As the cold war was winding down, a new worldwide struggle began. Following a period of diverse versions of government-led relative redistribution in developed market economies, the US became the point actor for a radical reshuffling of capitalism. That (somewhat) Keynesian period was one of mass production and mass construction of suburban space: this brought with it an economic logic that valued people as workers and consumers.

The current phase of advanced capitalism does not. I want to argue that the last two decades have not only been a time of sharp increases in inequality, but also of growing numbers of people basically “expelled” from the economy in much of the world. The active expanding of a middle class in that earlier period has been replaced by the impoverishment and shrinking of the middle class. This holds in extreme form for particular countries, notably the United States, much of Europe, and several African countries that once had strong manufacturing economies but now have become mainly extractive economies. It is the manufacturing and construction driven economies of China, and to a lesser extent India, that today are actively generating expanding middle classes. But also in China we can already detect emergent trends similar to the new logics of expulsion -- not through an evolution that will repeat the West’s trajectory, but because of a larger global economic logic that emerges in the 1980s and might envelop countries such as China and India as well. No matter their differences, neither China nor India is likely to replicate the earlier strong economic trajectories of Japan, South Korea and Taiwan, with widely distributed economic and social benefits. The logics of expulsion that mark the post-1980s period will counter such distributive potentials.

I use the term “expelled” to describe a diversity of conditions studied in the larger project on which this paper is based. They include the growing numbers of the abjectly poor, of the displaced in poor countries who are warehoused in formal and informal refugee camps, of the minoritized and
persecuted in rich countries who are warehoused in prisons, of workers whose bodies are destroyed on the job and rendered useless at far too young an age, of able-bodied surplus populations warehoused in ghettos and slums. Each condition contains within it, I argue, not just unemployment and inequality, but also logics of expulsion that affect a variable portion of these population groups. In the larger study I posit the thesis that together these multi-sited expulsions signals a deeper systemic transformation. While each case has been documented in bits and pieces through a range of disciplines, there is no analysis of these multi-sited expulsions as an overarching dynamic that is taking us into a new phase of global capitalism. Here I only examine some of these aspects.

The paper has three parts. The first briefly discusses some of the evolutions and innovations that got us to this point, including indebtedness of Global South countries viewed as a disciplining regime. The second examines a new profit-producing mechanism that can thrive on the devastations produced by many IMF and World Bank restructuring programs insofar as they led to the destruction of traditional economies and to large global firms replacing local, typically small firms. One outcome of this destruction of traditional economies has been a repositioning of vast stretches of global south countries from sites for traditional economies, including growing manufacturing sectors, to sites for extracting raw resources. Here I focus on one instance: the sharp increase after 2006 in the long standing practice of foreign acquisitions of land from governments, especially in Sub-Saharan Africa, Central Asia and Latin America. The third section of the paper examines the new post-1980s financial phase that became yet another disciplining mechanism, not through structural adjustment programs but through financial adjustment crises. I focus particularly on the potential for global expansion of destructive financial mechanisms till now largely confined to the US; one feature of these mechanisms is the possibility of significant financial profit (indirectly) off the backs of modest income households, of which there are plenty in our world.

**Expanding the Operational Space of Advanced Capitalism**

Today, after twenty years of a particular type of advanced capitalism, we confront a human and economic landscape marked by dualizing dynamics. On the one hand the familiar reconditioning of terrain in the direction of growing organizational and technological complexity, epitomized by the state of the art space of global cities in the North and the South (a subject
developed in Sassen 2001; 2011). On the other hand, a mix of conditions often coded with the seemingly neutral term of “a growing surplus population.” A key underlying condition of this “surplus” is the growing expanse of territory that is devastated – by poverty and disease, by various kinds of armed conflict, and by governments rendered dysfunctional by acute corruption and a crippling international debt-regime, both leading to an extreme inability to address peoples’ needs. To this we should add the sharp increase in land-acquisition by foreign firms and foreign government agencies, which is creating additional mass-displacements of whole villages and smallholder agriculture.

It is this second emerging condition that concerns me here. It goes against the familiar notion that our modernity is marked by an irresistible growth in organizational and technological complexity. In vast stretches of our very modern world, we see shifts from the complex to the elementary. From the complex encasing of land that is the doctrine of “national sovereign territory,” land in devastated nation-states is becoming a commodity to be sold on the global market. And from the complexity of people as citizens, many are becoming surplus people to be warehoused, displaced, trafficked, reduced to mere laboring bodies and body-organs. (In another text I examine a critical component of these shifts: how much of the sharp rise in complex systems and instruments winds up producing elementary brutalities.)

The geographic expansion and systemic deepening of capitalist relations of production over the last 20 years have led to a brutal sorting of winners and losers. The development of capitalism has since its origins been marked by violence, destruction, and appropriation, but also by the making of the regulatory state, a victory for the struggling working classes, and by the expansion of vast middle classes. Much attention has gone to the destruction of pre-capitalist economies via their incorporation into capitalist relations of production. The post-1980s period makes visible another variant of this appropriation via incorporation –the appropriation of traditional capitalisms to further the deepening of advanced capitalism. I use this term to capture a phase dominated by a financial logic. Built into this proposition is the fact of diverse phases of capitalist development and hence the possibility that in today’s global phase the extension of capitalist relations has its own distinct mechanisms and that these need to be distinguished from older national and imperial phases.

Elsewhere (Sassen, 2008a, ch. 1, 8, 9) I develop a theory of change which has as one core dynamic, the fact that condition x or capability y can shift
organizing logics and thereby actually change valence even if it may look the same: thus, for instance, the massive expulsion of people alluded to briefly above, is not necessarily simply more of the same—more poor, more displaced, more downward mobility. It may look that way. But it might actually be part of a new organizing logic that alters the valence and systemic character of poverty and downward mobility. Thus I find that the organizing logic of the post 1980s period is now making legible its shape, and it is a different one from the post-WWII decades. The more extreme component of this logic diverge sharply from the earlier systemic ‘valuing’ of people as workers and consumers: to put it dramatically, it is the expulsion of people and the destruction of traditional capitalisms to feed the needs of high finance and the needs for natural resources. For instance, what are easily seen as traditional or familiar logics of resource-extraction to meet ongoing domestic needs, might also entail novel ways of preparing the ground for the systemic deepening of advanced capitalism.

One of these instances is the structural adjustment project implemented by global regulatory institutions, notably the IMF, the World Bank and WTO, beginning in the 1980s and escalating in the 1990s. My argument here is that beyond the much noted extraction of billions of dollars from global South countries in the form of debt servicing, the key dynamic is the work of systemic re-conditioning that took place. Debt servicing was above all an instrument for this re-conditioning. The second instance is the sub-prime mortgage crisis that began in the early 2000s and exploded in 2007. Most of the attention has gone, and rightly so, to the massive losses for the individuals and families who were sold these mortgages, losses that will continue through 2014. In this case my argument is, again, that beyond the logics of extraction in the form of mortgage payments and mortgage agents’ fees, also here we can detect a more foundational emergent dynamic: the use of a contract on a material asset (the mortgage) as one ingredient for making a complex investment instrument for high finance.

Central to my analysis is that inside capitalism itself we can characterize the relation of advanced to traditional capitalism as one marked by predatory dynamics rather than merely evolution, development or progress. ¹ At its most extreme this can mean immiseration and expulsion of growing

¹ Elsewhere I examine to what extent Marx’s analysis of primitive accumulation to explain the relationship between capitalism and pre-capitalist economies might illuminate this relationship between traditional and the new types of advanced capitalism.
numbers of people who cease being of value as workers and consumers. But it also means that traditional petty bourgeoisies and traditional national bourgeoisies cease being of value. I see the latter as part of the current systemic deepening of capitalist relations. One brutal way of putting it is to say that the natural resources of much of Africa and good parts of Latin America count more than the people on those lands count as consumers and as workers. This is part of the systemic deepening of advanced capitalist relations of production. We have left behind the varieties of Keynesian periods that thrived on the accelerated expansion of prosperous working and middle classes, something evident in today’s emergent economies, especially in Asia. Keynesianism’s valuing of people as workers and consumers was critical for the deepening of capitalism at that earlier stage. In my reading mass consumption is a less significant dynamic in today’s capitalism than the financializing of a growing number of sectors; this does not preclude that for particular sectors mass consumption is critical.

In what follows, the emphasis is on the making of capitalist relations of production, whether those of early or of advanced capitalism. In this paper, and in the larger project on which these cases are based, I focus on two instances that are easily described as familiar resource-extraction. Extraction is indeed a major feature, and I describe this. But I think it is critical to go further and deeper and recover the making of a systemic transformation — how more traditional capitalist economies are being destroyed to expand the operational space of advanced capitalism. In brief, the two cases I describe are, beyond extraction, system-changing practices and projects.

**When Logics of Extraction Expand the Terrain for Advanced Capitalism**

The extraction of value from the global South and the implementation of restructuring programs at the hands of the IMF and the World Bank, have had the effect of “reconditioning” the terrain represented by these countries for an expansion of advanced capitalism, including its explicitly criminal forms. The aspect that concerns me here is above all systemic deepening more so than extraction.

More concretely, many of the poor countries subjected to this regime now have larger shares of their populations in desperate poverty and are less likely to enter the capitalist circuit via consumption than they did even 20
years ago. Many of the sub-Saharan countries had functioning health and education systems and economies, and less destitution than today. Systemically governments have been weakened and corrupted; even resource-rich countries have had expanded shares of their people become destitute, with Nigeria the most noted case. The dominant dynamic at work for these populations is, to a good extent, the opposite of the Keynesian period’s valuing of people as workers and as consumers. This expelling has given expanded space to criminal networks trafficking people, “blood diamonds”, arms, and much more. It has also given greater access to agricultural land, mineral rich sites, and underground water tables to foreign buyers/leasers, whether firms or governments. Systemically, the role of rich donor countries has also shifted: overall they give less in foreign aid for development than 30 years ago. As a result, the remittances sent by low-income immigrants are larger than foreign aid, and philanthropies now enter realms once almost exclusive to governments.

These systemic shifts contribute to explaining a complex difference that can be captured in a set of simple numbers. For much of the 1980s and onwards indebted poor countries were asked to pay a share of their export earnings toward debt service. This share tended to hover around 20%, which is far higher than that asked in earlier instances of country indebtedness. For instance, in 1953, the Allies cancelled 80% of Germany’s war debt and only insisted on 3% to 5% of export earnings for debt service. And they asked only 8% from Central European countries in the 1990s. In comparison, the debt service burdens on today’s poor countries have wound up being extreme, as I discuss below. It does suggest that the aim regarding Germany was re-incorporation into the capitalist world economy of the time, and with regard to Central Europe, it was incorporation into today’s advanced capitalism.

In contrast, the aim vis a vis the global South countries in the 1980s and 1990s was more akin to a disciplining regime, starting with forcing acceptance of restructuring programs, of loans from the international system, and opening up their economies to foreign forms in most markets. After 20 years of this regime, it became clear that it did not deliver on the basic components for healthy development. The discipline of debt service payments was given strong priority over infrastructure, hospitals, schools, and other people-oriented development goals. The primacy of this extractive logic became a mechanism for systemic transformation that went well beyond debt service payment—the devastation of large sectors of traditional
economies, including small scale manufacturing, the destruction of a good part of the national bourgeoisie and petty bourgeoisie, the sharp impoverishment of the population and, in many cases, the impoverishment of the state, and thereby the sharp increase in its corruptibility.

Debt as a Disciplining Regime

Debt and debt servicing problems have long been a systemic feature of the developing world. But it is the particular features of IMF negotiated debt rather than the fact of debt per se that concerns me here. The second feature that concerns me here is how this gradual destruction of traditional economies prepared the ground, literally, for some of the new needs of advanced capitalism, among which are the acquisitions of vast stretches of land—for agriculture, for underground water tables, and for mining. It is the extremely sharp rise in the demand for material resources since 2006 that invites us to re-examine this otherwise old and familiar long trend. The third aspect that concerns me here is the impoverishment of the traditional middle classes and of the working poor that I have been documenting since the early 1980s, long before it was recognized, but which has now taken on far more extreme and visible manifestations. While each one of these three components is familiar and has happened before, my argument is that they are now part of a new organizing logic that changes their valence and their interaction; there is much contingency here, but also the shaping of such a new organizing logic.

Even before the economic crises of the mid-1990s that hit a vast number of countries as they implemented neoliberal policies, the debt of poor countries in the South had grown from US$507 billion in 1980 to US$1.4 trillion in 1992. Debt service payments alone had increased to $1.6 trillion, more than the actual debt. From 1982 to 1998, indebted countries paid four times their original debts, and at the same time, their debt stocks went up by four times. These countries had to use a significant share of their total revenues to service these debts. For instance, Africa’s payments reached $5 billion in 1998, which means that for every $1 in aid, African countries paid $1.40 in debt service in 1998. Debt to Gross National Product (GNP) ratios were especially high in Africa, where they stood at 123% in the late 1990s, compared with 42% in Latin America and 28% in Asia. By 2003, debt service as a share of exports only (not overall government revenue) ranged from
extremely high levels for Zambia (29.6%) and Mauritania (27.7%) to significantly lowered levels compared with the 1990s for Uganda (down from 19.8% in 1995 to 7.1% in 2003) and Mozambique (down from 34.5% in 1995 to 6.9% in 2003). As of 2006, the poorest 49 countries (i.e. ‘low income countries’ with less than $935 per capita annual income) had debts of $375 billion. If to these 49 poor countries we add the ‘developing countries’, we have a total of 144 countries with a debt of over $2.9 trillion and $573 billion paid to service debts in 2006 (Jubilee Debt Campaign UK, 2009a).

INSERT TABLE 1 about HERE

The IMF, World Bank and other such programs establish the criteria and process these debts, thereby functioning as a global disciplining regime. The HIPC initiative was set up in 1996 by the World Bank and IMF to assist countries with debts equivalent to more than one and a half times their annual export earnings and part of an IMF and World Bank program. In order to be eligible countries have to have been compliant to the IMF for at least three years. The HIPC process begins with a ‘decision point’ document. This sets out eligibility requirements, among which is the development of a Poverty Reduction Strategy Paper (PRSP), which replaces the earlier Structural Adjustment Programs (SAPs). PRSPs describe ‘the macroeconomic, structural, and social policies and programs’ that a country is required to pursue in order to be eligible for debt relief (IMF, 2009a; see also Oxfam International 1999 for an earlier assessment). As of 1 July 2009 26 countries had completed HIPC, and 9 had ‘passed the decision point’ (IMF, 2009b). Finally, the Multilateral Debt Relief Initiative (MDRI) went into full force in July 2006. It was intended to address many of the critiques of the HIPC initiative. MDRI promised cancellation of debts to the World Bank (incurred before 2003), IMF (incurred before 2004), and African Development Fund (incurred before 2004) for the countries that completed the HIPC initiative. According to one estimate, the major cancellation schemes (including HIPC and MDRI initiatives, and the Paris Club) have written off $88 billion so far (Jubilee Debt Campaign UK, 2009b).

The debt burden that built up in the 1980s, and especially the 1990s, has had substantial repercussions on state spending composition. Zambia, Ghana and Uganda, three countries that global regulators (notably the World Bank and the IMF) saw as cooperative, responsible and successful at implementing
SAPs illustrate some of the issues even when held in high esteem by global regulators. A few examples of expenditure levels paint a troubling picture about how they achieved this high esteem. At the height of these programs in the early to mid-1990s, Zambia’s government paid $1.3 billion in debt but only $37 million for primary education; Ghana’s social expenses, at $75 million, represented 20% of its debt service; and Uganda paid $9 per capita on its debt and only $1 for health care. In 1994 alone, these three countries remitted $2.7 billion to bankers in the North. When the new programs became an option, these three countries benefited from HIPC and MDRI programs and conceded to the attendant PRSP requirements. Thus, while in 1997 Zambia spent 18.3% of income on exports of goods and services on debt service, by 2007 this was reduced to 1.3% (IAEG, 2009). For Ghana these figures are 27.1% and 3.1% respectively. For Uganda they are 19.7% and 1.2% (IAEG, 2009).

Generally, IMF debt management policies from the 1980s onwards can be shown to have worsened the situation for the unemployed and poor (UNDP, 2005, 2008; UNCTAD 2008). Much research on poor countries documents the link between hyper-indebted governments and cuts in social programs. These cuts tend to affect women and children in particular through cuts in education and health care, both investments necessary to ensuring a better future (for overviews of the data, see UNDP, 2005, 2008; World Bank, 2005, 2006). There is by now a large literature in many different languages on this subject, including a vast number of limited circulation items produced by various activist and support organizations. An older literature on women and debt also documents the disproportionate burden that these programs put on women during the first generation of SAPs in the 1980s in several developing countries in response to growing government debt (Beneria & Feldman, 1992; Bose & Acosta-Belen, 1995; Bradshaw et al., 1993; Tinker, 1990). Unemployment of women themselves but also, more generally, of the men in their households has added to the pressure on women to find ways to ensure household survival (Buechler, 2007; Lucas, 2005; Rahman, 1999; Safa, 1995). Subsistence food production, informal work, emigration, and prostitution have all become survival options for women and, by extension, often for their households. For instance, when there is a shortage of basic healthcare women usually take on the extra burden of caring for the sick. When school fees are introduced or spending is cut sons’ education is prioritized over daughters’. Water privatization can reduce access to water and increase the water-gathering burden placed on women. When families grow cash crops for export women’s work produces
money, which men usually control, rather than food (Jubilee Debt Campaign UK, 2007).

One question concerns the option of not becoming part of the IMF debt servicing disciplining regime and foregoing the help it is meant to provide. The so-called adjustment programs of the 1980s and 1990s destroyed many traditional economies, leaving many countries only with major debts. At that point, becoming part of the debt cancellation program launched in 2006 has probably been preferable. The evidence suggests that once a country has been pushed into debt, cancellation can, in principle, help a country allocate more government revenue for general social and development questions. This has been the case with Ghana, Uganda and a few others that have seen the growth of middle classes—along with continuing abject poverty. On the other hand, Angola which was not accepted for debt cancellation, spent 6.8% of GDP on debt service payments and only 1.5% of GDP on health in 2005; it continues to spend about $2.2 billion each year on external debt payments (Jubilee Debt Campaign UK, 2008).

But the Angola case also points to another combination of elements. Its elites have become wealthy on the vast mining resources, mostly for export, and this arrangement can now continue to do so without much interference. The vast poverty continues and so does the mining for export. One cannot help but ask, who are the other beneficiaries of this situation?

There is a larger history in the making. In my reading it includes as one key element a repositioning of much of Africa and good parts of Latin America and Central Asia in a new massively restructured global economy. Weakened governments and the destruction of traditional economies have launched a new phase of survival economies. Here I focus briefly on two of these aspects (for a more detailed analysis see Sassen, 2008a). One is that this restructuring has repositioned ‘territory’ in vast regions of the world as a site for resources rather than as a nation’s space. The other is the emergence of an expanded range of survival economies; some of these are old but now operate at a global scale.

The Repositioning of Territory in the Global Division of Functions
The extent of land acquisitions in the global South by multinational corporations (MNCs) and governments of rich countries over the last few years marks a new phase. It is not the first time in modern times: this is a recurrent dynamic that tends to be part of imperial realignments. China’s acquiring of mines in Africa is linked to its rise as a global power. Britain, France, the US, and others all did this in their early imperial phases, and in many cases have owned vast stretches of land in foreign countries for hundreds of years. But each phase has its particularities. One key feature of the current period is that unlike past empires, today’s world consists largely of nation states recognized as sovereign, no matter how feeble this sovereign power is in many cases. Rather than imperial grab, the mechanism is foreign direct investment or, more directly, direct acquisition of land, mines, water bodies, forests, among others.

From 2006 to 2011, 70 million hectares of land have been acquired by foreign buyers, leasers and investors across the world –from Sub-Saharan Africa to Ukraine, Cambodia, Latin America. This is the figure of acquisitions that can be cross-referenced in terms of buyers and sellers. The figure jumps to over 220 million hectares if we add sales that cannot be cross-referenced to acquirers; these acquirers might include national capital owners, and these might well also contribute to that disassembling of national territory I referred to earlier given the rise of globalized capital.

The actual composition of material practices that underlie these acquisitions vary enormously. I am interested in these material practices: they transform sovereign national territory into a far more elementary condition –land for usufruct. This process brings with it a degrading of the governments that sold and leased the land. And the eviction of farmers and craftspeople, the villages, the rural manufacturing districts, the small-holder agriculture districts, all of these bring a degrading also of the citizenship of the local people. And when there are no people, these acquisitions serve to poison

2 Worth noting that this happens at a time when The Economist index of food prices rose 78%; soya beans and rice both soared more than 130%. Meanwhile, food stocks slumped. In the five largest grain exporters, the ratio of stocks to consumption-plus-exports fell to 11% in 2009, below its ten-year average of over 15%.” Beyond price, trade bans and crises pose a risk even to rich countries that rely on food imports.
waters and land. These material practices re-constitute territory, authority and rights in vast stretches of national territory.

The contractual formats under which this land is acquired include direct acquisitions and leasing. A few examples signal the range of buyers and of locations. Africa is a major destination for land acquisitions. South Korea has signed deals for 690,000 hectares and the United Arab Emirates (UAE) for 400,000 hectares, both in Sudan. Saudi investors are spending $100 million to raise wheat, barley and rice on land leased to them by Ethiopia’s government; they received tax exemptions and export the crop back to Saudi Arabia.14 China secured the right to grow palm oil for biofuels on 2.8 million hectares in Congo, which would be the world’s largest palm-oil plantation. It is negotiating to grow biofuels on 2 million hectares in Zambia. Perhaps less known than the African case is the fact that privatized land in the territories of the former Soviet Union, especially in Russia and Ukraine, is also becoming the object of much foreign acquisition. In 2008 alone, these acquisitions included the following: a Swedish company, Alpcot Agro, bought 128,000 hectares in Russia; South Korea’s Hyundai Heavy Industries paid $6.5 million for a majority stake in Khorol Zerno, a company that owns 10,000 hectares in eastern Siberia; Morgan Stanley bought 40,000 hectares in Ukraine; Gulf investors are planning to acquire Pava, the first Russian grain processor to be floated on the financial markets to sell 40% of its landowning division, giving them access to 500,000 hectares. Also less noticed than the African case is that Pakistan is offering half a million hectares of land to Gulf investors with the promise of a security force of 100,000 to protect the land.

If we just focus on Africa, one of the main destinations for land acquisitions, the six countries with the highest rate of land grabbing include Tanzania, Mozambique, Mali, Madagascar, Sudan and Ethiopia. Investors are mostly energy companies, agricultural investment companies, utility companies, finance and investment firms, and technology companies (von Braun & Meinzen-Dick 2009). Given that land is what they are acquiring and given the diversity of types of firms doing the acquiring, it is clear that land can mean very different things – a speculative investment for finance and a material good for energy companies.

There are a total of 47 nationalities purchasing land in these top six land-selling nations; one can see here that this may look like what emprise have long done, but in fact, given the numbers of countries involved, it is more
akin to a global market for land than the imperial geography of centuries past. The single top three buyers (by nationality) are the United States, United Kingdom and Saudi Arabia, which, combined, make up 25% of all investors of these six countries; each has acquiring land in four of these countries. Of the nationalities investing in these six sellers, European countries (UK, Sweden, Netherlands, Germany, Italy, Denmark and France) account for 30% of investors,. Middle Eastern Countries (Saudi Arabia, UAE, Egypt, Jordan, Qatar, Lebanon and Israel) account for almost 22% of investors, Asian countries (China, South Korea, India and Japan) make up almost 20% of investors, and other African nations (South Africa, Mauritius, Libya and Djibouti) comprise about 10% of investors. The remaining investors are from Australia, Brazil and the United States. A somewhat detailed examination of the top three destinations in Africa illuminates some of these patterns (see Graph 1)

INSERT GRAPH 1 HERE

These developments are part of a larger combination of trends. First, there is the immediate fact of how the global demand for food, partly fed by the half million strong new middle classes of Asia, has meant that there are profits to be had in food and land.15 We now have a global market for land and food controlled by large firms and several governments, and it has been a growth sector throughout the financial crisis. Under these conditions pricing is a controlled affair. Secondly, there is the ongoing demand for traditional metals and minerals and a whole new range of metals and minerals hitherto not much exploited as their demand comes from the more recent developments in the electronics sector and in the greening of particular economic sectors. Africa, much less densely populated and built up than other parts of the world, has become a key destination for investments in mining.

Thirdly, there is the growing demand for water and the exhaustion of underground water tables in several areas of the world. Fourth, and least noted perhaps, is the sharp decline in foreign direct investment (FDI) in manufacturing in Africa, and to some extent in Latin America, also signaling the repositioning of these regions as zones for extraction of raw materials. In South Africa and Nigeria, Africa’s top two FDI recipients accounting for 37% of FDI stock in Africa in 2006, have had a sharp rise in FDI in the primary sector and a sharp fall in the manufacturing sector.16 This is also
the case in Nigeria, where foreign investment in oil has long been a major factor: the share of the primary sector in inward FDI stock stood at 75% in 2005, up from 43% in 1990. Other African countries have seen similar shifts. Even in Madagascar, one of the few, mostly small, countries where manufacturing FDI inflows increased in the 1990s, this increase was well below that of the primary sector.17

**Counter-Geographies of Survival**

The second case, very briefly, is that of the survival economies of the poor and newly impoverished. Heavy government debt and high unemployment in global South countries have brought with them the need for survival alternatives not only for ordinary people, but also for governments and enterprises. A shrinking regular economy in a growing number of these countries has led to a wider use of illegal profit-making by enterprises and organizations.

The IMF and World Bank programs of the last 30 years, with their massive contribution to heavy debt burdens, have played an important role in the formation of counter-geographies of survival, of profit-making, and of government revenue enhancement. Furthermore, economic globalization has provided an institutional infrastructure for cross-border flows and global markets, thereby facilitating the operation of these counter-geographies on a global scale. Once there is an institutional infrastructure for globalization, processes that have operated for the most part at the national or regional level can scale up to the global level even when this is not always necessary for their functioning. This contrasts with processes that are by their very nature global, such as the network of financial centers underlying the formation of a global capital market. Finally, this pattern also points to a different trajectory from that of the old industrial countries. Instead of following the Western pattern of unionization and political fights to move from the predatory state to the regulatory state, it is the axis of criminality and extreme impoverishment a large share of the population that prevailed in much of the global South.

It is in this context that alternative survival circuits emerge. The “context” in this case can be specified as a systemic condition comprising a set of particular interactions, notably high unemployment, poverty, widespread bankruptcies, and shrinking state resource allocation for people-oriented development. We see the formation of profit making and government
revenue-making possibilities built on the backs of migrants, and women migrants in particular. As such, examining the question of immigrant remittances offers valuable insights into the broader subject of the formation of alternative political economies and how these unsettle older notions of an international division of labor.

Immigrants enter the macro level of development strategies through the remittances they send back home. These represent a major source of foreign exchange reserves for the government in a good number of countries. Although the flows of remittances may be minor compared with the massive daily capital flows in global financial markets, they can matter enormously to developing or struggling economies. The World Bank estimates that remittances worldwide reached $318 billion in 2007, before the current crisis reached its most acute levels. This was up from $230 billion in 2005, and $70 billion in 1998. Of the total 2007 amount, $240 billion went to developing countries up from $168 billion in 2005, and up 73% over 2001 (World Bank, 2008, p. 2; see also generally Orozco et al. 2005). Table 2 shows the significance of remittances for the budgets of quite a few global south governments. Yet if we run the data in terms of who are the main remittance receiving countries the list changes rather sharply with at least seven “rich” countries (if we include China and India, which are bi-modal) in the top ten, and the United States in the top twenty (Sassen 2012: chapter 7).

To understand the significance of these figures, they should be related to the GDP and foreign currency reserves in the specific countries involved, rather than compared to the global flow of capital. For many of these countries they are in the top three sources of foreign currency. For instance, up till 2007, remittances had long been the second source of foreign currency, just below oil and ahead of tourism, and larger than foreign direct investment (World Bank, 2006); early 2008 saw a decline in total inflows due to the US economic crisis (World Bank 2008, p.1), and the sharp rise in deportations of undocumented immigrants.

In short, the growing immiseration of governments and economies in the global South beginning in the 1990s launched a new phase of global migration and people trafficking, strategies which function both as survival mechanisms for households and profit-making activities for entrepreneurs of
all kinds, from small local operations to global criminal syndicates (Sassen 2008b). To some extent, these are older processes that used to be national or regional and today operate on global scales. The same infrastructure that facilitates cross-border flows of capital, information and trade is also making possible a range of cross-border flows not intended by the framers and designers of the current corporate globalization of economies.

A key aspect here is that, through their work and remittances, migrants enhance the government revenue of deeply indebted countries; many governments are increasingly dependent on their emigrants’ remittances. Growing numbers of traffickers and smugglers are making money off the backs of men, women and children, The need for traffickers to help in the migration effort also offers new profit-making possibilities to ‘entrepreneurs’ who have seen other opportunities vanish as global firms and markets enter their countries. These survival circuits are often complex, involving multiple locations and types of actors, and constituting increasingly global chains of traders, traffickers, victims, and workers.

The other side of these dynamics is the proliferation of sites that concentrate a growing demand for particular types of labor supplies (for a full elaboration see Sassen, 2008c). Strategic among these are global cities, with their sharp demand for top-level transnational professionals and for low-wage workers, often women from the global South. These are places that concentrate some of the key functions and resources for the management and coordination of global economic processes. The growth of these activities has, in turn, produced a sharp growth in the demand for highly paid professionals.

Global cities are also sites for the incorporation of large numbers of low-paid immigrants into strategic economic sectors. This incorporation happens directly through the demand for mostly low-paid clerical and blue-collar service workers, such as janitors and repair workers. And it happens indirectly through the consumption practices of high-income professionals both at work and in their households, practices that generate a demand for low-wage workers in expensive restaurants and shops, as well as for maids and nannies at home. These particular types of high-level professional households need to function like clockwork, thereby generating an expanded demand for the full range of household workers—from cleaners and babysitters to gardeners and dog walkers. Elsewhere I have argued that these households are in fact an extension of the strategic infrastructure of the
corporate and financial sector. Hence, these mostly low-wage household workers are in fact akin to strategic maintenance workers: their daily tasks may look like cleaning and babysitting in any household, but systemically they are differently situated. Though strategically incorporated into the leading sectors, they do so under conditions that render them invisible; this then also undermines what had historically functioned as a source of workers’ empowerment—being employed in growth sectors that are part of the leading industries of an epoch.

This mix of circuits for labor supply and demand is articulated with other dynamics of globalization: the formation of global markets, the intensifying of transnational and trans-local networks in a growing range of spheres, and the geographic redeployment of an expanding array of economic and financial operations. The strengthening, and in some cases, the formation of new global labor circuits, are a function of the global economic system and its associated development of institutional supports for cross-border markets and money flows. Most of these circuits are part of the formal economy and they service leading economic sectors and places worldwide. Some of these circuits are part of the shadow economy even as they use some of the institutional infrastructure of the regular economy. We see the making of a geography of labor supply and demand circuits that is dynamic and multi-locational.

Of all the highly developed countries, it is the US where these deep structural trends are most legible. National level data for the US show a sharp growth in inequality. For instance, economic growth from 2001 to 2005 (before the crisis) was high but very unequally distributed. Most of it went to the upper 10% of earners, especially, the upper 1%; the rest saw a 4.2% decline in their market-based incomes (Mishel, 2007). If we disaggregate that 90%, the size of the loss grows as we descend the income ladder. Since the beginning of the so-called economic recovery in 2001, the income share of the top 1% grew 3.6 percentage points to 21.8% in 2005, gaining $268 billion of total US household income. In contrast, that of the lower 50% of US households fell by 1.4 percentage points to 16% in 2005, amounting to a loss of $272 billion in income since 2001. The two graphs below give an overall view of these trends.

INSERT GRAPHS 2 AND 3 HERE
The many declines brewing behind the post-1997 ‘stability.’

The 1980s opened a new financial phase that became yet another disciplining mechanism, not through structural adjustment programs but through financial adjustment crises. Since the 1980s there have been several financial crises, some famous, such as the 1987 New York stock market crisis and the 1997 Asian crisis. And some obscure, such as the individual country financial crises that happened in over 70 countries in the 1980s and 1990s as they deregulated their financial systems, mostly under pressure from global regulators aiming at facilitating the globalizing of financial markets.

Conventional data show the post-1997 financial crisis period to be a fairly stable one, until the 2008 crisis. One element in this picture is that after a country goes through an ‘adjustment’ crisis, ‘stability’ follows. This then produces a representation of considerable economic stability, with some exceptions, such as the dot-com crisis. A much mentioned fact in this vein of “all is fine” is that as late as 2006 and 2007, 124 countries had a GDP growth rate of 4% a year or more, which is much higher than that of previous decades. The suggestion was that the multiple country adjustment crises had been good for their economic growth. Yet by 2008 the accumulation of debt had reached extreme levels, above all in the US and Europe, levels which had clearly been “made” throughout this period. (See Graphs 4 and 5)

INSERT GRAPHS 4 AND 5

Underneath this post-1997 surface stability lies a making of winners and losers, and the fact that it is easier to track winners than to track the slow impoverishment of households, small firms, and government agencies (such as health and education) that are not part of the new glamour sectors (finance and trade). The miseries these adjustment crises brought to the middle sectors in each country and the destruction of often well-functioning economic sectors is largely an invisible history to the global eye. These individual country adjustment crises only intersected with global concerns and interests when there were strong financial links, as was the case with the 1994 Mexico crisis and the 2001 Argentine crisis. Further, when incidents made these miseries momentarily visible, they surprised many of the experts and commentators; an example were the post-adjustment food riots — something unheard of in Argentina— by members of the traditional middle
Besides the very partial character of post-adjustment stability and the new ‘prosperity’ much praised by global regulators and global media, there is the deeper fact that ‘crisis’ is a structural feature of deregulated, interconnected, and electronic financial markets. These same features also fed the sharp growth of finance, partly based on the financializing of non-financial economic sectors, leading to overall extremely high financial deepening. Thus, if crisis is a structural feature of current financial markets, then crisis becomes a feature of non-financial economic sectors through their financializing, a subject I have developed elsewhere (Sassen, 2008b, 2008a, pp. 355–365). The overall outcome is extreme potentials for instability even in strong and healthy economic sectors, particularly in countries with highly developed financial systems and high levels of financialization, such as the US and the UK.

What stands out in this phase that begins in the 1980s is that global and adjustment crises had the effect of securing the conditions for globally linked financial markets and the ascendance of a financial logic organizing larger and larger sectors of the economy in the global North. In this process large components of the non-financial economy in these countries were ruined. Against this background, the current financial crisis is yet another step in this trajectory. One question is whether it spells the exhaustion of this trajectory, or rather the beginning of its full decay.

**The reinvented sub-prime mortgage: A New Global Frontier for Finance**

One extreme instance of the types of financializing that became destructive in a market economy such as that of the US was the so-called sub-prime mortgage developed in the 2000s. This was a different type of instrument from the state-sponsored sub-prime mortgages of an earlier period, aimed at genuinely helping modest-income families to own a home. Very broadly put, the so-called sub-prime mortgage developed in the 2000s was not a state project but a financial project, aimed at developing new types of asset-backed securities and collateralized debt. It responds to a structural condition of high finance marked by extremely high levels of speculative investments.

In what follows I argue that this type of sub-prime mortgage developed in
the 2001 – 2007 period is a dangerous instrument that is likely to be used worldwide over the next decade; home foreclosures in Hungary, to mention just one case, have recently passed the one million mark. I see this as one of the new global frontiers for finance, specifically, the billions of modest-income households worldwide. The effect could be yet another brutal sorting, with expulsions from more traditional economies, not unlike the consequences of the structural adjustment crises in the global South and massive land acquisitions by foreign firms and governments, discussed in the first half of this paper.

Much has been made, especially in the US media, of the sub-prime mortgage crisis as a source of the larger crisis. These modest-income families unable to pay their mortgage were often represented as irresponsible for having taken on these mortgages. But the facts show another pattern. The overall value of the sub-prime mortgage losses was too small to bring this powerful financial system down. What triggered the crisis was a far more complex financial innovation. The key was the growing demand for asset-backed securities by investors, in a market where the outstanding value of derivatives was $630 trillion, or 14 times the value of global GDP. The total value of financial assets (which is a form of debt) in the US stood at almost five times (450%) the value of its GDP in 2006, before the crisis was evident. The UK, Japan, the Netherlands, all had a similar ratio (McKinsey & Company, 2008, p. 11).25 From 2005 to 2006 the total value of the world’s financial assets grew by 17% (in nominal terms, 13% at constant exchange rates) reaching $167 trillion. This is not only an all-time high value; it also reflects a higher growth rate in 2006 than the annual average of 9.1% since 1980. It points to growing financial deepening. The total value of financial assets stood at $12 trillion in 1980, $94 trillion in 2000, and $142 trillion in 2005.

This is the context within which the demand for asset-backed securities became acute. To address this demand, even sub-prime mortgage debt could be used. Sellers of these mortgages needed vast quantities of them to make it work for high-finance: 500 such sub-prime mortgages was a minimum to build an investment instrument by mixing slices of poor quality mortgages with high-grade debt. As the demand for asset-backed securities grew, so did the push by sub-prime mortgage sellers to have buyers sign on, regardless of capacity to pay the mortgage: all that mattered was the contract representing the house. What had been generated to overcome all the deficiencies was an enormously complex instrument that was also enormously opaque: nobody
could trace what all was there. When the millions of foreclosures came beginning in 2006 (see Table 4 below), investors had a crisis of confidence: it was impossible to tell what was the toxic component in their investments.3

**INSERT TABLE 4 HERE**

Sub-prime mortgages can be valuable instruments enabling modest-income households to buy a house. But what happened in the US over the last few years was an abuse of the concept (see also Miles & Pilonca 2007; Aalbers 2012). The small savings or future earnings of modest-income households were used to develop a financial instrument that could make profits for investors even if those households in the end could not pay the mortgage and thereby lost both their home and whatever savings and future earnings they had put into it—a catastrophic and life-changing event for millions of these households. This has affected mostly modest income households. This becomes clear in the microcosm that is New York City. Whites in NYC, who have a far higher average income than all the other groups in New York City, were far less likely to have sub-prime mortgages than all other groups. Thus 9.1% of all whites that got sub-prime mortgages in 2006 compared with 13.6% of Asians, 28.6% of Hispanics, and 40.7% of blacks. If we consider the most acute period, 2003 to 2005, it more than doubled for whites, it basically tripled for Asians and Hispanics and quadrupled for blacks.

**INSERT TABLE 5 HERE**

There were, then, two very separate crises: the crisis of the people who had gotten these mortgages and the crisis of confidence in the investor community. The millions of home foreclosures were a signal that something was wrong, but in itself, it could not have brought down the financial

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3 These figures have several qualifiers and cannot be seen as a straightforward could of home losses. A foreclosure is a notice, not an actual eviction. And a given home can receive more than one foreclosure. By the end of 2011 over 9 million households had lost their home. And in early 2012 the Federal Reserve Bank announced that a further 6 million foreclosure notices were going out. In short, notwithstanding the shortcomings of these numbers, there is a very large number of households who have lost their home to foreclosure.
system. There is a profound irony in this crisis of confidence: the brilliance of those who make these financial instruments became the undoing of a large number of investors (besides the undoing of the modest-income families who had been sold these mortgages). The toxic link was that for these mortgages to work as assets for investors, vast numbers of mortgages had to be secured. And millions were sold regardless of whether the homebuyers could pay their monthly fee. The faster these mortgages could be sold, the faster they could be bundled into investment instruments and sold off to investors. Overall, sub-prime mortgages more than tripled from 2000 to 2006, and accounted for 20% of all mortgages in the US in 2006. This premium on speed also secured the fees for the sub-prime mortgage sellers and reduced the effects of mortgage default on the profits of the sub-prime sellers mostly interested in selling the on. In fact, those sub-prime sellers that did not sell off these mortgages as part of investment instruments went bankrupt eventually, but not before having secured significant earnings from fees.

In brief, the financial sector invented some of its most complicated financial instruments to extract a signed contract from modest households in order to produce an ‘asset’ backed instrument for investors. The complexity of the financial innovation was a series of products that de-linked the profits of sub-prime sellers and investors from the creditworthiness of home mortgage-buyers and the value (mostly very modest) of the house. Whether the mortgage was paid mattered less than securing a certain number of loans that could be bundled up into ‘investment products’. The crisis of home-buyers was not a crisis for financial investors. For finance it was a crisis of confidence. In this it also showed how important are the specialized systems of trust that enable the speed and orders of magnitude of this financial system. The crisis of home-owners (valued at a few hundred billion dollars) was the little tail that dented the enormous dog of trust in the financial system; in other words, this type of financial system has more of the social in it than is suggested by the technical complexity of its instruments and electronic platforms (Sassen, 2008a, pp. 355–365).

The critical component that brought the financial system to a momentary standstill was more of an old-fashioned speculation gone wrong: the $62 trillion dollar credit-default swap crisis that exploded on the scene in September 2008, a full year after the sub-prime mortgage crisis of August 2007 (see generally ISDA for the data on this period; Varchaver & Benner 2008). Their value was higher than the $54 trillion value of global GDP at
the time. Credit-default swaps grew from about 1 trillion in 2001 to $62 trillion by 2007, when buyers began to cash in their swaps and overall value fell to $58 trillion by 2008; this is an extremely sharp growth over an extremely short period of time. Credit-default swaps could not have grown so fast and reached such extreme values if they had actually been traditional insurance. They were derivatives, and hence highly sensitive to market conditions they could have an almost vertical growth curve beginning as recently as 2001. As a result, the sellers of these instruments saw their values decline and thus could not fully back $60 trillion in “insurance.” Because they were recoded as derivatives, they could have an almost vertical growth curve over a period of a few years. Herein lies the trigger of the 2008 crisis. The 2007 sub-prime mortgage crisis simply triggered a crisis of confidence -- declining house prices and high foreclosure rates alerted investors that something was not right, as did declining global trade, rising unemployment, and more. This, in turn, led those who had bought credit-default swaps as a sort of ‘insurance’ to want to cash in. But the sellers of these swaps had not expected this downturn or the demand to cash in from those to whom they had sold these credit-swaps. They were not ready, and this catapulted much of the financial sector into crisis. Not everybody lost. Among the winners are also those who ‘shorted’ sub-prime mortgage securities: once again, Soros is the emblematic actor in this parallel circuit, making well over $3 billion on the sub-prime mortgage crisis, just as he did on the British pound’s fallout from the European Exchange Rate Mechanism (ERM).

These credit-default swaps are part of what has come to be referred to as the shadow banking system. According to some analysts this shadow banking system accounted for 70% of banking at the time that the crisis exploded. The shadow banking system is not informal, illegal, or clandestine. Not at all: it is in the open, but it has thrived on the opaqueness of investment instruments. The complexity of many financial instruments is such that it is basically impossible to trace what all is bundled up in some of these financial instruments. Eventually this meant that nobody knew exactly or could understand the composition of their investments, not even those who sold the instruments.

Developed countries with multiple financial circuits, such as the US and the UK, clearly show that compared to other types of loans, mortgages are a relatively small share of all loans. It is important to note that a similar incidence of mortgage loans to total loans in economies with a small elite of super rich individuals can mean something quite different depending on the
Russia’s extremely low incidence of residential to total loans in the economy is an indication of a narrow mortgage market (mostly for the rich and very rich) and the fact that there are vast financial circuits centered on other resources.

It is important to emphasize that the viral infection of sub-prime mortgages originated in the United States but spread to other countries via the globalization of financial markets. This spread was helped by the fact that non-national investors were, as a group, the single largest buyers of some of the weakest types of mortgage instruments. Together with banks, non-national mortgage buyers are over a third of all sub-prime mortgage holders. Foreign ownership strengthens the potential for spill-over effects well beyond the United States.

An important question raised by these developments is the extent to which developed and developing countries will follow this troublesome ‘development’ path (Sassen 2008b). It has become another way of extracting value from individuals. In this case, through home mortgages that even very poor households are invited to buy, partly because the sellers are merely after the contract that represents an asset, in order to bundle them up and sell the package to an investor, thereby passing on the risk and removing an incentive to care whether the home owner can pay the mortgage.

**Conclusion: The Expulsion of People and the Incorporation of Terrain**

The potential for global replication of the financial innovation that destroyed many million households in the US could become the systemic equivalent, albeit on a much smaller scale, of the imposed debt and debt servicing regime in the Global South which took priority over all other state expenditures. These are two manifestations of a systemic deepening of advanced capitalism, one marked by its potential to spread globally and the other marked by its full enactment in the global South.

Both cases can be seen as part of a much larger process of financial deepening, one of today’s major dynamics characterizing advanced capitalist economies. Financial deepening requires specific mechanisms, which can be extremely complex, as in the case of the type of sub-prime mortgage examined in this article, or they can be quite elementary, as in the debt servicing regime that took off in the 1990s in the Global South. I examined these two cases through a specific lens: the transformative processes that
expand the base of current advanced capitalism. Particular attention went to
the assemblages of specific processes, institutions, and logics that get
mobilized in this systemic transformation/expansion/consolidation.

One way of thinking of this systemic deepening is as the expansion of the
operational space for advanced capitalism—it expels people from more
traditional forms of capitalism in both the Global South and North even as it
incorporates spaces, territories, land. The devastated economies of the global
South subjected to decades of debt servicing, are now being incorporated
into the circuits of advanced capitalism through the accelerated acquisition
of millions of hectares of land by foreign investors—to grow food and
extract water and minerals, all for the capital investing countries.

This also holds for such a radically different instance as the sub-prime
mortgage crisis, a largely global North dynamic. I see the sub-prime
mortgage as extending the domain for high finance but in a way that delinks
the financial circuit from the actual material entity that is the house, and
hence from the neighborhood, and from the people who got the mortgage.
All of these materialities are excluded from this type of articulation with
high-finance—which means that the devastated neighborhoods are expelled
from what are, strictly speaking, also traditional circuits of capital. It is akin
to wanting only the horns of the rhino, and throwing away the rest of the
animal, devaluing it, no matter its multiple utilities. Or using the human
body to harvest some organs, and seeing no value in all the other organs, let
alone the full human being—it can all be discarded. But unlike the clear
realignments we see in vast stretches of the global South, it is not clear how
these devastated urban spaces in the global North will be incorporated into
the circuits of advanced capitalism.

This systemic shift encompasses far more than the two cases focused on
here. They include the sharp increase in displaced peoples, in poverty, in
deaths from curable illnesses, and more.
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Appendix:

Table 1 Debt servicing as a percent of GDP
<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>TOTAL EXTERNAL DEBT</th>
<th>TOTAL EXTERNAL DEBT PAYMENT</th>
<th>TOTAL HEALTH SPENDING</th>
<th>TOTAL SPENDING ON DEBT SERVICE PAYMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>$15.1 bn</td>
<td>$1.6 bn every year</td>
<td>1.5% of GDP (2005)</td>
<td>6.8% of GDP</td>
</tr>
<tr>
<td>Ecuador</td>
<td>$17.1 bn</td>
<td>$4.1 bn every year</td>
<td>2.2% of GDP (2004)</td>
<td>11.4% of GDP</td>
</tr>
<tr>
<td>Egypt</td>
<td>$34.4 bn</td>
<td>$2.5 bn every year</td>
<td>2.4% of GDP (2003)</td>
<td>2.8% of GDP</td>
</tr>
<tr>
<td>Georgia</td>
<td>$1.9 bn</td>
<td>$187 mn every year</td>
<td>2.4% of GDP (2003)</td>
<td>2.9% of GDP</td>
</tr>
<tr>
<td>Jamaica</td>
<td>$6.5 bn</td>
<td>$969 mn every year</td>
<td>2.4% of GDP (2003)</td>
<td>10.1% of GDP</td>
</tr>
<tr>
<td>Lebanon</td>
<td>$23.3 bn</td>
<td>$3.5 bn every year</td>
<td>2.4% of GDP (2003)</td>
<td>16.1% of GDP</td>
</tr>
<tr>
<td>Lesotho</td>
<td>$689.7 mn</td>
<td>$54.2 mn every year</td>
<td>2.4% of GDP (2003)</td>
<td>3.7% of GDP</td>
</tr>
<tr>
<td>Moldova</td>
<td>$2 bn</td>
<td>$250 mn</td>
<td>4.2% of GDP (2005)</td>
<td>8.62% of GDP</td>
</tr>
<tr>
<td>Morocco</td>
<td>$16.4 bn</td>
<td>$2.7 bn</td>
<td>1.7% of GDP (2004)</td>
<td>5.27% of GDP</td>
</tr>
<tr>
<td>Pakistan</td>
<td>$33.7 bn</td>
<td>$2.4 bn</td>
<td>0.4% of GDP (2004)</td>
<td>2.21% of GDP</td>
</tr>
<tr>
<td>Panama</td>
<td>$9.8 bn</td>
<td>$2 bn</td>
<td>5.2% of GDP (2004)</td>
<td>13.42% of GDP</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>$1.85 bn</td>
<td>$388 mn</td>
<td>3% of GDP (2004)</td>
<td>6.7% of GDP</td>
</tr>
<tr>
<td>Paraguay</td>
<td>$3.1 bn</td>
<td>$489 mn</td>
<td>2.6% of GDP (2004)</td>
<td>6.7% of GDP</td>
</tr>
<tr>
<td>Philippines</td>
<td>$61.5 bn</td>
<td>$9.9 bn every year</td>
<td>1.4% of GDP (2003)</td>
<td>10% of GDP</td>
</tr>
<tr>
<td>Ukraine</td>
<td>$33.3 bn</td>
<td>$5.9 bn</td>
<td>3.7 of GDP (2004)</td>
<td>6.6% of GDP</td>
</tr>
</tbody>
</table>


Graph 1 Top six sellers and their investors
Table 2. Top recipients of migrant remittances as % of GDP, 2006-2009

<table>
<thead>
<tr>
<th>Country</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009e</th>
<th>Remittances as a share of GDP, 2008 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tajikistan</td>
<td>1,019</td>
<td>1,691</td>
<td>2,544</td>
<td>1,815</td>
<td>49.6%</td>
</tr>
<tr>
<td>Tonga</td>
<td>72</td>
<td>100</td>
<td>100</td>
<td>96</td>
<td>37.7%</td>
</tr>
<tr>
<td>Moldova</td>
<td>1,182</td>
<td>1,498</td>
<td>1,897</td>
<td>1,491</td>
<td>31.4%</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>481</td>
<td>715</td>
<td>1,232</td>
<td>1,011</td>
<td>27.9%</td>
</tr>
<tr>
<td>Lesotho</td>
<td>361</td>
<td>443</td>
<td>443</td>
<td>496</td>
<td>27.3%</td>
</tr>
</tbody>
</table>
Table 3: Top recipients of migrant remittances, 2007

<table>
<thead>
<tr>
<th>Top remittance-receiving countries (US$ billions)</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>27.0</td>
</tr>
<tr>
<td>China</td>
<td>25.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>25.0</td>
</tr>
<tr>
<td>Philippines</td>
<td>17.0</td>
</tr>
<tr>
<td>France</td>
<td>12.5</td>
</tr>
<tr>
<td>Spain</td>
<td>8.9</td>
</tr>
<tr>
<td>Belgium</td>
<td>7.2</td>
</tr>
<tr>
<td>Germany</td>
<td>7.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>7.0</td>
</tr>
<tr>
<td>Romania</td>
<td>6.8</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>6.4</td>
</tr>
<tr>
<td>Pakistan</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Figure 2. Expected Bank Losses as of March 2008

(US $billion)

Table 4 U.S. Home Foreclosures, 2006-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1.2 million foreclosures, up 42% from 2005. This is 1 in every 92 US households</td>
</tr>
<tr>
<td>2007</td>
<td>2.2 million foreclosures, up 75% from 2006</td>
</tr>
<tr>
<td>2008</td>
<td>3.1 million, up 81% from 2007</td>
</tr>
<tr>
<td>2009</td>
<td>3.9 million (or 1 in 45 US households)</td>
</tr>
</tbody>
</table>
From 2007 to 2009: 120% increase in foreclosures

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.9 million</td>
</tr>
</tbody>
</table>

2006-2010: total 14.2 million foreclosures


**Table 5 Rate of Subprime Lending by Race in New York City, 2002 - 2006**

<table>
<thead>
<tr>
<th>Race</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>4.6%</td>
<td>6.2%</td>
<td>7.2%</td>
<td>11.2%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Black</td>
<td>13.4%</td>
<td>20.5%</td>
<td>35.2%</td>
<td>47.1%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>11.9%</td>
<td>18.1%</td>
<td>27.6%</td>
<td>39.3%</td>
<td>28.6%</td>
</tr>
<tr>
<td>Asian</td>
<td>4.2%</td>
<td>6.2%</td>
<td>9.4%</td>
<td>18.3%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

*Source: Furman Center for Real Estate & Urban Policy, 2007.*