

tion of the market versus the state, but that market society at our particular moment in history entails the existence of some areas in which the state is very strong and its protections very significant, and other areas where it is near absent, because these zones must be flexible vis-à-vis markets, or they become structurally irrelevant. What we see, then, is a system of dispersed sovereignty, a model of galactic governance that may be traceable back to premodern roots in Southeast Asian trading empires,<sup>48</sup> but is now finely adjusted to the different “allocative mechanisms”<sup>49</sup> of global capitalism in relation to the assets of particular populations and sites.

The final question then is how these middle-range and emerging industrializing states have evolved vis-à-vis the constantly changing web of relations with international capital and affiliated agencies. As emerging economies become more vulnerable to neoliberal demands at the global level, to what extent are they being reconstituted and disciplined through the “structural adjustments” imposed by global agencies? It depends on how the game of neoliberal strategies at cross-purposes are played. China, the new workshop of the world, has sought to combine neoliberal policies in a series of zones at home while seeking membership in the World Trade Organization abroad (see chap. 4). This quest for regulation by global neoliberal rules has created tensions with extreme entrepreneurialism at home, as represented, for example, by the extensive and flourishing markets in pirated goods and intellectual capital. At the same time, there is a convergence between these two levels of neoliberal reason. The Chinese government is buying a high percentage of U.S. bonds (thus subsidizing America’s gigantic debt) in order to be able to continue to flood U.S.-based Wal-Marts with cheap Chinese goods. In short, graduated sovereignty is the effect of market-driven strategies that are not congruent with the national space itself but that are biopolitically and spatially attuned to the workings of global markets. Ironically, then, emerging economies can be both threatened *and* sustained by the logics of neoliberalism.

CHAPTER FOUR  
*Zoning Technologies*  
*in East Asia*

Concepts of regionalization and regionalism have dominated discussions of emerging global orders. With the rise of the European Union, scholars have begun to look for similar multilaterally negotiated regional organizations in the Asia-Pacific region. However, the search for regional forms in East Asia that may approximate the EU seems to set us up for the disappointing admission that regionalism and intergovernmental collaborations in East Asia are weak and fraught with political obstacles. Some have identified ASEAN + 3 (the members of the Association of South East Asian Nations plus China, Japan, and South Korea) as the major regional configuration in East Asia today, with the goal of “enmeshing” China in a “soft regime” of economic integration.<sup>1</sup> Such claims of a rising East Asian regional order seem dubious, more a vision shaped by politicians’ rhetoric than an actually existing institutional structure. Indeed, the search for broad comparative ideal-types of regionalization in Europe, North America, and East Asia often uses Western modes of regionalization as the normative model, so that regional forms in East Asia are found to be lacking and defective. Alternately, one imagines that analysts in search of typologies may contrast the EU or the North American Free Trade Agreement (NAFTA) with Asian regional configurations, drawing up a set of oppositions such as multilateralism versus universalism, or the protection of civil rights versus compromises on them.

My analytical approach challenges such assumptions based on binary typologies. The EU is after all a unique experiment in transnational rule that emerged out of specific historical experiences and institutions to meet contemporary global challenges. One would expect that significant regional alignments in East Asia would be rather different and distinctive, emerging out of the particular interactions between market calculations and diverse political entities. Regionalization in East Asia seems to take multiple forms, organized at different scales and based on limited groupings of sites or na-

tions. Kenichi Ohmae first noted the rise of cross-border regional economies that link different sites and populations in the Asia-Pacific.<sup>2</sup> This perspective gives primacy to the role of economic systems and practices in shaping an emergent form of East Asian regionalization that overlaps nation-state structures. Others have pointed to Greater China—an alignment of China, Hong Kong, Macao, Taiwan, and Chinese communities in Southeast Asia—as a regional configuration emerging from cross-border trade.

My approach, in contrast to Ohmae's, gives primacy not to economic activities per se but to state strategies—informed by neoliberal logic—that produce conditions of possibility for such proliferating cross-border networks. Thus, unlike the EU, which was forged through multilateral negotiations, I argue that the regional space informally called Greater China is the outcome of the administrative strategies of a single state, China, in pursuit of greater cross-border trade. Flexible Chinese state practices, I argue, deploy zoning technologies for integrating distinct political entities such as Hong Kong and Macao, and even Taiwan and Singapore, into an economic axis. Furthermore, although zoning technologies are ostensibly about increasing foreign investments and market activities, they create the political spaces and conditions of variegated sovereignty aligned on an axis of trade, industrialization, and knowledge exchange. This China-dominated archipelago challenges widespread assumptions that economic and political forms of integration develop in different spheres. Greater China, I argue, is the spatial production of a state-driven scheme to integrate disarticulated political entities economically as a detour to eventual political integration.

This chapter begins with a rethinking of sovereignty not as a container concept but rather as a political order produced by an assemblage of administrative strategies. Contrary to claims that globalization engenders an “unbundling” of sovereign powers, I focus on specific state strategies that are designed to respond effectively to the challenges of global markets. Neoliberal logic, I argue, is influencing the way political reason relates to crises through the redemarcation of political space within and beyond the national territory. The political exception is increasingly deployed by many Asian states not to deny civil rights but to create regulation spaces of political economic experimentation. I also discuss the adoption of zoning technologies by the Chinese government for a creative respatialization of the national territory and for the realignment of mainland enclaves with various Chinese-dominated political entities overseas. China's Special Economic Zones (SEZs) and Special Administrative Regions (SARs) are the outcomes of a distinctive

reterritorialization of the national space to develop sites of capitalist growth, but they also foster conditions of possibility for a potential political absorption of Taiwan. The zoning modality may have influence on the Korean peninsula as well.

### *Rethinking Sovereignty*

Scholarship on sovereignty is still dominated by efforts to match specific nation-states to ideal-types of political orders: the Westphalian, liberal, or antiutopian models. Such views stem from adhering too closely to the Weberian model of the modern liberal state, that is, that these states rest on a bureaucratic administrative order which holds a legitimate and legal monopoly on the use of power.<sup>3</sup> This formulation has been recast in rigid terms by Anthony Giddens, who maintains that “the modern-nation state is a power-container whose administrative purview corresponds exactly to its territorial delimitation.”<sup>4</sup> These views continue to be productive and relevant as particular expressions or problems of sovereignty. Indeed, the 2003 U.S. attack on Iraq is a useful reminder of the military power behind U.S. sovereignty. In East Asia, the container model of national sovereignty<sup>5</sup> has shaped the model of that Asian developmental state as epitomized by Japan and, until recently, South Korea, whereby government-business collaborations pursue structural change as a form of legitimation or as a national project.<sup>6</sup> Ironically, the original “developmental state” was the Soviet Union, which undertook the overall development of the country as an overriding national project. This socialist developmental model shaped China's modus operandi until the late 1970s. The developmental state is now synonymous with the new Asian capitalist powerhouses of Japan, South Korea, and Taiwan. This Northeast Asian state-directed capitalism is widely assumed to be the Asian model of state form, when in actuality the specific forms and articulations between state authorities and capitalist actors are rather diverse in terms of the institutions involved. For instance, there are striking differences in developmental state action between Northeast and Southeast Asian nations when it comes to state-business ties.<sup>7</sup>

It seems fruitful therefore to open up another line of inquiry, one that treats the state not as a political singularity but as an ever shifting assemblage of planning, operations, and tactics increasingly informed by neoliberal reason to combat neoliberal forces in the world at large. Thus while Asian states have been formally categorized by the Western media as “socialist,” “authori-

tarian,” and “social democratic,” they can be highly variable and pragmatic in practice, responding swiftly and opportunistically to dynamic market conditions. In the previous chapter, I used the term “graduated sovereignty” to identify the rescaling of state power across the national landscape and the differential scales of regulation on diverse groups of citizens and foreigners.

This view of sovereignty—not as a uniform effect of state rule but as the contingent outcomes of various strategies—also informs my analysis of China. In the transition from a centrally planned economy to capitalist development, the Chinese state devised various strategies to address rather specific problems of capitalist development that will also contribute to the political imperative to reunite with breakaway territories. Strategies of reterritorialization become vital not only in stimulating markets in border zones but also in accommodating spaces of variegated governance. Obviously, the point is not to judge sovereign power by some formulaic or container view of sovereignty but to adjust our analytical tools to examine various instruments and procedures of governing.

#### *Technologies of Ruling and of Exception*

A view of government as practical rationality shows that the state of sovereignty or sociopolitical order is the contingent product of varied technologies that define, discipline, and regulate individual and collective life in a nation. This formulation suggests that, first, sovereign power depends on a network of regulatory entities that channel, correct, and scale human activities in order to produce effects of social order.<sup>8</sup> Narrowly defined “political” activities (e.g., elections, crackdowns, military actions) are merely one set of elements shaping conditions of ruling and political normativity. A more broadly based notion of politics includes the diverse and run-of-the-mill activities that exercise political power beyond the state. My focus is thus on technologies and procedures “that happen to be available, in which new ways of governing were invented in a rather ad hoc way, as practical attempts to think about and act upon specific problems in particular locales.”<sup>9</sup> The exercise of power depends on a variety of technologies that target populations as well as territory in order to solve problems of wealth, growth, and security.

In the second half of the twentieth century, market calculations began to inform many areas of political rationality and action in emergent Asian countries. In the 1960s, at the behest of the World Bank, developing countries were encouraged to create suitable sociopolitical conditions and infrastruc-

tures for linking up with the world economy. By the 1970s and 1980s, export-industrialization programs shaped the political goals and justification of governments throughout Northeast and Southeast Asia. The marriage of market logic and authoritarian rule gave rise to the so-called Asian tigers—South Korea, Taiwan, Hong Kong, Singapore, and Malaysia. Neoliberal logic—which is abstractable, mobile, and dynamic—becomes embedded in Asian technocrats’ vision of how to reorganize society, space, and individual attitudes in order to meet global competition. The economic boom went into a tailspin with the Asian financial crisis, but state planners and entrepreneurial citizen-subjects soon regirded themselves for conditions of freer access and greater risk. A study of shifting technologies of ruling captures this contingent and fluid nature of state sovereign practices that continually adjust and negotiate disruptions, upheavals, and crises. Changes in governing tactics are occasioned not only from the outside—by financial crisis, natural disaster, or insurrection—but also from within state sovereignty itself.

Carl Schmitt defines “sovereignty” as ultimately the power to call a state of exception to the normalized condition or the law. This bipolar formulation of sovereignty-exception seeks to capture the dynamic quality of sovereignty as the strategic and situational exercise of power in response to crises that threaten the integrity of the state.<sup>10</sup> Schmitt theorizes that a state capable of realistic response must be resolute in combating threats, and that sovereign exception even to suspend basic rights could be justified to preserve political unity and stability.<sup>11</sup> One need not agree with Schmitt’s political stance to find his concept of the exception useful for analyzing contemporary state action that deviates from standard sovereign operations and legal normativity. The sovereign exception that I am interested in here is not the negative exception that suspends civil rights for some but rather positive kinds of exception that create opportunities, usually for a minority, who enjoy political accommodations and conditions not granted to the rest of the population. The positive exception is now invoked, especially in bureaucratically centralized societies, in order to allow privileged groups to face the challenges of globalization.

Indeed, the recent shift toward regional formations has come about through a series of political exceptions that allow governments to rethink the contours of sovereign power in relation to other sovereign entities. The construction of the EU is predicated on a series of positive exceptions enacted by individual governments to transfer aspects of sovereignty power to a higher centralized authority in Brussels. This form of regionalization opens up circulations of capital and labor, increasing opportunities for privileged Euro-

peans to become more competitive in global markets. John Ruggie attributes the emerging architecture of the EU to a process of “unbundling” territory and sovereignty. Governments disaggregate different components of power — fiscal policies, security measures, etc. — and give up certain controls for the governance of overlapping national spaces.<sup>12</sup> Similarly, Stephen Krasner maintains that states in Eastern Europe have solved specific problems stemming from conflicting claims to authority by disaggregating sovereignty through the creation of various semiautonomous, semi-independent, and semilegal entities.<sup>13</sup> Saskia Sassen argues that globalization has led to “a partial denationalization of national territory and a partial shift of some components of state sovereignty to other institutions, from supranational entities to the global capital market.”<sup>14</sup> Concepts of unbundling, disaggregation, and denationalization describe the administrative mechanisms that created EU regionalization, but these terms, with their assumptions of “giving up” parts of sovereign power, do not quite fit the rather different sovereign thinking and practices in East Asia, even though they are also responding to the challenges of neoliberalism.

The logic of exception deployed in the construction of the Chinese axis is marked more by a flexibility of state practices than by the unbundling or disaggregation of powers. In 1972, the Chinese state spectacularly invoked an exception to the normativity of socialist centralized planning. One may argue that the introduction of market reforms was a response to the political crisis of socialist backwardness, but a state of exception legitimized capitalist transformation without jeopardizing the political legitimacy and order of the socialist regime. China’s opening (*kaifang*) and market reform policies have relied not on unbundling or denationalizing sovereignty but on the production of new spaces of exception and border-crossing powers. Post-Mao state strategies have displayed a flexibility and creativity in creating new capitalist spaces where none existed before on the socialist mainland. By examining the various technologies that zone land and mobilize economic resources at a distance while accommodating political entities, we capture a dynamic process of sovereignty often ignored in studies that assess sovereignty in terms of broad “liberal,” “democratic,” or “authoritarian” labels.

### *Zoning Technologies*

A school of thought now reconceptualizing the relationship between politics and technology holds that the circulation of technical practices and standards create “technological zones,” or overlapping political spaces of technological

normativity.<sup>15</sup> One example is the EU, a region of multiple technological zones of uniform standardization, say, for the protection of intellectual property, or for the preparation of food for human consumption. My approach to zoning technologies, however, is about a slightly different phenomenon, or a more extreme form of zoning practice that creates spatially fixed and distinctive enclaves. “Zoning technologies” refers to political plans that rezone the national territory. The technologies of governing are the instrumentalization of a form of market-driven rationality that demarcates spaces, usually nonadjacent to each other, in order to capitalize on specific locational advantages of economic flows, activities, and linkages. By deploying zoning strategies, sovereign states can create or accommodate islands of distinct governing regimes within the broader landscape of normalized rule. The political outcome is an archipelago of enclaves, the sum of which is a form of variegated sovereignty.

Economic enclaves are not a new phenomenon, having their origins in Western colonial practices that created special treaty ports and customs areas in dominated lands, including China. In Asia, the first modern free trade zone (or EPZ, Export-Processing Zone) in Asia was established in Kaoshiung, Taiwan, in the mid-1960s. Under the promptings of the United Nations Industrial Development Organization and the World Bank, export-processing zones subsequently proliferated throughout Asia, as well as in Latin America and in the Middle East. The EPZ is a combination of old customs areas and export-oriented manufacturing. Thus EPZs combine tax-free holidays with other incentives for foreign investors to set up factories that produce export goods, train low-skill workers, and facilitate technology transfer.<sup>16</sup> The EPZ strategy succeeded export-substitution industrialization in developing countries, driven by the pursuit of foreign exchange earnings. In the initial decades of export-industrialization, EPZs were given a free hand to exploit abundant low-wage workers, most of whom were female. From South Korea to the Philippines to Malaysia, union organization among zone workers was routinely harassed by the police. These export zones were the sites of sustained labor struggles to combat industrial oppression and to raise wages; these zone-based struggles resulted in gradually improved living conditions for the new industrial workers in the Asian tiger economies.<sup>17</sup> Within two decades, the labor and technological gains in EPZs consolidated the industrial foundation of “authoritarian developmental states” such as South Korea, Taiwan, Singapore, and Malaysia. Larger transnational zones (so-called growth triangles) have been set up in Southeast Asia. In short, created by an act of exception, the free trade or export-processing zone “is like a country within a

country,<sup>18</sup> a technology that over time spreads its industrial, labor, and social gains throughout the nation.

### *Rezoning China*

Learning from economic enclaves elsewhere in Asia, China has developed distinctive zoning technologies that create the forms for alignment of the mainland with overseas Chinese-dominated polities in an archipelago of variegated sovereignty. By invoking the exception, the Chinese state is creating far-flung economic and political zones that are marked off from the normativity established elsewhere in the planned socialist environment.

*Economic Zones* : The open policy called for the establishment of new "Hong Kongs" along the Chinese border to facilitate contact with foreign Chinese capitalist communities. Deng Xiaoping considered SEZs to be both an economic bridge and a political window on the outside world. Different kinds of zones were established in several steps throughout the 1980s and 1990s (see table 1).<sup>19</sup> The first decade saw the creation of major border SEZs, "open" coastal cities: Shenzhen adjacent to Hong Kong; Zhuhai across from Macao; Xiamen across the strait from Taiwan; and Shantou and Hainan, which have strong traditional connections to Chinese communities in Southeast Asia. Once market development in the coastal sites gained momentum, dozens of free trade zones, special economic and high-tech industrial enclaves, as well as tourist sites were located in interior cities to attract foreign exchange and accelerate inland development.

Four goals dictated political conditions in these zones: to attract and utilize foreign capital; to forge joint ventures and partnerships between mainlanders and foreigners; to produce wholly export-oriented goods; and to let market conditions (i.e., not politics) drive economic activity.<sup>20</sup> To realize the fourth goal, special managerial systems and labor service companies allow more flexible labor contracts and costs and impose less bureaucratic red tape than elsewhere in China. As some scholars have noted, SEZs have evolved into a unique system not only for export-oriented industrialization but also for spearheading the transformation of socialist China into a market economy.<sup>21</sup>

There are important aspects to SEZs that go beyond the conventional functions of EPZs elsewhere in East Asia. The location of SEZs in Guangdong and Fujian Provinces shows the government's interest in attracting investors from neighboring Chinese polities. Article 1 of the Regulations on Special

Table 1. Major Forms of Zoning in China

#### MAJOR BORDER ZONES

##### 1980s Special Economic Zones (SEZs)

— Shenzhen, Zhuhai, Shantou, Xiamen, and Hainan Island

##### 1990s Open Coastal Cities (14)

— Dalian, Shanghai, Wenzhou, Guangzhou, Beihai, and others

#### OPEN COASTAL BELTS

— Yangtze River Delta; Pudong New Area (international investments)

— Pearl River Delta (mainly Hong Kong-based investments)

— Xiamen-Zhangzhou-Quanzhou Triangle (mainly Taiwan investments)

— Shantung Peninsula, Liadong Pen., Hebei, Guangxi

#### SPECIAL ADMINISTRATIVE ZONES

— 1997 Hong Kong SAR

— 1999 Macao SAR

#### DOMESTIC INTERIOR ZONES, 1990s

— hinterland provincial cities

— 15 FTZs, 32 state-level economic and technology zones

— 53 high-tech industrial development zones in large and medium cities

— numerous tourist zones

Economic Zones in Guangdong Province, passed by the National People's Congress in 1980, proclaimed that "the special zones shall encourage foreign citizens, overseas Chinese and compatriots from Hongkong and Macao and their companies and enterprises (hereafter referred to as 'investors') to set up factories and establish enterprises and other undertakings, with their own investment or in joint ventures with our side, and shall, in accordance with the law, protect their assets, the profits due them and their other lawful rights and interests."<sup>22</sup> Besides gaining from overseas Chinese capital and expertise,<sup>23</sup> SEZs along the coast quickly lessened economic and income differences between the mainland and neighboring areas with which China seeks eventual political unification.

SEZs can also act as controlled spaces for dealing with social discontent and labor unrest that market reforms might provoke. The economic linkages, wealth, and capitalist experiments in SEZs also have served explicit political goals by managing the integration of Hong Kong, Macao, and Taiwan with mainland China. SEZs are also different from EPZs in that they enjoy a wider

array of powers, including substantial autonomy for the local creation of business opportunities, as well as simplified administrative regulations for planning, banking, and insurance. These specialized areas report directly to the central authorities in Beijing on economic and administrative matters. Political order within the zones and open cities promote freewheeling entrepreneurial activities and labor exploitation to a degree not allowed in the rest of China. Unlike state enterprise workers, who are highly organized under the All China Federation of Trade Unions, zone workers are considered peasants unprotected by China's labor laws and are not entitled to social benefits due workers elsewhere in the country.<sup>24</sup> Under the SEZ law, the staff and workers employed by enterprises in these territories are to be managed by the enterprises according to their business requirements and, when necessary, may be dismissed, after going through the procedures provided in the labor contracts.<sup>25</sup>

Not only are migrant workers exposed to the full force of market conditions; they are discriminated against by zone authorities as if they were foreigners. Migrants must obtain a border pass, a work permit, and a temporary resident pass to work in the SEZs. In effect, zone workers, the majority of whom are rural women working under highly exploitative conditions, are systematically ignored by unionized workers in the rest of China. As rural migrants, they are not entitled to urban citizenship and the residential rights, education for their children, and access to various subsidies that such citizenship entails.<sup>26</sup> The massive influx of the "floating population," much of it young and female, supplies the SEZs with cheap labor for huge factories producing consumer goods for the global economy.

SEZs in China developed rapidly, especially after the Tiananmen crack-down in 1989, when a tidal wave of investment from overseas Chinese communities exceeded investments from Japan. By the early 1990s, SEZ-driven capitalist enterprises became synonymous with building connections with overseas Chinese. Under the banner of "Let Overseas Chinese Build Bridges, Let Them Create Prosperity!," newspaper articles reported that almost a half million Shanghainese had overseas connections, forming "a large invisible bridge" with Chinese capital from abroad.<sup>27</sup> In SEZs, local Chinese officials set up tens of thousands of township and village enterprises (TVEs) that bring together overseas Chinese capital and expertise with abundant cheap labor and land on the mainland. These hybrid enterprises are the nodes of cross-border production networks that strengthen Hong Kong's role as the gateway to China.

The pairing of the Shenzhen SEZ with Hong Kong is an especially apt example of how interactive zones across political borders act as both a hinge—linking socialist and capitalist spaces—and as a bridge—channeling actors, resources, and skills across zones.<sup>28</sup> Shenzhen, a village across the border of Hong Kong in the 1980s, has mushroomed into a Wild West frontier city with millions of inhabitants, becoming the mainland extension for Hong Kong business and industrial enterprises, as well as a center to screen out undesirable migrants for the metropolis. Tens of thousands of Hong Kong-based factories moved into Guangdong Province, and by the 1990s the Pearl River Delta had become an industrial extension of Hong Kong. Here Hong Kong managers train millions of poor rural women in manufacturing "the South China miracle."<sup>29</sup> Hong Kong's goal to become "the Manhattan of Asia" entails using Shenzhen to filter out poor working families from the rest of China, and as a place to dump the working poor who can no longer afford Hong Kong's stratospheric real estate prices. Meanwhile, Hong Kong's sophisticated and bilingual expertise in legal, financial, and business services is crucial to linkages between the mainland and global corporations and to translating foreign products and practices for mainland use.<sup>30</sup>

In coastal cities, expatriate Chinese are well-represented in all sectors vital to the mainland economy, especially business services, finance, manufacturing, transportation, and hotel management. The formation of the Xiamen-centered coastal belt to attract Taiwanese capital led to a frenzy of cross-strait economic activity. SEZ policies give local officials autonomy in forming joint ventures with foreigners, as well as in retaining revenues at the local levels. Taiwanese investors, capitalizing on ethnic and linguistic ties, forged interpersonal relations (*guanxi*) with local officials who further eased bureaucratic rules on tariffs.<sup>31</sup> With the formation of the Xiamen-Zhangzhou-Quanzhou Triangle, Taiwan has solidified its status as a major industrial power, as indexed by its thirty-odd intelligent industrial parks clustered around Hsinchu. These science parks maintain important technical, economic, and personal relationships with Silicon Valley firms, but Taiwanese industrialists have built thousands of factories in the greater Xiamen area. Most of the products manufactured in the Xiamen-Zhangzhou-Quanzhou Triangle are machinery, electrical goods, metals, and textiles.

Besides the Pearl River Delta complex and the Xiamen Triangle, the Yangtze River Delta as an open zone seeks to turn Shanghai, with its new financial center in Pudong, into the "dragonhead" of Chinese development. Shanghai is the leading center of Chinese capitalism, with a huge Western presence in

commerce, manufacturing, and finance. In contrast to the other SEZs, where the emphasis is on low-tech processing firms and cheap labor, Shanghai and its surroundings are to become urban jewels in the Chinese capitalist crown, the sites of a stock market, high-technology, and business glamour. For instance, Western business schools and U.S. managers in Shanghai are seeking to transform white-collar Chinese workers into global corporate players. Meanwhile, Singaporean technocrats have been recruited to build Silicon Valley-style industrial parks in Suzhou and Wuxi. Singapore authorities act as both middlemen and guides in creating a new kind of industrial zone where conditions of doing business, living, and working adhere to certain technical standards. The goal is to transform Suzhou Township into a world-class industrial city with landscaped, tree-lined boulevards, an international school, and a strict balance between industrial and residential areas.<sup>32</sup> However, the implementation of Singapore's technocratic practices and norms — in building codes, water treatment, traffic controls, and so on — has been frustrated by the weakness of Chinese administrative and regulatory bodies overseeing the enclaves. Suzhou authorities learned the business benefits of zoning and started building competing industrial zones that lure foreign businesses with lower rents and free advertisements. Nevertheless, the autonomy given to business and administrative activities in these zones has engendered dense transnational business networks and more comfortable living conditions than can be found elsewhere in China.

Thanks to SEZs and open cities, sizable professional and business classes have emerged on the mainland, with growing connections to overseas Chinese locations. Free trade zones in Taiwan, Singapore, and Hong Kong exchange personnel, knowledge, and technology with SEZs in China. Singapore, and to a lesser extent Hong Kong, have been recruiting thousands of students, professors, and scientists from the mainland to work in universities and science parks in these cities (see chap. 8). Thousands of mainland Chinese travel to Southeast Asia to learn English, in the hope of eventually testing into universities in the West. The two-way flows of professional and business classes between China and overseas Chinese communities have created complex networks that amount to a de facto transborder integration of the socialist mainland with overseas Chinese capitalist citadels at the scientific, business, and personal levels. In short, the coastal zone authorities and open cities are spaces of exception to the centrally planned socialist economy. They enjoy autonomy in all economic and administrative matters in order to attract foreign investment and create jobs for millions of migrant workers and city

Table 2. Exceptions to the Centrally Planned Socialist System

I. ECONOMIC ZONES: Special Economic Zones, Open Coastal Cities, Open Coastal Belts
<i>Powers and Privileges:</i> Autonomy in all economic and administrative matters; exemptions from socialist central planning and regulation of investment and labor issues; market conditions determine wages and work conditions
II. ADMINISTRATIVE ZONES: Hong Kong SAR, Macao SAR
<i>Powers and Privileges:</i> Mini-constitution or basic law for full-fledged capitalist activities; independent judiciary, executive and legislative Councils; democratic elections of all officials, except the chief executive; and freedom of speech (exemptions from mainland socialist laws governing national security are being politically contested)

Source: "Hong Kong Special Administrative Region," [www.china.org.cn/english/feature/38096.htm](http://www.china.org.cn/english/feature/38096.htm).

dwellers. Released from socialist practices governing labor, market conditions are allowed to determine wages and work conditions. Economic dynamism has greatly intensified social inequalities among the populations within zones, as well as between the coastal areas and Chinese society at large. Zone autonomy creates conditions of total market freedom but without the democratic rights that were demanded in Hong Kong on the eve of its return to mainland rule (see table 2).

*Administrative Zones* : In the mid-1990s, the "one country, two systems" policy created the Special Administrative Region for the reabsorption of formerly colonized or breakaway territorial possessions (Hong Kong, Macao, Taiwan). Thus, while SEZs were intended to intensify cross-border networks and economic integration, and the SARs are a formal accommodation of different political entities, the synergy generated between the two zoning systems is creating a kind of regionalization that makes political unification of China and its breakaway parts inevitable.

Great Britain and the People's Republic of China, with minimal consultation of Hong Kong's people, negotiated the Basic Law of the Hong Kong Special Administrative Region (HKSAR), a mini-constitution that allows "a high degree of autonomy," so that the city's capitalist system and way of life can continue for fifty years.<sup>33</sup> Thus, the SAR zoning system allows for Hong Kong (and Macao) to return to Chinese sovereignty and yet maintain a legal

exception—specifically, a democratic way of life—to the rest of centrally planned socialist China. Under the Basic Law, Hong Kong leaders, not mainland officials, will serve in the government. HKSAR fully enjoys the power of decision over matters within its autonomous jurisdiction—executive and legislative councils, an independent judiciary, and final adjudication powers. The democratic structure of SAR governance is compromised by Beijing's appointment of the government's chief executive, Tung Chee Hwa (see table 2). Thus, Hong Kong returned to Chinese rule with a newly feisty Legislative Council intent on keeping democratic rights given to Hong Kong during the last decade of British rule (the first free elections in 150 years of British colonization were held in 1991). Many have seen the SARs model as a test case for the eventual reunification of Taiwan with China.

The SAR framework allows for experimentation with different degrees of civil rights in a vibrant capitalist setting, a milieu that acts as a laboratory for China's future. The strategic deployment of two zoning technologies—SEZs and open cities, on the one hand, and special administrative entities, on the other—has produced a system of variegated sovereignty or a mix of regional autonomy and centralized controls. As table 2 illustrates, SEZs enjoy more limited autonomous powers than do SARs. SEZs are technically an economic exception to socialist central planning and enjoy autonomy mainly in market and market-related activities in order to freely develop capitalism on the mainland, with the help of overseas Chinese and other foreign investors. Nevertheless, open economic areas contribute to political integration by strengthening legal procedures and practices that support transnational economic activities and relationships.

SARs are fundamentally in a state of political exception. These administrative zones possess their own mini-constitutions, independent political institutions, and judiciaries. Furthermore, a spectrum of democratic rights allows for free elections and freedom of expression, at least for the immediate future. In brief, then, SEZs represent particular orders of economic and administrative autonomy within centrally planned socialist China. SARs, in contrast, are unique orders of political autonomy within a flexible arrangement of one country, two systems. In practical terms, SEZs overlap substantially with the spaces of SARs, creating spaces of variegated sovereignty based on the synergy between untrammelled capitalist activities and electoral democracy within the body of socialist China. At the same time, these exceptional spaces are vital nodes in dense networks connecting the mainland to Taiwan and Singapore, allowing an axis of variegated sovereignty to come into being. As the Chinese

leaders themselves have always indicated, “one China, two systems” is a temporary arrangement to facilitate reunification. The overlapping economic and administrative enclaves have created an institutional detour for incremental but eventual political integration, as well as sites for experimentation in civil society outside China proper.

#### *A Detour on the Road to Political Integration?*

In June 2003, six years after Hong Kong was returned to Chinese sovereign control, the city and the mainland signed the Closer Economic Partnership Arrangement as a step toward even greater economic integration. The agreement gives Hong Kong-based banks and companies market access to the mainland. Tariffs on hundreds of Hong Kong products have been removed, giving the city's economy an immediate boost following the outbreak of severe acute respiratory syndrome (SARS). The trade agreement is an economic gift to sweeten the simultaneous imposition of a new national security law to curb sedition and other crimes against the Chinese state. This state intervention into the SAR political environment triggered a demonstration on July 1 by a half million Hong Kong residents who wanted to uphold the policy of one country, two systems. To prodemocracy groups such as the Human Rights Monitor, the free trade pact is a kind of payback for business leaders in the Hong Kong government who have gone along with the steady erosion of civil rights, especially in journalism and the media.

The new security measure, Article 23 of the Basic Law, seeks to repress activities such as “subversion,” “secession,” and the leaking of state secrets, crimes similar to the “counterrevolutionary activities” banned on the mainland. The antisedition bill allows the police to search homes without a warrant, the government to ban groups already outlawed in the mainland, and the courts to impose heavy penalties for the “theft of state secrets.”<sup>34</sup> Adopting the measure curbs the freedoms that permit diverse viewpoints, activities, and nonmainstream political groups to flourish in Hong Kong, thus bringing the SAR political order closer to that of the mainland.<sup>35</sup>

Although much of the Western press has viewed the street protests as a sign of democratic resistance, it is also important to situate the massive unrest in the context of steady economic decline since 1997. The Beijing-appointed chief executive was widely viewed by Hong Kong residents, rightly or wrongly, as an inept leader and a symbol of bad luck for the economy, and subsequently replaced. In addition to the financial crisis, property



prices have plummeted, salaries and budgets have been cut, and unemployment is at an all-time high. The slow response to the SARS outbreak, which killed around three thousand people in the territory, further damaged the economy. Economic unease has been deepened by a pervasive sense that Shanghai is pulling ahead as China's economic engine, and that Singapore is displaying more efficiency in planning for and dealing with economic crises. Thus, street demonstrations reflected a massive discontent over the state of the Hong Kong economy and worries about a future further constrained by antisedition laws. Blaming prodemocracy groups, Beijing appeared to adopt a wait-and-see attitude and continue to uphold the "one country, two systems" policy, since the variegated sovereignty it accommodates seems a practical and coolheaded route to gradual political integration.

In short, special autonomous regions are testing sites for the controlled expression of civil rights in a Chinese market context. Its SAR framework has allowed Hong Kong to remain the freest economy in the world and to experiment with different degrees of political freedom that test socialist worries over national security. Hong Kong may never submit entirely to mainland forms of political control, but it must be noted that political practices in China proper are themselves undergoing transformation, as evidenced by the hands-off reaction to the massive dissent in Hong Kong, and by the limited response to worker demonstrations in SEZs. Thus, politically speaking, both kinds of economic and political spaces have instances of sovereign exception that contrast sharply with the political normativity in China. The Hong Kong demonstrations have proved not the weakness but the flexibility of the intertwined zoning systems, which can accommodate variations in degrees of civil liberty across sites.

Chinese sovereignty is basically legitimized by opening channels for cross-border trade, not by opening channels for civil rights. Problems of government are increasingly solved through the deployment of intellectual and practical techniques that foster economic success by opening up economies rather than political spaces. But market liberalism fostered through zoning practices can safely accommodate pockets of agitation for civil rights, allowing the kind of experimentation that is not easily tolerated in mainland China. New democratic forces in economic zones and in Hong Kong (and Taiwan) that have emerged with the growth of cosmopolitan classes coexist with the normative centralized regulation of populations in the name of national security. There is a new alignment between national security and economic freedom, but exuberant political freedom can only be permitted, and occasionally challenged,

in special zones and regions. Zoning technologies seem the best technical mechanism for creating controlled spaces of economic and political experimentation that do not threaten collective and national security. The SAR mechanism thus becomes a detour—through the development of capitalist networks and the tolerance of civil rights demands—on the road to eventual political integration. The huge protests of Hong Kong citizens against the new internal security law did not fend off greater political integration, and Hong Kong is already firmly tethered in the business, technology, and personal networks that integrate it into the Chinese axis.

Finally, it is important to note that there are strong and weak links among the spaces of exception, open cities, and countries. The conditions secured by the economic and political spaces foster economic and communication links with mainland China. But even though Taiwan is not a SAR, the island has been drawn into mainland sites through Hong Kong and Macau. Beyond the zones themselves, the mobilization of resources and expertise from a large number of overseas sites supports a geometric increase in economic activities. With the entry of China into the World Trade Organization (WTO), the commercial, technological, service, and personal links among various ethnic Chinese places will only intensify across the region.

#### *Sovereignty and Security: The Ethics of Exception*

A dominant view of sovereignty and security maintains that governments operate along the lines of "organized hypocrisy," whereby states act in terms of their own specific interests even when they violate international rules.<sup>36</sup> This notion seems to be a rough translation of Carl Schmitt's concept of the exception that Stephen Krasner transposes to the international arena. One notes that the Chinese state often invokes the ethics of the exception (i.e., in the name of collective or national security) to legitimize crackdowns on dissidents, as in the Tiananmen Square incident and the banning of groups such as the Falun Gong. That practice is, of course, not exclusive to governments in Asia: we have witnessed the scaling back of civil rights in the United States as part of its government's response to the war on terrorism. But what seems interesting in China is that such exceptions to the law are increasingly made in settings of open economic borders and networks that heighten the tensions between economic freedom and political repression. The exceptions have become routine during orchestrated crises (e.g., the need for market reforms) and during unplanned ones (the outbreak of infectious diseases); technocrats

have become increasingly adept at keeping borders open to economic activities and networks while closing borders to political freedom, information, and interconnection. This nexus between sovereignty and security in an open economy therefore requires observers to go beyond a strictly military understanding of security to consider how questions of national security can be handled not only by wielding military weapons but also by signing trade pacts. Let us consider how my point about zoning technologies as a detour on the road to political integration suggests alternative avenues for reconciliation in divided nations.

I suggest that one path for a Taiwan-China rapprochement runs through ASEAN. Viewed from the lens of exception, one is surprised not so much by the saber rattling across the strait as by the innumerable exceptions that have allowed Taiwan to participate in zone developments and to develop networks with sites throughout China. Politically Taiwan may be on the outs, but economically it is a key player embedded in the economic and social fabric of Chinese capitalist modernity. At the same time, Taiwan has sought to participate in China's markets by inveigling itself into multilateral organizations that have relationships with the mainland. ASEAN is a ten-member group of Southeast Asian nations that is increasingly repositioning itself in relation to China and Japan. Since the 1990s, ASEAN has used a broad conceptualization of regional security based on building regional economic networks that can create greater opportunities for citizens in the region. Since the financial crisis of 1997–98, there has been greater stress on making a broader coalition called ASEAN + 3 (including China, Japan, and South Korea) or ASEAN + 4 (including them and Australia). What we see is a postimperial economic integration of a region of more than a billion people, in thirteen or more countries, that hopes to move in the direction of a common market and a common regional currency within a decade. Taiwan is conspicuously absent in this lineup, but not for want of trying. Indeed, the turn of the century was an especially tense moment of saber rattling when outgoing Taiwanese president Lee Teng-hui announced a “two states” theory to replace the “one China” policy. Subsequent claims by his successor Chen Shui-bian for “state-to-state” relations with China intensified the dispute. Much attention has been given to the triangular balancing of power between China, Japan, and the United States as a way to contain Chinese aggression against Taiwan. Meanwhile, in addition to the U.S. security umbrella, Taiwan wants the ASEAN Regional Forum to provide a form of security against possible Chinese attacks.

But the ASEAN stress on the humanization of security and common re-

gional destiny suggests another pathway for building political bridges. The new “security culture”<sup>37</sup> still operates according to the principles of consensus, consultation, and limited interference in member countries’ domestic affairs. Norms associated with the “ASEAN Way” have allowed the organization to bridge political differences and to include formerly shunned states such as Cambodia and Myanmar. As far-flung places are drawn into ever widening networks of securitization, ASEAN and the Chinese axis of common economic interests help to deflect or to circumvent political conflicts, especially between China and Taiwan. Taiwan’s formal membership in ASEAN is out of the question because of China’s sensitivity, but by working from the backdoor Taiwan has already developed extensive informal economic relations with ASEAN members such as Singapore and the Philippines. Taiwan promotes itself as vital to peace and prosperity in East Asia and as a successful model of transition to political democracy, market economy, and civic society, unlike countries dominated by one-party rule. Despite its marginal position in relation to ASEAN + 3, Taiwan is already deeply interconnected with neighboring Asian countries. Furthermore, China’s membership in the WTO has ended limits on direct travel and trade between China and Taiwan, allowing the island to play a bigger role in providing business-oriented research to the mainland. Conditions for a new kind of cultural rapprochement across the strait therefore will be in place even as China becomes more integrated into the global community.

The Chinese axis is also an imaginary line of cultural sovereignty that runs along an ideological plane of the graduated geopolitical field. As technological and commercial networks and economic zones increasingly articulate along a Chinese axis, we see an emerging political archipelago that suggests the wider possibilities of an “imagined community.”<sup>38</sup> This loose alliance suggests a regional patterning anchored in China that is very different from Western discourses of regionalism such as the “Pacific Rim.”<sup>39</sup> Instead, regional narratives increasingly invoke “East Asia,” a rhetorical term that signals the growing connections between the Sinic parts of Southeast Asia (Singapore, Malaysia, Thailand, and the Philippines) with Taiwan, the Hong Kong SAR, and mainland China. For instance, overseas Chinese scholars have invoked a confluence of histories, languages, cultural, and kinship practices among widely dispersed sites to define an emerging field of Sino–Southeast Asian studies.<sup>40</sup> Despite ongoing political tensions and opposition to Beijing leaders, ethnic Chinese in the Asia-Pacific take great cultural pride in the emergence of China as a global actor. The imagined axis also creates an

ideological space of exception within the Asia-Pacific, marking off a space of rising China-centric hegemony. The Sinocentric discourses, further enhanced by the mainland and Hong Kong popular media, are growing even as the People's Republic of China and the Republic of China remain in a standoff. Meanwhile, the economic integration between Taiwan and the mainland, especially in Fujian Province, Shanghai, and the Yangtze Valley, is so advanced that a de facto absorption has taken place even before a formal political integration has begun. Thus, the emergence of a Chinese axis is based on Beijing's very distinctive deployment of zoning technologies, which lay the groundwork for transnational market integration, making intelligible the political and cultural goals of variegated sovereignty in formation. As technologies of ruling, zoning mechanisms become an economic detour leading to broader political integration. It is therefore not unthinkable that the logic of the exception and zoning technologies have shown a path toward the reunification of divided nations.

#### *A Modality for the Two Koreas?*

North Korea is slowly emerging from its deep political freeze by building enclaves as stepping stones to further political collaboration and perhaps even reintegration with South Korea. During the 1980s and 1990s, North Korea sought to copy the Chinese zoning programs by setting up free trade zones in the northern cities near the border with Russia and China, but the Rajin-Songbong zone has not really taken off. Much more recently, under the cloud of a nuclear standoff with the United States, two new cross-border zones have been proposed. In June 2003, North Korean and South Korean officials and businessmen broke ground for a joint industrial park in Kaesong, just north of the Demilitarized Zone. About nine hundred South Korean businesses, many of them in textiles and garment manufacturing, have applied for spots in the zone, where they will enjoy cheap labor, tax cuts, and other benefits. The South Korean government and the giant conglomerate Hyundai will help prepare the site, including demining the land before building railway lines to connect the two countries. A more famous special administrative zone, modeled on Shenzhen in China, was also set up in Sinuiji on the Chinese border, where the Yalu River enters the Yellow Sea. The Chinese government is directly involved with business tycoons to oversee the enclave as an alternate space of governance. New business opportunities have drawn South Korean industrialists, who wish to see more zones in the North.

Thus viewed against the background of Chinese zoning practices, especially the dramatic case of Shenzhen–Hong Kong, it becomes clear that semiautonomous zones are not only initial attempts at implementing market-driven exceptions, they are also mechanisms for constructing the infrastructure, industries, and administrative units for possible reunification. The North Korean regime seems to represent a deviant sovereignty that is based on the power to take away life rather than the securitization of the health and well-being of the population. Biopolitical considerations only affect a tiny minority, whereas the majority seems condemned to bare life. The political elite in Pyongyang and privileged workers appear to be the only ones to enjoy a political existence of social benefits and pleasures, while the struggle for sheer survival is the norm for ordinary citizens. In this vast labor camp, the logic of exception creates a zone of living that secures minimal employment and living standards. Here, North Koreans can interact with South Koreans and other foreigners to develop access to external sources of capital, skills, and knowledge. These zones are places where notions of an eventual national reunification can be practically broached and tested, thus eventually creating an alternative imagining of biopolitical governing for the rest of North Korea, as well as suggesting a way to the eventual reunification of the two Koreas. Because these privileged zones are established outside the archipelago of labor camps, the North Korean use of the political exception is a reversal of the Agamben opposition between civilization as normativity, and the death camp as a zone of exception.<sup>41</sup> In theoretical discussions, the logic of the exception has been associated with the suspension of rights and the reduction to bare life, but in contemporary Asian situations, the sovereign exception has created conditions for giving life, freedom, and new political openings. The logic of the exception, for instance, has also allowed the Chinese state to release dissidents from prison camps under the criteria of need for medical treatment abroad.

#### *Conclusion*

Government is a problematizing activity that continually shifts the reasoning, techniques, and inventions needed to create the conditions of possibility for economic development, political stability, and regional organization. I have suggested that we go beyond a focus on state institutions to examine how a series of political exceptions in authoritarian and oppressive orders creates a diversity of spaces for experimentation with political freedom and trans-

national connections. "Market reforms" in mainland China have provided an opening for greater flexibility in sovereign rule, in the astute use of the exception to construct zones that spread economic networks and foster political integration.

Greater China is an axis that has its beginnings in a distinctive strategy of reterritorialization that creates zones of exception to normalized Chinese rule, and thus a detour leading to integration with Hong Kong, Macao, and perhaps eventually Taiwan. The axis of sovereignty and security is not delimited by national borders but increasingly relies on the production of a linked geography of technoindustrial nodes that can circumvent political obstacles and bridge politically divided entities. Elsewhere in mainland Southeast Asia, zoning strategies are building infrastructural-economic connections between former enemy states and economically divided regions. In the Asia-Pacific the innovative use of the logic of the exception to configure a series of political spaces is a dominant response to crises and a common strategy for forging connections of trade and politics.

Finally, it seems important to caution that even though the exceptions that facilitate Greater China have been innovative, one should not assume that the concatenation of zones and networks is a permanent formation. New contingencies or crises can very well bring about a different disarticulation or rearticulation of diverse elements that interact to define conditions of possibility for Chinese sovereign power and its spread of networks overseas. Other constellations of market logic, national security, and technologies may very well bring about other kinds of reterritorialization or remapping of sovereignty, security, and civil liberty in the Asia-Pacific.

PART III  
CIRCUITS OF  
EXPERTISE