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The Twin Insurgency: Plutocrats and Criminals

Nils Gilman

Everywhere the ceremony of innocence is drowned.
William Butler Yeats, 1919

States within the global political economy today face a twin insurgency, one from below, another from above. On the one hand, there are a series of interconnected *criminal insurgencies*, in which the global disenfranchised resist, coopt, and route around states as they seek ways to empower and enrich themselves in the shadows of the global economy. Drug cartels, human traffickers, computer hackers, counterfeiters, arms dealers and others exploit the loopholes, exceptions, and failures of governance institutions to build global commercial empires that, in turn, provide them the resources to corrupt, coopt, or challenge incumbent political actors. On the other hand, there exists a *plutocratic insurgency*, in which globalized elites seek to disengage from traditional national obligations and responsibilities. From libertarian activists, to tax haven lawyers, to currency speculators, to mineral-extraction magnates, the new global super-rich and their hired help are waging a broad-based campaign that aims either to limit the reach and capacity of government tax-collectors and regulators or to manipulate these functions as a tool in their own cut-throat business competition. Unlike classic twentieth century insurgents, who sought control over the state apparatus in order to implement social reforms, criminal and plutocratic insurgents do not seek to take over the state. Nor do they wish to destroy the state, since they rely, like parasites, on the state to provide the legacy goods of social welfare: health, education, infrastructure, and so on. Rather, their aim is simpler: to carve out de facto zones of autonomy for themselves by crippling the state's ability to constrain their freedom of (economic) action.

The failures of social modernism

Understanding how we arrived at these twin insurgencies requires a brief return to the anterior period. During the social modernist era (1945-1971), virtually all states—whether capitalist or communist, industrialized or developmental, great power or postcolonial—aimed to legitimate themselves by serving the interests of middle classes whose size they sought to expand (Woodiwiss, 1993; Gilman, 2003). Both capitalist and communist accumulation strategies were based on the nurturing of industrial laborers, who were expected to work for a living, and who, in turn, were told that the state not only would steadily improve their standard of living, but also would cushion them from outrageous misfortune via various forms of social security (Westad, 2006). These states were “welfare states” in the sense that they sought to provide for the *general welfare*, rather than to protect or lift up the poor or defend the prerogatives of the rich. In the non-communist world, the wealthy were taxed not out of class hostility but in order to finance *public goods* for society as a whole (Lambert, 1993). Health care, pensions, schools, and so on were represented less as individual “entitlements” than as collectively enjoyed public goods. While a diversity of social contracts existed during this period (Evans *et al.*, 1985; Esping-Andersen, 1990), in virtually every country elites felt a duty to play a “muscular and essential role in steering the economy and underwriting the well-being of the middle class” (Mizruchi, 2013), and inequality of income steadily decreased. For Western elites in particular, the fact that the

Cold War order made thinkable radical alternatives to capitalism no doubt helped concentrate a certain commitment to larger moral, social, and political purposes.¹

By the 1970s, however, it was becoming undeniable that social modernist states across each of the “three worlds of development” were failing to deliver on their promises (Pletsch, 1981; Slater, 2008). In the West, the stagflation of the 1970s undermined the technical foundations of the Bretton Woods financial order, as well as the technocratic consensus in favor of Keynesian demand management and the political consensus in favor of sharing productivity gains between labor and capital. In the East, centrally planned economies were revealing themselves as not only politically repressive but also economically inefficient and environmentally catastrophic. In the Global South, while the commodity boom of the 1970s led to a golden age for primary producers, Import Substitution Industrialization failed to deliver sustained growth and transition to high per capita incomes,² and the commodity price crash of the early 1980s precipitated a debt crisis which put to rest any dreams of global redistribution (Reinhart, 2008). From the late 1970s through the early twenty-first century, a period of reaction to state-centric models of development set in (Harvey, 2007; Caryl, 2013; Sargent, forthcoming). Levels of economic inequality began to grow again, eventually reaching heights not seen since the 1920s, and prompting some financial analysts to describe the new economy as a “plutonomy” (Kapur *et al.*, 2005). At the same time, states stopped trying to create a more egalitarian society or to provide for the general welfare; instead they increasingly sought legitimacy by claiming to maximize the opportunities of individuals (Bobbitt, 2002). From this perspective, the creation of plutocrats counted not as a defeat, but as a success for the new model of governance.

When Communism collapsed in 1989, what died was not just the particular collectivist economic system and authoritarian politics of the Soviet Union and its satellites. Cremated along with the corpse of Communism was the civic-minded conception of development as the central responsibility of the state and allied elites—a conception shared by communists and liberals alike during the Cold War. It wasn’t just that the state “retreated” (Strange, 1996) from the “commanding heights” (Yergin, 1998) of the economy, but also that the very ambitions of the state found itself in eclipse. The best face that the World Bank could put on the new order was to say that, henceforth, the role of the state would be to “steer” rather than to “row” (World Bank, 1997). By the turn of the

¹ The ideal of the modernist welfare state may have been mainly honored in the breach but the point is that it was in fact honored despite contestation of the liberal-welfarist model by various actors, whether by leftists who sought a more explicit policy of class leveling, or by rightists who sought to uphold or enforce various forms of racial, national, or class-based exclusions. The liberal welfare state remained firmly ensconced as the hegemonic model during this period—that is, as the baseline against which other political discourses and proposed political-economic models had to define themselves. With that said, the relations between labor and management in the West (and particularly in the United States) were conflictual even during the postwar heyday of social modernism. Plutocratic pushback against both organized labor and the regulatory and tax reach of the liberal state was present from the beginning of the New Deal and became a formal political strategy by mid-1940s (Phillips-Fein, 2006; Phillips-Fein, 2009; Burgin, 2012). As Nelson Lichtenstein has observed, “There was no ‘labor-management accord,’ although labor’s strength did generate a kind of armed truce in key oligopolistic sectors of the economy” (Lichtenstein, 2000: 261). Despite this pre-history of the plutocratic insurgency, however, it is clear that the end of the Cold War represented a watershed. One cannot help but contrast Tony Judt’s (2005) descriptions of Europe’s public-minded postwar statesmen to the shameless way that ex-Presidents (GHW Bush, Clinton) and Chancellors (Schroeder) and Prime Ministers (Blair) are happy to receive \$100m+ payouts from hedge funds and foreign governments upon leaving office.

² Key texts in the normative shift away from ISI were Baer, 1972 and Balassa, 1978.

millennium, even the left had come to doubt whether states could be relied on to effectively and disinterestedly promote the public interest (Scott, 1998).

The nature of the new order was made most explicit in two texts published the year that the Berlin Wall fell, Francis Fukuyama's "The End of History?" (1989) and John Williamson's "The Washington Consensus" (1990). Fukuyama proposed that big-H History (in the Hegelian sense of ideological contestation over the proper relationship between state and civil society) had come to an end with a universal agreement that liberal, democratic capitalism was not just the best but in fact the only reasonable form of socio-political-economic organization. Williamson's text was more pragmatic than metaphysical, filling in the details of this "post-historical" policy consensus with specific imperatives around fiscal discipline, the redirection of public spending away from subsidies, the rollback of progressive tax codes, the floating of currencies, the liberalization of trade and cross-border investment, the privatization of state enterprises and deregulation of private ones, and above all the sacrosanctification of private property rights. Taken together, these texts involved not just a dethroning of the state, but a wholesale challenge to the idea that technocratic leadership was the primary way to ensure collective social well-being. Pioneered as domestic policy in Margaret Thatcher's Great Britain and Ronald Reagan's United States, the programs associated with the Washington Consensus—above all, the privatization of national industrial assets (especially of state owned firms and utilities) and deregulation (especially of financial firms)—soon became a model that London and Washington sought to export to the Global South and the post-Communist world under the rubric of "structural adjustment" and "shock therapy" (Fourcade-Gourinchas & Babb, 2002; Rajan & Zingales, 2003). As Dani Rodrik concluded: "Stabilize, privatize, and liberalize' became the mantra of a generation of technocrats who cut their teeth in the developing world and of the political leaders they counseled" (Rodrik, 2006).

This transformation of the role of the state in the wake of the Cold War has led to a very different sort of landscape of political contestation. With the social modernist state in ideological crisis, the middle classes whose interests it was designed to promote find themselves in an increasingly precarious position. From above, they are threatened by a global financial elite in league with ultra-wealthy compradors, who seek to cut the social services that are paid for by taxes that these elites depict as a form of illegitimate expropriation. From below, they find themselves exposed to various forms of criminals, who have reacted to the collapse of hope for inclusion in the middle classes by taking their futures into their own hands. Let us consider each of these phenomena in turn.

Plutocratic Insurgency: The revolt of mainstream globalization's winners

This ideological retreat of the social modernist state represents the central event that has enabled plutocratic insurgency. During the 1990s, a new class of globetrotting economic elites emerged, enriched by the opportunities created by globalizing industrial firms, deregulated financial services, and new technology platforms. This new class is an order of magnitude richer in absolute terms than previous generations of the ultra-wealthy.³ The

³ Just a few statistics give a sense of the scale. When Forbes magazine first started tracking the ultra rich in 1982, there were 12 billionaires in the United States; by 2012, there were 425 (Kroll, 2012). In 1982, there were fewer than 200,000 millionaires in the United States; by 2012, there were over 3.7m (CapGemini, 2013). In 2013, there were also 98,700 "ultra-high net worth individuals" (with assets > \$50m), of which 45% were American (Credit Suisse, 2013). To speak of the habits, ideological or otherwise, of the very rich is thus largely to speak of Americans.

rise of the new plutocrats reflects an historic shift in the structure of capital accumulation (Irvin, 2007). The accumulation regime that predominated during the heyday of social modernism was predicated on creating a new class of workers who could afford the goods that they were producing (Harvey, 2001). The great fortunes of the late nineteenth and early twentieth century were built on the backs of masses of worker-consumers in primarily inward-looking national contexts. By contrast, today's plutocrats make their fortunes selling their goods and services globally—in real terms, therefore, their ongoing success is less connected to the fortunes of their fellow national citizens than was that of previous generations. Moreover, the two signature types of massive wealth accumulation in the early 21st century have been high technology and financial services—both industries that do not rely on masses of laborers, and whose productivity is therefore detached from the health of any particular national middle class. The result has been a dramatic rise in inequality within countries, even as wealth inequality transnationally has narrowed.

The rise in a new class of plutocrats has been marked by the emergence of new ideological self-conceptions (Freeland, 2013). Many of these contemporary plutocrats see themselves as “the deserving winners of a tough worldwide competition” (Freeland, 2011) and regard efforts to make them to pay for public goods as little more than organized theft. Whereas the threat of Communism during the Cold War acted as a check on the maximalist ambitions of the ultra-rich, the political and ideological collapse of the Soviet Union removed that constraint, enabling an ideological shift in how a significant segment of the new wealthy conceive their relationship with their societies. While some among the wealthy continue to see themselves as owing a debt of obligation to the societies in which they have enriched themselves, there exists a significant subset—particularly among financial elites (Huffschnid, 2008)—who do not see their personal achievements as tied to the success of the national societies in which they reside (Taylor & Harrison, 2008). Instead of seeing themselves as the ultimate winners of the systems in which they work (Domhoff, 2009), they characterize themselves as rebels, outsiders who have made it on their own despite the restraints presented by incumbents, loafers, and parasites in government and society (Frank, 2007). The popularity of the pseudo-philosophical novels of Ayn Rand—whose ideas George Monbiot (2012) refers to as “the Marxism of the new right”—represents the most visible manifestation of this ideology that poses the rich as “makers” as opposed to the mass of shiftless “takers” (Burns, 2009; Weiss, 2012). From Washington to London, plutocrat-funded think tanks are devoted to creating a body of usable ideas and policy proposals geared at dismantling social modernism (James, 1993; Medvetz, 2012). This ideological shift heralds the arrival of plutocratic insurgency.⁴

The defining feature of plutocratic insurgency is the effort on the part of holders of this ideology to *defund or de-provision public goods*, in order to defang a state that they see as a

⁴ The locus of the plutocratic insurgency today lies in West—in particular, the world headquarters for the global plutocratic insurgency is London, the world's largest “offshore” financial center that is home to (or at any rate has the homes of) more plutocrats than any other city (Vellacott, 2012; Shaxson, 2013). Elsewhere, the evidence is less clear: Russia experienced a huge plutocratic insurgency in the 1990s, but the arrival of Putin and the defenestration of the first-generation oligarchs represented the reassertion of the prerogatives of the state—that is, a successful *plutocratic counterinsurgency*. In China, the rise of the super-rich has happened mainly through state-sponsored (though not state-owned) enterprises, which means that plutocrats there remain dependent on the state and the Communist Party and, as such, relatively insecure politically. There, and elsewhere in East Asia, rent-seeking rather than insurgent remains the norm among plutocrats.

threat to their prerogatives (Pack, 1987).⁵ Practically speaking, plutocratic insurgency takes the form of efforts to *lower taxes*, which necessitates the cutting of spending on public goods; to *reduce regulations* that restrict corporate action or that protect workers; and to *defund or privatize public institutions*, such as schools, health care, infrastructure, and social space. The political strategy associated with plutocratic insurgency is to use austerity in the face of economic shocks to *rewrite social contracts on the basis of a much narrower set of mutual social obligations* (Klein, 2007), with the ultimate effect of de-collectivizing social risks (Beck, 2008). As a palliative for the loss of public goods and state-backed programs to improve public welfare, plutocratic insurgents typically promote the idea of philanthropy—directed toward ends defined not democratically but, naturally, by themselves (Barkan, 2013). “There’s no such thing as society,” Margaret Thatcher famously declared, issuing the *cri de cœur* of insurgent plutocrats everywhere—since, if there’s no such thing as society, then the very category of social services collapses, along with any responsibility on the part of the rich to contribute to them. From this perspective, plutocratic insurgency signifies the re-importation back into the industrial core of the aforementioned policies of structural adjustment that were applied across the Global South during the 1980s and 1990s.

For plutocratic insurgents, this strategy is dictated at bottom by a raw cost-benefit analysis: the price the social modernist state asks them to pay in taxes and the regulatory burdens it imposes on them outweighs the benefit they believe they personally receive from living in such a state. Plutocratic insurgents believe they can afford (and therefore everyone should be required) to buy for themselves the sorts of goods that before required a state to provide. They live in gated communities, travel via personal jets and private bus fleets, and send their children to exclusive schools (Freeland, 2012). While each of these decisions may at first be motivated by lifestyle choices or a desire for social differentiation, the result is a progressive moral disinvestment and civic disengagement from the quality of these traditionally public services (Bickford, 2000; Sengupta, 2008; Blakely, 2012), especially as the habit of opting out of public services trickles down from the oligarchs to the upper middle classes (Caldeira, 2000). Leaving aside the matter of the undemocratic nature of such private services, or the adverse selection problems that arise from partial privatizations, what marks the arrival of plutocratic insurgency is when the rich begin to revolt against paying taxes for public services they never plan to use. The result is a reinforcing cycle, whereby plutocratic insurgents increasingly see no reason to contribute anything to their host societies, and indeed actively make war on the idea that citizenship imbues them with economic or social responsibilities.

Criminal Insurgency: The revolt of deviant globalization’s winners

Many of same processes that are driving plutocratic insurgency also underpin the process of criminal insurgency: the globalization of economic flows, growing wealth inequality, and a collapse of state provisioning of public goods and services. From Latin America to Africa to the former Eastern bloc, the 1980s and 1990s structural adjustment and shock therapy programs led to the “hollowing out” of the state: the physical buildings and institutions of “adjusted” states remained in place, but their ambitions and capacities shriveled (Milward & Provan, 2000). The states in these countries dramatically decreased their spending on

⁵ Conceptually, plutocratic insurgencies differ from kleptocracies—the latter involve the using the institutions of state to loot the population, whereas the former wish to neutralize those institutions in order to facilitate private sector looting. In practice, these may overlap or co-mingle.

social services—ranging from subsidies for food and fuel to broader social services like public health and pensions. State-owned industries were either shut down or privatized, with wages and employment slashed. The state, in other words, further decreased its capacity to deliver a decent life to its citizens, leading to a collapse in the popular expectation that the state should serve as a guarantor of progress (Duffield, 1998; Ferguson 1999; Parenti, 2011). At the same time, however, the economies of these countries opened rapidly to cross-border financial and trade flows. This combination of the failure of the public-goods providing state and a dramatic increase in the openness of national economies created both the opportunity for enterprising individuals to make money in new ways and an imperative to do so, as a matter of survival. These effects were in fact the explicit intention of the structural adjustment and shock therapy programs: rolling back the dirigiste state and opening up the economy was meant to unleash a flood of pent-up entrepreneurial energy and, indeed, it did.

Alas, structural-adjustment- and shock-therapy-driven globalization of the formerly closed economies of the Eastern Bloc and the Global South turned out to have an unfortunate bug (Los, 2003; Glenny, 2008). While the mainstream globalization celebrated by the likes of Thomas Friedman (2005) grabbed the headlines, what most distinguished the post-Cold War global economy from the earlier era was the parallel development of a shadowy “deviant” globalization in industries like narcotics, immigration, wildlife harvesting, and antiquities. Though the weakness of the post-communist and post-developmental state represented a dire problem for mainstream businesses and for imploding middle classes in these countries, it offered certain comparative advantages for illicit commerce. Deviant entrepreneurs realized that arbitraging the moral and regulatory differences that existed in different jurisdictions worldwide presented fantastic business opportunities. While big multinational corporations were able to sew up the licit opportunities afforded by the integration of the global economy, they were unable to play in arenas of goods and services banned for moral reasons (Gilman *et al.*, 2011). The great unsung globalizers of the 1990s and 2000s, therefore, were the criminals who rapidly scaled up their local mom-and-pop criminal organizations to become globe-spanning deviant commercial empires (Saviano, 2006; Keefe, 2012).

These avatars of deviant globalization are also the leaders of the second of our twin insurgencies—the criminal sort. What distinguishes criminal insurgents from classic social revolutionaries is that rather than seeking to build or capture institutionalized state power, they seek merely to protect their rents in various (usually deviant) markets that they control. Organizations such as the First Command of the Capital in Brazil, the ‘Ndrangheta in Italy, or the Zetas in Mexico have no interest in taking over the states in which they operate. Instead, like plutocratic insurgents, what criminal insurgents seek is to cripple the state, that is, to establish a zone of economic autonomy while continuing to rely on the state to supply vestigial social services.⁶ These actors thrive in (and indeed prefer and try to foster) weak-state environments, and their activities reinforce the conditions of this

⁶ Liberal enthusiasts of globalization (most prominently: Barnett, 2005 and Friedman, 2005) assert poverty, insecurity, and state fragility are the result of “disconnectedness” from the world economy. This is false: even paradigmatically “failed” states—Congo, Somalia, Afghanistan—are deeply connected to the global economy. While it is true that they remain weakly connected to the *formal* and *legal* parts of the global economy, such places are *deviantly* connected—via the illicit trade in minerals, via piracy, or via the global drug trade, and so on. The crucial issue, in other words, is not connectedness or disconnectedness, but rather *what kind* of connectedness.

weakness. As deviant globalization takes root in a particular locale, however, it soon begins to generate a positive feedback loop, in much the same way that many successful animal and plant species, as they invade a natural ecosystem, reshape their ecosystem in ways that improve their ability to exclude competitors (Sullivan & Bunker, 2002; Manwaring, 2005; Arias, 2006). The state weakness that at first was merely a permissive enabling condition for their business becomes something that the now empowered criminal insurgents seek to perpetuate and even exacerbate. They siphon off money, loyalty, and sometimes territory; they increase corruption; and they undermine the rule of law. They also force well-functioning states in the global system to spend an inordinate amount of time, energy, and attention trying to control what comes in and out of their borders.

In building their business empires, deviant globalizers inevitably come into conflict with host states in three distinct ways that render them *de facto* political actors. First, they control huge, growing swathes of the global economy, operating most prominently in places where the state is hollowed or hollowing out. Corruption fueled by drug money on both sides of the US-Mexico border exemplifies this point (Miller, 2009). Second, many deviant entrepreneurs control and deploy a significant quota of violence—an occupational hazard for people working in extra-legal industries, who cannot count on the state to adjudicate their contractual disputes. This use of violence brings deviant entrepreneurs into primal conflict with one of the state’s central sources of legitimacy, namely its monopoly (in principle) over the socially sanctioned use of force, transforming them from merely deviant businessmen into criminal insurgents. Third, these criminal insurgents in some cases are begin to emerge as private providers of justice, health care, and infrastructure—that is, precisely the kind of goods that functional states are supposed to provide to their citizens. (However, since they are provided privately, to the deviant entrepreneurs’ personal constituents, they are not ‘public goods’ in the sense of goods equally accessible to all citizens.) Criminal syndicates in Brazil (Langewiesche, 2007), the MEND in Nigeria (Junger, 2007), narco-traffickers like the Sinaloa Cartel in Mexico (Keefe, 2012)—all are criminal insurgents who not only have demonstrated that they can shut down areas of their host states’ basic functional capacity, thereby upsetting global markets half a world away, but who are also providing social services to local constituencies (Robb, 2007).

Criminal insurgency is thus the form that deviant globalization takes as it scales and reaches political self-consciousness. On the one hand, the more deviant industries grow, the more damage they do to the political legitimacy of the states within which the criminal insurgents operate, thus undermining the capacity of the state to provide the infrastructure and services that the criminal insurgents want to free ride on. On the other hand, the people living in the semi-autonomous zones controlled by criminal insurgents increasingly recognize the insurgents rather than the hollowed out state as the real source of local power and authority (Finnegan, 2010). Of course, just because these deviant providers of alternative governance functions end up seeming “legitimate” in the eyes of local stakeholders, this type of governance is usually poorly institutionalized and untransparent about both ends and means. Nonetheless, as these groups take over functions that would have been expected of the state, their stakeholders increasingly lose interest in the hollowed-out formal state institutions (Davis, 2010). Thus, even though criminal insurgents have no desire to kill their host state, they may end up precipitating a process whereby the state implodes catastrophically.

The enclavization of microsovereignties and the end of the middle classes

During the 1990s, it became fashionable to declare that in the new post-cold war era, the state was destined to wither away. In fact, something more subtle was taking place: the double collapse of social modernist state's capacity and legitimacy was giving birth not to the post-historical utopia of universal consensus in favor of liberal democratic capitalism, but rather to a conjoined monster in the form of plutocratic secession and deviant globalization. Instead of projects of collective emancipation, what both plutocratic and criminal insurgents desire is for the social modernist state to remain intact *except insofar as it impinges on them personally*. Neither criminal nor plutocratic insurgents are revolutionaries in the classic modernist sense of political actors who seek to take over the state.⁷ As the social modernist state failed to realize its promise, the very notion of a revolution that aspires to a project of national-scale collective social reform (Skocpol, 1979) has come to seem quaint. Neither category of insurgent is interested in taking control over the state to enact a process of national (or international) social reform. Nor do they seek a political revolution in the Arendtian or Burkean sense of a contest for direct operational and ideological control over the organs of the state (Arendt, 1963; Burke, 1983). Instead of being in revolt against a particular political regime, with the goal of building better government, they aim instead to cripple their hosts states in order to gain *de facto* zones of private autonomy that can enable individual, tribal, or interest-group enrichment.⁸ They are thus parasitic in a very specific sense: they wish to free ride on the institutional legacy of social modernism so as to avoid costs to their businesses.

Seen from a spatial perspective, what both insurgencies represent is the replacement of the liberal ideal of uniform authority and rights within national spaces by a *kaleidoscopic array of de facto and de jure microsovereignties*. Rather than a single national space in which power is exercised and rights are enjoyed in a consist and homogeneous way by all residents, the cartography of the dual insurgency represents diverse enclaves of political authority and of social service provisioning arrangements (Ong, 2000; Sidaway, 2007). As these unique arrangements emerge, national and local authorities proliferate a variety of increasingly one-off exceptions to the general rules, incrementally traducing the liberal notion of equality before the law. Just as the 1930s saw a multiplication of conditions poised between war and peace, so our present conjuncture witnesses the multiplication of various forms of authority between the full-blown modern state and outright anarchy, symbolized by the blurring lines between police, military, and private security contractors, in terms of both kinetic capabilities and legal authorities (Singer, 2001; Lambert, 2013; Shank & Beavers, 2013). The process itself is, of course, self-reinforcing: the proliferation of exceptional and unique microsovereignties only increases the scope for the insurgents to engage in jurisdictional arbitrage, and further demands by other insurgents for their own personalized sovereign exceptions. In the space of the dual insurgency, citizenship no

⁷ Rebels who seek to take over or direct the state toward projects of social reform do continue to exist of course – from Marx-inspired movements like the Zapatistas in Mexico or the Naxalites in India to Allah-inspired movements like Al-Shabaab in Somalia or the Moro insurgency in the Philippines. These sorts of movements, as well as the so-called “color revolutions” that have befallen various post-Soviet states represent a different phenomenon than either described in this essay.

⁸ The ideological collapse of the labor-centric, social welfare-providing nationalist state helps to explain why the post-2007 crisis has failed to produce organized opposition movements geared at reining in the secessionist impulses of plutocrats or at addressing the abjections that drive deviant globalization (Fraser, 2013).

longer signifies the liberal ideal of an identical package of rights for all, but instead means very different things depending on where individuals are in physical and social space (Krijnen & Fawaz, 2010).

Within plutocratic enclaves, the source of authority and loyalty is, at bottom, money. From a geographic perspective, plutocratic insurgents seek to create zones of private authority and legal autonomy where they can privately command goods once considered public, including not just security (Caldeira, 2000; Hope, 2000; Abrahamsen & Williams 2011) but also increasingly schooling, transportation, health care, shopping, legal enforcement, and so on (Dezelay & Garth, 1998; Rodenbeck, 2013). The paradigmatic case for plutocratic spatial segregation and secession are so-called gated communities, which rightly have become the subject of a minor academic subfield (Lister *et al.*, 2003). These spaces are much more than simple residential enclaves, but increasingly offer full-service operations that contain virtually everything their denizens need, so that residents only need to leave in order to travel to other such enclaves (Connell, 1999; Webster, 2001; Sengupta, 2008; Breitung, 2012). Rights within such spaces, it goes with out saying, accrue to dollars rather than to citizenship. The vision of the future here is of a global archipelago of “privatopias” (McKenzie, 1996), linked by air and internet to other such spaces, protected by high ramparts from the roiling dystopian ocean of the *hoi polloi* (Graham & Marvin, 2001; Davis, 2005). Moreover, in addition to these zones of physical separation, plutocratic insurgents also seek out (or seek to create) virtual zones of legal exception, in the form of offshore tax havens (which allows them to avoid income taxes—Baldacchino, 2010; Shaxson, 2011) and special economic zones (which allows them to avoid tariffs as well as laws designed to protect labor or the environment—Bach, 2011). Plutocratic insurgents are adept at playing off one jurisdiction against another, threatening to take their capital elsewhere if the local authorities do not grant them the exceptions that they seek.

The enclaves of the criminal insurgents are more precarious, as one would expect. Unlike the visible separation that the plutocratic insurgents enjoy in the form of high walls and armed guards, the autonomous zones of the underclasses are more temporary and, naturally, less secure for their masters. From the favelas of Sao Paulo (Langewiesche, 2007), the slums of Karachi (Kaker, 2014), the waterfront of Kingston (Kilcullen, 2013), and the suburbs of Beirut (Fawaz *et al.*, 2012) or Naples (Saviano, 2006) to the remotest corners of Afghanistan (Hetherington, 2011), Honduras (Schwartz 2014) or Sudan (Omeje, 2010), such autonomous spaces take the form of feral “no-go zones” (no-go, that is, to the rich) in which some notionally social modernist state may claim authority, but in which true power is wielded by warlords, gangsters, or other kinds of organized criminals, who take *de facto* control over local security and whatever meager social service provisioning may be on offer (Norton, 2003; Bunker & Sullivan, 2011; Marten, 2012). In these zones, sources of authority and loyalty and the application of raw power tends toward what might be called “neo-tribalism”—“neo” in the sense that primal loyalties adhere not just to those who share (perceived) bonds of ancient kinship, but rather in accordance to all manner of intense and ritualized personal connections among young male specialists in the use of violence (Ronfeldt, 2006; Robb, 2007). In short, while globalization is indeed undermining national political institutions and thus national identities and loyalties, what appears to be replacing the national is not a “global” political identity—as “cosmopolitical” dreamers have long aspired to (Cheah & Robbins, 1998)—but rather a return to localized identities rooted in clan, sect, ethnicity, corporation, and gang. Understanding the nature of social

relations in such spaces of social fracture may best be approached by a literary rather than a strictly social scientific sensibility (DiMaggio, 2011).

The central difficulty that both plutocratic and criminal insurgents face is that it is unclear whether the political objective they seek can produce stable equilibria of governance. There are at least two separate reasons to question the ability of these arrangements to produce stability. First, the fracturing of sovereign homogeneity increases transaction costs for people traversing them—it requires a constant expenditure of time and effort to determine exactly what zone of governance one is in and who, therefore, is due respect and obeisance. This is equally true whether one considers the spaces of the plutocratic or the criminal insurgency: in the former case, the price is paid to lawyers, in the second to gangsters. Second, the kaleidoscope proliferates opportunities for arbitrage and defection of customers and foot soldiers to other governance spaces (Hirschman, 1970). The ultimate losers in all of this, of course, are the middle classes—the sorts of people who try to “play by the rules” by going to school and getting traditional middle class jobs whose chief virtue is stability. These sorts of people—who lack the ruthlessness to act as criminal insurgents and the resources to act as plutocratic insurgents—can only watch with a certain passivity as the institutions which were built over the course of the twentieth century to ensure a high quality of life for a broad majority of citizens are progressively eroded. As the social bases of solidaristic collective action crumble, individuals within the middle classes increasingly face the choice between accepting a progressive loss of social security and de facto social degradation, or attempting to join one of the two insurgencies.

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