has called put the ZEDEs existence into question as a newly-elected government has declared their intent to remove the ZEDE law and stated that the law is unconstitutional; that is to say, state intervention which in the past has allowed for charter cities to operate is now the opposite where state intervention is trying to terminate the ZEDEs operations. What has followed has been a scramble from the leaders within Próspera to use their political influence to guarantee their existence and maintain operations. In this endeavour, political influence has been leveraged in a manner which further reveals the power relations and state intervention needed to establish an enclave's existence, following the historical continuity with colonial Singapore. This has notably included attempts to mobilize the imperial power of the United States to override attempts to limit ZEDEs.

This campaign did not begin with the involvement of the United States government. Próspera's leaders first sent letters to Honduran president Xiomara Castro. The letters contained various themes about wanting to build a 'better Honduras', accomplished through U.S. investment in the country, through the ZEDE platform. These letters reenforce the notion that, above all else, Próspera is a corporation, whose main goal of attracting capital and

increasing business investment in their ZEDE. As they state on their YouTube video, *What Is Próspera?*, “Próspera provides Pro-innovation governance framework, creating the most transparent business environment in the world. Our system for legal, regulatory, and tax are designed to be an economic supercharger, massively easing business operations and unlocking new opportunities for innovation in industries like finance, medicine and more” (Próspera HN, 2022). As Próspera’s existence as a space has been secured by state intervention and political unrest, it puts it at odds as a libertarian space which espouses the limit of government oversight and the proliferation free-market principles; although, it does not put it at odds with the form of neoliberalism beginning in the 1990s which Peck & Tickell (2002) state, requires that intervention is wanted to provide preferential circumstances for corporations to conduct operations. In this case, Próspera requires the aid of a foreign government in the United States in order for the continuation of their operations.

The letters highlight a contradiction within the libertarian rhetoric espoused by charter city proponents. Specifically, that the prioritization of individual rights requires stability achieved through the intervention of a foreign state which disenfranchises others. This has been materialized through an appeal to the rules provided by the CAFTA-DR (Dominican Republic Central America Free Trade Agreement) trade agreement which have been mobilized to protect private investments in Próspera. The agreement, signed in 2004 by the Central American nations of Costa Rica, Guatemala, El Salvador, Nicaragua, and Honduras; as well as the Dominican Republic, was enacted to put in place a pro-business friendly environment through liberalized trade (Meyer, 2019, p. 266) and to drive an increase of United States investment in Honduras. In 2017, Honduras 1.4 billion USD came into the country by U.S. foreign direct

investment, an increase of 71% since 2005 (Meyer, 2019, p. 268). Notably, the implementation of CAFTA-DR acts as insurance for foreign businesses operating within Honduras by protecting the interests of American companies. This includes Próspera LLC which is headquartered in the state of Delaware. The trade agreement makes Honduras exercising autonomy within its own territory difficult based on this protection of foreign investors as Próspera claims the Honduran government is violating the trade agreement when they declared ZEDE's unconstitutional.

In a letter dated September 16th, 2022, from Próspera's law firm, *White & Case*, wrote to the Castro administration for negotiations on the matter of Próspera's existence, citing Honduras' responsibility to the CAFTA-DR trade agreement (White & Case, 2022). The letter states that Próspera will continue to pursue a dialogue in order to settle the dispute in a manner that is advantageous for both parties. Here, again, the language of competitiveness is used.

The Próspera Group remains willing to pursue a constructive dialogue seeking to resolve the dispute amicably and hereby reiterates its commitment to working with Honduras to find a mutually advantageous solution that, in addition to resolving this international dispute, would also be an opportunity for Honduras to enhance competitiveness, foster creativity and innovation, create opportunities for economic and social development, and enhance worker's rights, among other goals of the CAFTA-DR, and which would send a positive message to other international investors and institutions. The next 90 days present an opening for settling this investment dispute and avoiding the commencement of an international arbitration proceeding. Claimants sincerely hope that consultation and negotiation in good faith will take place (White & Case, 2022).

The letter ends stating that unless Honduras complies, they will be subject to punishment under international law:

In the event that the investment dispute still cannot be settled within 90 days, Claimants intend to submit their claims to international arbitration pursuant the CAFTA-DR and Honduras will be required to compensate the Próspera Group for the full value of their losses in accordance with international law." (White & Class, 2022)

The dispute was not settled, and subsequently, Próspera turned to placing international pressure on Honduras through involving the United States government. Specifically, senators Bill Hagerty and Benjamin Cardin wrote to Secretary of State, Antony Blinken, on the matter. In their letter, Senators Hagerty and Cardin discuss the instability of global conflict and the need to protect industries and investments like Próspera abroad. The letter states:

As the growing risks posed by global conflict and instability are driving strategic industries to relocate closer to the United States and neighboring nations, nearshoring opportunities increasingly abound for Honduras and other countries in Central America. Nearshoring will de-risk supply chains for U.S. firms. Investments in nearshoring also will help alleviate the poverty that encourages illegal migration to the United States and to provide new employment opportunities for talented young Hondurans. That said, we are gravely concerned that the Honduran government is advancing policies and actions that are inconsistent with this promising future” (Hagerty & Cardin, 2022).

Furthermore, the Senators suggest that economic action be taken against Honduras if they do not honor the guarantees. In support of Próspera the senators go as far as “proposing enhancements to the U.S. investor protections of 22 U.S.C. §2370€, commonly known as the “Hickenlooper Amendment,” to address threats of expropriation or actions of the Honduran government relative to U.S. investments.” (Hagerty & Cardin, 2022). The Hickenlooper Amendment refers back to a 1962, Cold-War era foreign aid bill which cuts off aid to any country expropriating U.S. property. The context which this was used was in regard to Fidel Castro in Cuba when he took control over the U.S. controlled sugar plantations and refineries (Vandeveld, 1988, p. 125). Here, we see a clear linkage drawn between the geopolitical power used to mobilize American interests in the cold war and attempts to do the same to maintain the status of Próspera.

This statement also reinforces the disconnect between libertarian rhetoric versus the reality of the situation. To reiterate if we understand the libertarian ideology as being one of individual rights, free market principles, and the value of private property, we can see that free-market principles are not utilized. Rather, we see an appeal to a foreign, coercive power to provide order and control. Specifically, where the needs of Próspera are not met, then economic sanctions can be levied on Honduras. If this is how we understand the current circumstances of Próspera /Honduras relations, it is not libertarian ideology which guides Próspera's interactions; instead, it is trying to secure its existence and maintain the right of conducting business, which in the view of Próspera, trumps Honduras' right of exercising its autonomy. As the Hickenlooper witnesses this is rooted in colonial power relations.

As of this moment, Secretary Blinken has not publicly responded to Hagerty and Cardin's letter. However, a separate letter addressing both secretary Blinken and United States Trade Representative Katherine Tai, was written by senator Elizabeth Warren and several other members of the United States congress. This letter can be seen as a counterpunch to Hagerty and Cardin. Indeed, as Warren writes "We are writing regarding our concerns about the Investor-State Dispute Settlement (ISDS) system that has been a fixture of the United States' trade and investment agreements with foreign nations. Large corporations have weaponized, and continue to weaponize, this faulty and undemocratic dispute settlement regime to benefit their own interests at the expense of workers, consumers, and small businesses globally" (Warren et al., 2023).

Warren's letter continues, with specific mention of mention Próspera, stating:

The jaw-dropping sum sought by Próspera is not the only reason that this case raises serious concerns. Honduran President Xiomara Castro secured a major victory for democracy last year when the National Congress of Honduras repealed the country's Zonas de Empleo y Desarrollo Económico law (ZEDE, or "Economic Development and Employment Zones"). The legal name misleadingly implies that ZEDEs constitute standard special economic zones, areas within a country's borders that, while politically and fiscally part of the host nation, are governed by separate economic regulations as "a mechanism for attracting foreign direct investment, accelerating industrialization, and creating jobs." However, the legislation enabled the creation of far more radical private governance zones, which have "functional and administrative autonomy" from the national government.

The zones allowed investors to create their own governance systems and regulations and establish separate courts. And investors have used the law to create jurisdictions where companies can propose their own regulations and where most Hondurans cannot enter without authorization. In the case of Próspera, a ZEDE located largely on the Honduran island of Roatán, investors have created a governing council where 44 percent of members are appointed by the private company and 22 percent are elected by landowners in a system where their number of votes is proportional to the size of their property (Warren et al., 2023).

These letters highlight a debate within the United States government in regard to how to handle Honduras' demonstration of their autonomy. However, what is very clear is the attempt from the leaders of Próspera to utilize an interventionist approach by calling upon a foreign government to mediate an ongoing disagreement and calling for economic punishment of Honduras if it does not honor its agreement. This is succinctly put in a twitter post from the Próspera account where they state:

Everyone knows that the Castro administration is exposing itself to \$11b in damages by lawlessly refusing to recognize Próspera ZEDE's right to exist.

The solution to this problem is to follow the law by respecting Honduran acquired rights doctrine and trade treaty obligations.

What does this mean? To start, the current Honduran administration should let Próspera attract nearly \$30m in new manufacturing investments into La Ceiba by restoring its

custom services (Próspera paid for customs services, and the Castro administration took it way, deterring foreign corporations and investors from the project).

The Castro administration can stop interfering with the ability of Próspera-based businesses to access Honduran banks; that would allow for tens of millions of dollars of additional investment to flow into the Honduran banking system, rather than that of other countries. There are so many socioeconomic opportunities available to Honduras through Próspera and we want to deliver them. Castro administration follows the law, everyone can win. (Próspera, 2023)

The series of letters and statements of the Próspera ZEDE are key to understanding the disconnect when we compare the rhetoric, which espouses the ideology of private property, free trade principles and individual rights. However, when we analyze the circumstances of Próspera, there is a different rhetoric utilized which contradicts the libertarian ideology. Instead, Próspera relies on power that can be dictated by a free trade agreement, with consequences enforced by a foreign government which they believe can compel Honduras into reversing their decision of calling ZEDEs unconstitutional, and therefore the dissolution of all ZEDEs.

Ideological Rhetoric Versus Reality

Interestingly, the use of the phrase ‘lawlessly refusing to recognize Próspera ZEDE’s right to exist’, comes off as ironic. As I discussed in the second chapter, the creation of ZEDE’s precursor (REDs) was set up by the coup of a democratically elected government in 2009. Furthermore, other actions taken by the government post-coup highlight a kind of ‘lawless’ nature in regard to why a ZEDE exists in the first place, where the traditional political process and institutions are circumvented in order to achieve the goals of ZEDE creation. Actions taken such as the firing of four Supreme Court Judges after striking down the original RED law is a prime example; (Miller,

2015, p. 275) another example of violence includes a report by the National Lawyers Guild (NLG), when they interviewed Honduran Judge Diaz, he discussed how a judge had been killed in Honduras before a scheduled meeting with the NLG and several other judges had been assassinated in recent years (National Lawyers Guild, 2014, p. 19). If the political process in place was unfavourable to the creation of economic enclaves, a hindrance to that process was simply circumvented or removed as in the case of the supreme court judges, and the assassination of several lower court judges.

Furthermore, the reality of political violence has occurred in regions where many ZEDEs have been proposed. Gegila writes, “The Honduran government promotes itself as a strong friend to corporations. Yet it has been no friend to communities. Closing space for civil society engagement and repression of peaceful protests have left citizens vulnerable and fearful of their own government. Extrajudicial killings are commonplace; impunity reigns”; she continues, “Proposed ZEDE are largely in the country’s most marginalized areas that have suffered some of the highest rates of violence” (Geglia, 2017). Between 2009 and 2012, in the Aguan Valley, a Garifuna community of farmers, there were an estimated 92 assassinations in the region (Geglia, 2016, p. 360). A brief look at the political processes which were needed to take place in order for spaces like ZEDEs to exist highlights the violence needed for their existence. These processes included the firing of judges when they voted against the RED law, and the use of violence on Honduran communities in areas where proposed ZEDEs would have space to be built.

Libertarian ideology has been used in the creation of an imaginary that inspired Próspera. Where free market principles, largely free of government interference, creates a

business-friendly environment where the pursuit of profit will benefit all of those in the society. However, I believe that the reality shows a different picture one that follows the tradition of neoliberalism (Harvey, 2008, p. 2), with heavy state intervention utilized in order to create economic regimes in which private power has the ability to maximize profits at the expense of the general population.

Furthermore, the libertarian imaginary takes this one step further, where governance systems of the nation state are “seen as an impediment for economic growth and capitalist expansion and thus illegitimate” (Lynch, 2017, p. 85). Therefore, the state itself must not “only obey the independent law of the market, they must also become part of the market – effectively dissolving the state into the market – in order to incentivize efficiency and innovation (Lynch, 2017, p. 85). ZEDEs are a clear example of this logic at play, where the role of the Honduran state is only to facilitate the efficiencies of markets inside the enclave. However, a contradiction lies within the imaginary when we understand this with real world examples, like the ZEDEs, where heavy state intervention is required for these ‘laws of the market’ to exist; ironically then, state intervention is key for the ‘law of the market’ to operate. This process has been witnessed in various countries across Latin America (a few examples of United States backed coups: Chile 1973 [Harvey, 2007, p.7], Brazil 1964 [Chomsky, 2006]). Importantly each of these coups were made possible by foreign intervention by the United States. Heavy state interference was needed for the birth and continued existence of ZEDEs and therefore Próspera ZEDE. This was accomplished through an illegal political process with the 2009 Honduran coup.

Furthermore, when their existence to continue operations is threatened, the reaction as shown through the letters by allies in the United States Senate, is that of appealing to state power. Indeed, the letter from Próspera's supportive senators suggested the use of a Cold War Era amendment to secure national business interests operating in foreign nations and to have the US Secretary of State, Antony Blinken, get the United States involved in settling this dispute between Próspera and the Honduran government. Yet, none of this is new if we are to understand this in terms of a different urban historical continuity than the one imagined by Próspera's founders. Indeed, with analysis of colonial Singapore, we can understand that spaces created by imperial powers mobilized the power of the ruling hegemon to shape how space functioned within enclaves abroad.

Singapore after gaining independence in 1965 showed the same tendency of using centralized state control to shape Singapore's urban environment and governance systems. As I argue, Próspera follows the same trend, where in order to shape an enclave that follows an alleged axiom of individual liberty, free market and free trade policy, heavy hierarchical control with a limited democratic involvement is needed to maintain this space and fulfill an ideological imaginary. Indeed, concerns of the limited democratic and constitutional violations by Próspera was discussed by a delegation of the National Lawyers Guild¹⁵(NLG) where they state: "the prospect of ZEDEs raises considerable alarm about the future for the hundreds of thousands of Hondurans for whom the government already fails to provide security, stability, and basic human needs. The rough contours outline by the law itself ZEDEs will deprive citizens of rights

¹⁵ An American non-profit that "provides legal assistance and technical support to immigrant communities, legal practitioners and advocates working to advance rights of noncitizens" (NLG)

guaranteed by Honduran and international law, and the implementation of these zones threatens to encroach on an even broader range of internationally protected rights” (National Lawyers Guild, 2014, p. 27). This analysis was taken in 2014, a few years before any ZEDE was formally under construction. Yet, it seems these warnings have come true, as with the instances of Próspera coming into conflict with the residents of Crawfish Rock and in the case of Garifuna communities, as discussed in both chapter two and chapter three of this thesis, documenting land grabs in their traditional territories. This highlights the contradiction within the libertarian ideology and the level of political instability and violence needed to secure these spaces of operations within their enclaves.

A comparison of the libertarian rhetoric espoused by charter city institutions and individuals and the reality of how these kinds of spaces operate highlights the inherent contradiction. Specifically, discourses which argue that free-market principles are needed for operation of efficient governance services and that the role of the state should be limited in interfering with the free-market. Upon examination, we find this untrue and rather than limited state interference we see heavy state intervention in order for these governance structures to exist. In Honduras, this meant the need for a government that was sympathetic to charter cities and would circumvent political bodies (the judiciary and the congress) in order to create the kind of wanted free-market enclaves found in ZEDEs. This notion of state interference is further reinforced on examination when we see the actions taken by Próspera in regard to the Honduran government announcing the unconstitutionality of ZEDEs, with their eventual dissolution. Próspera uses the

threat of a foreign intervention via the United States as an attempt to coerce the Honduran government to continue the ZEDE operation.

Chapter 4 Conclusion

This final chapter of my thesis has analyzed the ideological rhetoric and argues that the imagined connection to Singapore by Próspera is indeed an imagined one. This imaginary states that because Singapore adhered to free-market principles it was able to find economic success. I argued that this is an incorrect assumption, and rather than following those free-market principles, the reliance on heavy state intervention in Singapore's economy, which included planning that allowed their population to become a skilled workforce, was the primary factor in their success.

Furthermore, I propose a different kind of historical urban continuity based on colonial power that ties together Próspera and Singapore. Specifically, I argue that Próspera relies on foreign power in order to maintain their existence and which enabled its initial creation. Mirroring how Singapore needed the military power of the British Empire to maintain their holdings, Próspera relies on economic treaties such as CAFTA-DR with the possible threat of economic sanctions from the United States if Honduras does not honour their commitment to the guarantee the ZEDEs' continued existence. I continue this by stating that this reliance on power from abroad follows the trend of Latin American playing host to neoliberal economic policies which rely on a foreign power to create new economic orders that are catered to a business-friendly environment. Similarly, like the neoliberal economic order, I argued that Próspera relied on the political instability of Honduras which manifested through the 2009 coup,

as well as the violence committed on various groups of Hondurans was needed in order to make space for ZEDEs and did not rely on the libertarian values of individualism, free market principles or protection of private property.

The story of Próspera ZEDE thus offers a remixed form of a neoliberal economic order. One which creates economic enclaves that business interests mobilize to create their own system of governance which prioritizes a business-friendly environment based on the violences of the state. This has translated to a governance system that gives privilege to Próspera LLC, with them holding five of the nine seats on the Próspera council, and landowners (the more property one possesses, the more votes a person gets). To create this style of governance, the need for finding countries that have a degree of political instability was required and furthermore and that political instability was coupled with political violence against the Indigenous population. The future existence of Próspera being put into question has shown that unless there are greater powers at play, the threat of economic sanctions and the existence of treaties, this kind of imagined libertarian utopia would not be able to operate under those imagined principles of governance.

Conclusion

Sheldon Wolin's question, "what is it we stand for?" is, I believe, a useful approach for understanding the questions about Próspera asked by this thesis: what do charter cities stand for? To gain a comprehensive understanding of this question I established an understanding of the ideological foundation of charter cities, finding a standardized ideological rhetoric based in a libertarian philosophical tradition. I argue that understanding how charter city proponents understand the libertarian tradition, and from that how they implement those ideological principles into the systems of governance, gives us a lens into the charter city movement's vision for urban governance and the specific governance structures they have put into place.

Having established an ideological foundation from which we can analyze charter rhetoric, I proceeded with a critique how this matches up when with the construction of a charter city. The case study of Próspera on Roatán, Honduras provided the political context in which these ZEDEs were established. I argued that in order for these ZEDEs to become a reality, a political crisis like the Honduran coup of 2009 was needed, where actions taken outside of the traditional modes of governance were made possible. Furthermore, the analysis of the governance structure of Próspera revealed that the mechanisms used, such as the Próspera council, gave the majority of decision-making power in the hands of the Próspera LLC and to individuals who owned property. With a firm understanding of the political reality and the establishing the governance structures of Próspera, I investigated the claims made that Próspera follows the libertarian ideological virtues of individual rights, property rights and free-market principles and investigated if these virtues are followed at all. Specifically, I refer to

proponents of charter cities creating in their rhetoric an urban continuity, where they see themselves following the urban development models of cities like Singapore, Hong Kong, and Dubai. Instead, by investigating how this rhetoric matches up with the reality with the case study of Próspera, Honduras, I argued that the continuity between these two cities lied in the use of foreign power to create economic enclaves.

The second third analyzed the political reality in Honduras after the 2009 coup, a starting point from which we could analyze how ZEDEs were able to be established. This was followed by an investigation into the governance structures of Próspera itself which allowed us to understand how it is governed through mechanisms such as citizenship models and voting rights, as investigated through structures such as the Próspera Council and the Próspera Charter. Both chapters allow us to have a focused discussion on the final point comparing the imaginary stated by charter city advocates, which argues free-market principles are the most effective at governance and reality of how enclaves like ZEDEs need heavy state intervention in order for these enclaves to exist and operate, which contradicts their stated imaginary.

Furthermore, the extending of their imaginary to cities like Singapore display a fundamental misunderstanding of how Singapore has become the economic hub it is today. Although, like Próspera, for Singapore to transform to a first-world economy, state intervention was needed in many areas of the economy, where the state had control over companies in areas such as steel, shipping, and housing. The state intervention extends further when analyzing the population of Singapore. In order for Singapore to be successful, careful

population control surrounding family planning and education were necessary to ensure the country would have a highly skilled workforce.

My conclusion follows that the libertarian framework is not followed, and the use of free-market principles are not at play, rather specific principles of libertarianism are used which elide the use of violence. For instance, the construction of Próspera highlighted that there is heavy state intervention both in the establishing of ZEDEs and, with the recent event of ZEDEs being deemed unconstitutional, the attempt of calling on foreign state intervention from the United States. Further, the governance structure of Próspera shows that individual rights are not a primary virtue, rather power is given in a hierarchal structure, where the majority of the decision-making power is placed in the hands of a small group of individuals who directly work for the LLC which controls the space. What the analysis did show was that the top-down approach of governing Próspera is similar to Singapore, which itself is essentially a one-party state which has been able to control all aspects of economic growth through their direct involvement in how that economic growth would take place. In summation, the imaginary created by Próspera and charter city advocates is for the most part, untrue, rather, a new kind of connection can be made where hierarchal structures of power are similar to the case of Singapore in how economic growth takes place.

Closing Thoughts/Significance

Decision making power in governance structures in charter cities eliminates the perceived threat of democracy and has put power into the hands of a selective elite who control who should have the right to make decisions on how urban spaces are structured, as well as who should have the right to make those decisions. Charter cities as an idea, run as the anathema to forms of urbanism which emphasise the need of increasing the role of the public in decision making power over processes of urbanization (Harvey, 2019, p. 5). Charter city movements have made clear through their discourse and policy, that the limiting of public involvement in those urbanization processes is key to creating the business-friendly environment needed to run their operations. However, charter cities are not unique in the creating spaces which limit democratic involvement, rather it is only a different form in which it takes. Sheldon Wolin discusses how democracy has had a class-conscious view on who should and should not be involved in decision making, stating:

Systems in which the abilities required of the ruling groups were reckoned to be of an exceptional of skill and personal virtues, a fundamental assumption of democracy was that its institutional practices and processes should be adjusted to the level of skills average citizens were likely to acquire or possesses/ Although most modern democracies today boast of their greater “inclusiveness.” They also follow the viewpoint of the ancient critics of democracy that governance consists of skills inherently lacking in the vast majority of citizens. Thus, a certain elitism is grafted on to democracy. Typically, it is defended as meritocratic, but today’s elitism is actually more the reflection of managerial, scientific, and technocratic values. While that understanding promotes political power of those who posses or can purchases the skills associated with those values, it stigmatizes the political shortcomings of the Many as “voter apathy” and ignorance. The world of work lived by the Many appears thus as irrelevant to the experience and prerequisites of rule, while the experiences gained at the higher levels of corporate life serve as qualifications for entering the revolving door to high governmental offices (Wolin, 2004, p. 599)

Charter cities imitate the bounding of democracy, where the qualification of participating in civic life is not guaranteed. Rather, you buy-in in order to participate in their civic life. Due to citizenship being predicated on your ability to pay, they are catering to a specific population which has a bias towards people with specific knowledge and skillsets. These skillsets being toward the ability of a person or group of people to generate capital for the ZEDE and for one's business. Yet, more research contributing to this area of geography has been able to highlight how the process requires a level of political instability as well as the need to circumvent public involvement in order for charter cities to be constructed. If we hold a legitimate democratic process as a value in of itself, then research (academic or any other kind) holds an important place in raising the level of consciousness among populations who may have the ability to do something about it.

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