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Brave new world, same old masters

Behind Silicon Valley's futuristic promises of private cities in Latin America lies an old ambition: concentrating power in the hands of a wealthy few

We underestimate historic changes, not because we know too little but because we regard the future as a sequel to the present. Our current age is often viewed as a watershed or an interregnum. Where are these fractures already visible, even on a small scale, and where is the future already happening? Even if it seems remote, Latin America is a testing ground for models of private rule without democratic controls. Of course, not the whole of Latin America, but mini enclaves in Honduras, Nicaragua, Venezuela, and, before long, maybe also Uruguay and Argentina. All this may sound remote. But it has strong links with current realities in Europe and the US. And it has quite a few followers in Germany.

While the housing crisis and competitiveness are being hotly debated in Europe, things that we take for granted such as rental contracts and tenant and consumer protection have long since been abolished in ideologically charged microcosms characterised by a willingness to experiment.

Próspera, Veritas Village, CryptoCity, Praxis and Xcity are all appealing names that resonate with people in the West. These private enclaves are experiments, artificial habitats for 'free' entrepreneurship and start-ups, that aim to flourish without the corset of statutory laws and obligations. Private cities such as Próspera in Honduras, probably the most well-known model, attract tech start-ups, crypto fanatics and, above all, libertarians that do not wish to pay taxes. Depending on your point of view, these experiments are disruptive or visionary, but, above all, libertarian and neo-colonialist. The state in question is being undermined by private contracts; highly developed islands in the midst of poorer regions. The local population rarely profits from the high-tech infrastructure. In principle, the business model exploits state weakness, instability and financial distress. Some of the pioneers openly admit this.

The rise of private government models

Próspera, a special development zone managed by the US company Honduras Próspera Inc. is located on the Honduran Carribean island of Roatán. Tech billionaires such as Peter Thiel, Sam Altman and Marc Andreessen are said to be on board. Around 1700 people claim to have obtained residency, made possible by a lump-sum tax payment of 5000 US dollars. In exchange, the sole obligation is to spend at least seven days per year there. The tax rate is a mere one per cent of a company's gross turnover, in comparison with 25 per cent at the national level. Próspera was officially recognised as a special economic zone in Honduras in 2017. It does not need to comply with Honduran law and has the authority to create its own legal system, courts, police force, tax laws and regulations.

While the project was always supported by right-wing governments in Honduras, Xiomara Castro's left-wing administration decided to close Próspera in 2022. The Honduran Congress repealed the law that had enabled the creation of the special economic zone on 20 April 2022. Próspera reacted by filing a claim against the state of Honduras on the grounds of a breach of investment rights and legal certainty amounting to 10.7 billion US dollars – around one third of the Honduran GDP. Although the Supreme Constitutional Court declared the Special Zones Act to be unconstitutional in 2024 and the claim was later substantially reduced, what happens next remains unclear. Since January 2026, a staunchly conservative right-wing figure again holds the presidency, meaning that any attempts to stop Próspera are, for the time being, doomed to failure. As in other Latin American countries, the Trump government also interfered here in the elections with partisan support for the right-wing candidate Nasry Asfuera.

The experiments come in many shapes and sizes.

German involvement in Próspera is provided by Titus Gebel, the founder of the Free City Foundation and an advocate for privately organised city states that evade democratic control. In so doing, Próspera demonstrates how far the conflict between private self-governance and state sovereignty can go. Other projects follow similar goals but differ in their focus.

CryptoCity on the Venezuelan island Margarita is another project that has been recruiting entrepreneurs since 2023 and is currently in the development phase. Its website states that CryptoCity is administered decentrally, autonomously and digitally. Every property owner can have a say in decision making and invest in the project. Co-determination is

therefore tied to ownership. The political motivations are clearly formulated: 'We firmly believe that Germany is on the decline. We refuse to accept the gradual expropriation and disenfranchisement. We are leaving war, excessive taxation, uncertainty resulting from unskilled migration and green politics behind us.' The founder Tim Stern sums up their stance: 'As long as you are getting out of Europe, any country in Latin America is great. And then you find a good wife and are happy.'

The experiments come in many shapes and sizes. Veritas Villages is a network of independent, privately organised enclaves which are more reminiscent of entrepreneurial, organised unconventional thinking. The Villages accept the state administrative structures, but strive for practical freedom and self-administration, particularly when it comes to energy and water supply and finance. The network takes in the most beautiful coastal and vacation destinations in Nicaragua, Panama and Costa Rica. Further locations are planned in Belize, Honduras, El Salvador, Mexico, Ecuador and Argentina

On the other hand, other experimental spaces such as BitcoinCity in El Salvador have barely made it through the planning phase despite a grand opening fanfare. Uncertainty also reigns with Praxis in Uruguay and Xcity in Argentina as to how many of the grand pledges will see the light of day. Praxis identifies itself as a kind of 'digital nation', where not only entrepreneurship but also the construction of a new society is on the table. On 22 September 2026, Praxis announced that it was establishing its first physical branch within the town development project +Colonia in Uruguay. Colleagues in the Free City Foundation seem slightly disappointed as 'the status as special administrative region based on Uruguayan law is far removed from the self-administered city that had once been promised'. Given the strength of the Uruguyan state, it remains to be seen whether a largely self-administered enclave can indeed emerge from this.

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Xcity, the most recent example, would like to construct an AI-based city in the northwest of Argentina, with Argentinian citizenship on offer if the investment is sufficient. Moreover, the project team is attempting to apply to the Argentinian government for partial powers of self-governance according to a study by Tengo Data. Until now, Xcity has been an ambitious private investment, with a Chinese entrepreneur as the key player exploiting the new libertarian regulations under President Javier Milei. Whether new forms of self-

administration are tried out remains to be seen.

Not all projects are equally radical or have yet seen the light of day. What they have in common, however, is an attempt to release business interests from government regulations as much as possible. Entrepreneurial pioneers from the Global North including China are establishing a location outside their own democratic societies, which they perceive to be overregulated. To do this, they exploit state weaknesses and financial hardship or, as in Argentina, the scope provided by libertarian politics.

The elites are pursuing secession. Tech billionaires and businesspeople who are fed up with community and the common good, are promoting their vision of a world guided by a profit-driven approach within a libertarian framework. While Musk is pursuing such visions on Mars, his more down-to-earth bros are already testing private governance models, that are supposed to release economic power and self-regulation from democratically governed states. Even if they practise member-driven democracy, as associations or private clubs do, they are simultaneously constructing a border that limits access to it. Whoever is outside this exclusive community, but is impacted by its decisions, does not have a voice. The decisive factor here is whether political equality is a universal right or a privilege that is reserved exclusively for members of a community.

The enclaves in Latin America offer insights into a possible future. Ideas along these lines are also doing the rounds among the far right and libertarian groups in Germany. At stake is not whether such projects are economically successful. The decisive factor is who establishes their rules and who must submit to them without being able to participate in decision making.

The separation of private power from democratic or at least state control is a real danger, not an opportunity for development and prosperity. Libertarian anti-democrats are using Latin America as a research laboratory. While we gaze in bewilderment at the anarchic capitalist experiment in Argentina or are too slow to denounce the Donroe doctrine, ever more private enclaves are taking shape. The pace is picking up in the revitalised US backyard and the future is ordering itself based on its own rules. It is the next logical step in the dismantling of hard-won democratic rights, driven by libertarian and far-right policies: wherever political equality is linked to membership or property, there is a risk of democracy transitioning from a universal principle to an exclusive agreement for the select few.



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