

The very weird places where the Silicon Valley global elite hide their dirty money

Story by Jordan Weissmann

A few weeks ago, at a campaign event in Georgia, Donald Trump unveiled his latest scheme to bring back the glory days of American manufacturing. Under his next presidency, he explained, the United States would “steal” jobs from other countries by creating “special zones of federal land with ultra-low taxes and regulations,” which would be “ideal spots for relocating entire industries” from overseas.

Special economic zones, where governments relax certain taxes and domestic laws in the hopes of luring factories, are nothing new. Hundreds already exist in the United States for the narrow purpose of sparing exporters from customs duties. [Many thousands](#) more can be found elsewhere around the world, in large part because poorer nations have for decades leaned hard on them as a tool to attract business. In the days before the North American Free Trade Agreement, Mexico’s government jump-started its industrial sector by setting up tariff-free maquiladoras along the border with Texas to make goods destined for the United States. Today, deep in the jungle of Laos, you can find the more extreme example of Boten — a whole town run by a Chinese corporation where the clocks are set to Beijing time.

The history of such locales is detailed vividly in “The Hidden Globe: How Wealth Hacks the World,” a slightly heady but very worthwhile new book by the journalist Atossa Araxia Abrahamian. In it, she explores the “fractured atlas” of places that help the international rich bend globalization to their advantage, often by making it possible to do business within a country without being subjected to its laws.

The map we all learn in school, full of carefully drawn borders and self-contained countries, is vitally incomplete, Abrahamian argues. It leaves out the many “extraterritorial” exceptions where governments have set aside their sovereignty in cordoned off zones or found ways to project their own, business-friendly laws across the globe, such as by turning themselves into tax havens.

“These places are not exactly secrets, but they are far-flung and disparate enough to seem at first glance like discrete oddities, rather than a network or a system,” she writes. “That is one of the reasons they remain so hidden in plain sight.”

For Abrahamian, the project is partly a personal journey to better understand her own hometown of Geneva, a lakeside city known mostly as one of the primary headquarters of the United Nations. Beneath the staid, bureaucratic facade, it leads a second “spectral” life as “capital of the hidden globe,” she argues, where strict national bank secrecy laws historically allowed financial institutions to operate “like black holes, taking money from nearly anyone, anywhere, and making it disappear.”

Switzerland’s bankers helped shroud Nazi gold and blood money from Congolese dictator Mobutu Sese Seko, among others — legacies that still haunt it today. And while the country has rolled back its

secrecy rules in recent years under intense international pressure, Geneva remains a place where the wealthy turn when they need hired hands to offshore their business dealings on paper.

It is also home to one of the world's major freeports, institutions that allow clients to stow goods without paying import duties or passing through customs. They originated in Renaissance Italy, where they let merchants store perishable items like grain while in transit. Today, freeports play a shadowy role in the global art trade, letting the wealthy buy and hide away masterworks under biometric lock — sometimes merely to avoid taxes, and sometimes as part of complex money laundering transactions.

Special economic zones were the “industrialist’s answer to the freeport” — territorial carve-outs where goods could not only be warehoused tax-free but could also be manufactured into products for export. These “halfway houses for commerce” became a hot global development fad starting in the 1970s, because agencies like the International Monetary Fund saw them as a way to create business-friendly islands within countries closed off by high tariffs and other regulations. Abrahamian suggests that they represented a soft successor to colonialism, in which recently independent countries were suddenly advised to “splice off bits and pieces of their territory — and, depending on whom you ask, to compromise their hard-won sovereignty — to serve foreign industry.”

Free zones have led to some famous — even world-altering — success stories. They helped transform Mauritius into Africa’s second-wealthiest economy, for instance, while liberalizing reforms in Shenzhen set the stage for China’s rise into a global manufacturing powerhouse. Abrahamian tries to complicate these narratives, pointing to abuses like sweatshop conditions. At a more mundane level, though, she makes the case that the zones simply don’t work very well as a development strategy much of the time because they fail to fix a country’s underlying economic problems, producing “corporate enclaves of marginal economic value, even to the companies working within them.”

Other countries have found their own lucrative niches in the hidden globe. Dubai created an international commercial court, where foreign companies can choose to have their disputes resolved. Countries such as Liberia and Cyprus rent out their national flags to ship owners, allowing them to cloak their identities and skirt labor and environmental regulations. (Or, in Russia’s case, escape [oil sanctions](#).) The tiny, notorious tax haven of Luxembourg has lately begun pitching itself as a safe legal home for companies interested in mining asteroids.

In the hands of a lesser writer, this material could be dreadfully tedious. But Abrahamian populates her book with sharply drawn characters, such as Geneva’s “freeport king” who made a fortune wheeling and dealing in art until he came into conflict with the Russian oligarch who had become his most important client. Her interviews with the men and women who helped engineer some of these places lead to some engaging debates, and most of the history is told briskly, though sometimes she gets bogged down a bit in literary or philosophical flourishes. The first chapter opens on what almost feels like a 10 page prose poem about Geneva, a city with “the fractal aspect of a Magic Eye book”; the phrase “metaphysics of globalization” later gets deployed.

Abrahamian wears her left-wing politics openly and finds much to criticize in the places she profiles. But she refuses to simply condemn them either. “The global economy offers few options other than to serve it, and it rewards its enablers richly,” she writes. “Perhaps a mercenary spirit is just what a small country needs to succeed in the world.”

Instead, she's aiming at a broader intellectual and moral point. Abrahamian is a supporter of open borders ("few people, and fewer policymakers, share my views," she acknowledges). It dismays her that through a combination of accident and design, we have created a form of globalization that allows money to hop the globe seamlessly while keeping people stuck in place. And though countries use extraterritorial carve outs to woo corporations, they simultaneously deploy them to keep would-be immigrants at bay: In the most upsetting chapter of the book, Abrahamian recounts how Australia disappeared refugees to offshore camps in Papua New Guinea and the island of Nauru to deny them asylum rights.

Abrahamian doesn't offer many solutions to this state of affairs, except to suggest that if you can't beat the hidden globe, it might be time to join it. Toward the middle of the book, she wonders if it might be possible to build new charter cities or special zones "from the ground up" that could be left open to any and all immigrants. Less audaciously, she suggests that existing cities might be allowed to accept more migrants if they choose to (an idea that's been put forward by the sort of [mushy neoliberal organizations](#) I'm guessing she'd ordinarily look askance at).

But "The Hidden Globe" is mostly not a book of policy prescriptions. That's for the better, I'd argue; the drab final chapter of most policy tomes where the author dutifully describes *what must be done* is usually the worst part. Still, the book left me experiencing a small aha feeling about Trump's plans. The former president has said he intends to build a ring around the country with punitively high tariffs, while carving out his manufacturing zones. In doing so, he'd be essentially reverse engineering the United States to look more like the kinds of desperate, developing economies that have historically traded a bit of their sovereignty away in the name of growth. Abrahamian's book is not specifically about Trump. But depending on how the election shakes out, it could turn out to be a timely warning.

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