



Territory of exception as an instrument of power  
Special Economic Zones from Maquiladoras to the Media City

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Cover photo. : Free-trade zone in the area of Heihe, China

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## Abstract

The aim of this paper is to provide a complementary theoretical background for research on the topic of Special Economic Zones (SEZs) a worldwide phenomena of designated territories of suspended regulations, and the power relations created within them. In order to do so, SEZs are analyzed as “territories of exception”, the spatial equivalent of “state of exception”, a juridical term introduced by Carl Schmitt and developed by Giorgio Agamben. The built environment of the zones, as well as the matrix of law suspensions, have changed over the last 75 years and these shifts have been closely related to the socioeconomic situation of the period. This work uses the theoretical framework of Giles Deleuze’s 1992 text: “Postscript on the Societies of Control” to trace how the means of power mediation used in SEZs have changed from direct discipline to more subtle means of control. Using the examples of Mexican maquiladoras, Chinese zone-cities in the Pearl River Delta region, and Dubai Media City cluster, the paper traces how the concept of a Special Economic Zone has been misused and weaponized against the commons all over the planet.

## Introduction

A Special Economic Zone (SEZ) is an umbrella- term used to describe designated areas (usually conceived by the state or in the mode of public-private partnership) within the borders of certain countries, in which the law regarding customs regulation, manufacturing, or labor are different from the rest of the territory. The zone was designed as a political instrument based on the liberal utopia of an apolitical “capital without borders” and a belief that attracting foreign business to the enclave will ultimately lead to investment and socioeconomic development of the entire region or country. SEZ have taken on various legal forms and names throughout history, such as free ports, Free Trade Zones, Export Processing Zones, Industrial Parks, and Science Parks, just to name a few (for the purposes of this text, the general terms “zone” and “free zone” will be used interchangeably with Special Economic Zone, contrary to more specific terms mentioned above). The most common class of special economic zones worldwide is a Free Trade Zone (FTZ) defined by the World Bank as a “small, fenced-in, duty-free area, offering warehousing, storage, and distribution facilities for trade, transshipment, and re-export operations” (World Bank, 2008), however, the zones have changed significantly since the 1970s and some of them became fully functioning cities hosting complex and diversified programs like office, retail, or even housing and entertainment. Moreover, local legal frameworks differ significantly, and suspensions might even cover areas like freedom of speech or data gathering. The global obsession with these enclaves is clearly reflected in numbers: the United Nations Conference on Trade and Development counted 500 of them in 1995, 3500 in 2006, 5400 in 2018, (UNCTAD, 2019) and 7000 in 2022 (UNCTAD, 2022).

Regardless of the exact legal framework or geographical location zones are always “territories of exception”, landscapes defined and maintained with a matrix of suspensions and deformations of law, which implies complex power relations between governments, corporations, workers, criminals, and several other actors involved. Despite the best efforts to promote SEZ as an apolitical and relaxed business-oriented environment, they are commonly used by authoritarian states or organized crime as power tools to realize their agendas. Over the last 75 years, free zones have transformed from simple clusters of warehouses to city-like states housing millions of people, and hence possibilities of using them to influence societies, global relations strategic flows have expanded significantly and become more sophisticated than ever before. The aim of this paper is to trace these processes and prove that the free zone is not an innocent, apolitical tool but a territorial instrument of discipline and control. To perform this analysis, the theoretical framework of Foucault’s Disciplinary Societies and Deleuze’s Societies of Control will be used.

### Territory of exception

The concept of “state of exception”, introduced in the 1920s by Carl Schmitt and developed by Giorgio Agamben in his 2005 book “State of Exception” describes the social and juridical situations in which the state is authorized to ignore or suspend the law, usually due to the emergency or a challenge of national importance. As Schmitt points out in his famous quote “Sovereign is he who decides on the exception” (Schmitt, 1921) an entity that has the power to transgress applicable law in a way that does not arouse public opposition is in fact sovereign. Such concentration of power allows the ones in charge to realize their agenda and at the same time hold a risk of escalation and state violence directed at those who are the subject of the law.

The concept of a free trade zone follows the same logic, as the authority decides to suspend several laws, in most cases regarding not only taxation but also labor law, safety, and sanitary conditions in the hope of overcoming public challenges by socioeconomic stimulation of the area. This paradoxical situation of applying violence towards certain groups to attract investment is a classic example of the dark underbelly of states, or in this case, territories of exception. As was pointed out by Keller Easterling in her book “Extrastatecraft. The Power of Infrastructure Space” contemporary free zones “rather than dissolving into the domestic economy, as was originally intended [...] absorbed more and more of that economy into the enclave.” (Easterling, 2014). They rarely benefit the commons and only translate into improvements in the economic charts proudly presented in official marketing materials.

The complex condition of the state of exception is usually associated with the militarization of the state and, in many cases, the direct use of force and violence. The instruments of power used in free zones, however, are not always visible at first sight, and especially nowadays, tend to be more camouflaged and sophisticated. As Easterling notices: “Zones preside over a mongrel form of exception that is more resilient and potentially more insidious.” (Easterling, 2014). Open, graphical violence is bad for business, but camouflaged conflict, exploitation, a game of influence, and manipulation are natural components that fill the void left by state regulations and surveillance.

### Development of a contemporary free zone

Despite the fact that custom-free merchandise has a long history, usually derived from the ancient Greek port of Delos, Roman *civitas libera*, Hanseatic cities, or free ports established by British and Spanish colonizers in South America and Asia, the contemporary zone was born during Cold War period as an outcome of the American doctrine of Free Trade. Easterling indicates that one of the main factors of the proliferation of Export Processing Zones (predecessors of contemporary zones) after the 2 World War is the fact that they used to facilitate the existing military infrastructure and relationships between the USA and developing countries all over the planet to expand (mostly American) business to new markets. (Easterling, 2014) The promise of participation in a dollar-based trade and jump-start of the local economy through foreign investment tempted many governments to implement them.

Despite the recent criticism of free zones in Western discourse, a story of unprecedented economic development in China since the late 1970s, in which one of the key ingredients was the use of SEZ located mainly in the Pearl River Delta region, has created a new point of reference and aspiration for the governments of many countries in the global south, which continue to develop new SEZs in the belief that they will repeat at least a small part of the success of PRC. Xiangming Chen, a scholar associated with the University of Illinois in Chicago, proposed the periodization of the free zones in three subsequent stages: the first from the 1500s to the 1930s characterized by historic free ports and free cities, the second from the 1950s to 1970s associated with the proliferation of American EPZs (for example in Taiwan, South Korea or Mexico) and the most recent third and fourth stages happening somewhat in parallel and distinguished by the development of SEZ in China or Science-based Industrial Parks (Chen uses also the alternative name- Technopolies). He points out how the most recent stages of evolution result in the most extensive spatial organization and change of functional as well as juridical mix, since free zones like Shenzhen or Dubai’s city-within-city clusters (Dubai Media City, Creative City Free Zone) aim to create communities of managers and trained professionals, regulate the laws regarding personal freedom, data processing or creative expression. Moreover, they operate like fully functioning cities by providing housing, services, and entertainment within the territory of exception (Chen, 2009).

### The shift from disciplinary societies to the societies of control

The evolution of the concept of a Special Economic Zone from the 1950s to today has been closely related to the socioeconomic changes of this period. While the early post-war states were still deeply dependent on industrial production, in the second half of the 20th century many economies shifted towards a service-based model. New media, the sexual revolution in the West, and the expansion of democratic ideas have transformed the global society and its power structures. This change of paradigms was depicted by Giles Deleuze in his 1992 text: “Postscript on the Societies of Control.”, in which he updated the ideas of Michael Foucault and his writing on the subject of “Disciplinary Society”. Foucault’s research on the power structures in the societies of the 18th and 19th centuries led him to the realization that in this period power was exercised due to the presence, or the threat of constant disciplinary gaze and the creation of a

sequence of literally and metaphorically closed spaces (family, school, hospital and, factory) each with its own rules and surveillance. The power articulation in space was based on the direct distribution and control of bodies. (Deleuze, 1992) While in a disciplinary society, working bodies were reduced to their functionality, and the development of an individual was marked by passing successive closed environments, leading to the formation of an employee who fit into the logic of the work process of a manufacturing facility, “[...] in societies of control the corporation has replaced the factory” (Deleuze 1992). In “Postscript on Societies of Control” Giles Deleuze argues that contemporary society no longer works according to the way described by Foucault, as it follows the organizational logic of a multinational, computerized corporation instead of a traditional industrial plant. One is no longer the subject of power that disciplines and concentrates masses in space, but a “free-floating control that replaced the old disciplines operating in the time frame of a closed system.” (Deleuze, 1992). The logic of closure is opposed to the logic of control, which seems to provide more freedom for the individual, but it introduces even greater oppression, as one is always dependent on the continuous network of passwords, debts, and virtual protocols. “Types of machines are easily matched with each type of society- not that machines are determining, but because they express those social forms capable of generating them and using them.” (Deleuze, 1992). Analyzing different types of free zones as territorial machines may give an insight into how the built environment can be weaponized by the ones in power and how the techniques used for this purpose have changed over the last 75 years.



„Maquiladora” is a Spanish word referring to “a manufacturing plant that imports and assembles duty-free components for export” (Britannica, 2021). United Nations Industrial Development Organization dates the concept back to 1964 when the maquiladora program was introduced as a solution to the rising unemployment rates in the northern part of the country. Initially, more restrictive regulations regarding, for example, the location (within a twenty-mile strip of land along the border with the USA) and ownership (minimum Mexican ownership of 51%) of facilities were liberalized. Ultimately the law of 1972 deterritorialized maquiladoras and allowed for the creation of tax-free factories anywhere in the county, while the law of 1977 opened the possibility for them to be 100% foreign-owned. (UNIDO, 2016). Economist Jesus Cañas in his 2022 text “Maquiladoras, Mexico’s Engine of Trade, Driven to Navigate Evolving Demand” refers to the statistics according to which “In 2021, maquiladoras accounted for 58 percent of Mexico’s manufacturing GDP” (Cañas, 2022), however, extensive use of the territory of exception as a shortcut to economic development comes at a cost. Over the years these factories have become synonymous with “3D” jobs (dirty, dangerous, and demanding) and human rights violations. “Reduced labor costs of 50% or more” or “6-day work week” (manufacturinginmexico.org) are just some of the popular advertising slogans, behind which there are stories of abuse that regularly emerge in journalistic investigations and reports of NGOs. Human Rights Watch in August 1996 published the text “No Guarantees: Sex Discrimination in Mexico’s Maquiladora Sector” according to which the maquiladoras are commonly the environments of discrimination and abuse unique to female workers. Desperate, under-educated women may, among others, be forced to undergo pregnancy tests before being accepted to work and even forced to resign because of pregnancy. (Human Rights Watch, 1996)

The built environment’s role in mediating the power over subjects in maquiladoras is no different from the 19th-century factory since they concentrate and organize groups of anonymous workers in abstract, closed interiors, where they perform dehumanizing repetitive tasks. The juridical suspensions are also related to less frequent and thorough inspections and surveillance, as described by Agamben: “[...] the state of exception constitutes rather a kenomatic state, an emptiness of law” (Agamben, 2005) The violence in maquiladoras is physically separated from the public gaze by a set of gates, fences, and windowless walls, and the internal law of these places is based on the vertical relationship between the manager in charge of maintaining discipline over the mass of workers. Despite the criticism and repeatedly proven systematic abuses, maquiladoras operate continuously to this day, and the exploitation typical for this type of power relations are the everyday reality of many employees.

Foucauldian exercises of power are still present nowadays, as seen in the example of maquiladoras, yet they were outsourced from so-called developed countries, as described by Deleuze: “[...] capitalism is no longer involved in production, which it often relegates to the Third World, even for the complex forms of textiles, metallurgy, or oil production. [...] What it wants to sell is services and what it wants to buy is stocks.” (Deleuze, 1992). Surprisingly, in the two-speed world, the territory of exception was not relegated to a peripheral role in the global economy along with the traditional monofunctional factories providing smooth supply chains for products and materials but has been reinterpreted and updated to become an instrument to control more sophisticated and intangible flows of data, stock, and information. The world-famous example of Shenzhen, a former fishing village that has “ballooned into a megacity sprouting stalk after stalk of generic concrete skyscrapers.” (Easterling, 2014), is a model of a free zone of a new generation. It is a misconceived city, operating on completely different principles than EPZs, not encouraging potential investors with the low price of substandard operations but the image of corporate professionalism and the opportunity to participate in a globally recognized and trustworthy market. Kim Dovey in his book “Framing Places: Mediating Power in Built Form” distinguishes several ways in which the built form might mediate power over a subject. Interestingly, next to modes of operation that can be associated with disciplinary societies like “force” or “coercion” he points out to “manipulation” defined as “[...] form of coercion which operates primarily by keeping the subject ignorant.” (Dovey, 1999) and “seduction” defined as “the practice which manipulates the interests and desires of the subject.” (Dovey, 1999), two forms of power articulation that go along with the ideas of Deleuze and the recent generation of special economic zones. While Pearl Delta River SEZ-cities like Shenzhen use manipulation and seduction to create the image of an apolitical, generic metropolis they are in fact “social and economic laboratories where foreign technologies and managerial skills could be observed” as described by Deng Xiaoping, former leader of the PRC, responsible for the introduction of SEZ in China in the 1970s, as quoted by Tim Simpson (Simpson, 2023). The environment of personal and financial freedom is not the outcome of well-rooted democratic processes, but an illusion created and sustained by the Chinese Communist Party. The artificially created corporate space works as a trap in which Western models of work organization, technology development, etc. are supervised by the omnipresent, invisible control of the authoritarian government and copied if necessary. A free zone, an instrument originally created as a natural consequence of the liberal culture is used by the authoritarian state without the risk of “spilling” the “freedom” across the rest of the country. Moreover, this “laboratory” (or “trap”) is based on the “build and they will come model” (Kirton, 2023) of speculative construction of infrastructure and buildings by the government in which the built environment is used as a tool of demand creation and seduction.



While describing his idea of a post-disciplinary, scattered control model Deleuze recalls Guattari's vision of a "[...] a city where one would be able to leave one's apartment, one's street, one's neighborhood, thanks to one's (dividual) electronic card that raises a given barrier; but the card could just as easily be rejected on a given day or between certain hours;" (Deleuze, 1992) which became reality in Dubai, where power is even less visible and possibly even more omnipresent and oppressive than in previous examples. There are more than 20 SEZ within the city itself, however, the urban tissue does not seem scattered at first glance, as the borders of enclaves are articulated subtly with beautifully designed signs and rows of exotic plants instead of concrete fences. All zones are dedicated to distinct types of activities and in addition to general tax suspensions, each territory established its own laws regarding the specific industry it serves. Perhaps the most shocking example is Dubai Media City, a territory of exception developed to host international media corporations like Reuters and CNN, described by the official website of United Arab Emirates Ministry of Economy as "the first of its kind to be established in the region [...] specialized in the fields of media and communications." (moec.gov.ae). The zone is a cluster of skyscrapers mixed with green and blue infrastructures including an artificial lake and a few urban details. The space resembles thousands of similar office-service districts around the world, but a virtual territory defined within Media City is a unique political-spatial construct, providing "some freedom of speech not technically permitted elsewhere in the state of Dubai" (Easterling, 2014). An enclave of freedom of speech created by the government which, according to Amnesty International "exercised control over expression, at times censoring content in the media or cinema deemed to be immoral" (Amnesty International, 2023) seems like black humor, but it is the fact of the early 21st century. The official website of the zone emphasizes the importance of the "community" of this "media and content hub" (dmc.ae), however, the reality is far from the one depicted in advertising brochures. Despite the declared freedom, in 2007 journalist Faisal Aziz described in Reuters how private Pakistani TV Networks were forced to shut down after the intervention of the authorities of the zone on the demand of Pakistani President and General Pervez Musharraf. (Aziz, 2007) Once again the enclave of freedom created by non-democratic state turned out to be a mirage working only under very limited conditions, while the corporate, appealing New-York-like architecture has been used as a façade for this illusion.



Figure 1. : An interior of a Mexican maquiladora





Figure 2. : Dubai Media City free zone skyline

“There is no need to fear or hope, but only to look for new weapons” (Deleuze, 1992)

The desire to create further SEZs has become one of the main forces influencing the shape of the planet’s terraforming and urbanization process, which Easterling calls the “world’s global urban addiction.” (Easterling, 2014) Ubiquitous belief in the invigorating power of capital flows has become a universal myth leading to the creation of an Earth-wide spatial matrix of territories of exception, entangled in an international geopolitical game reflected in the material form of the zones.

As Dovey pointed out: “Because architecture and urban design involve transformations in the ways we frame life, because the design is the imagination and production of the future, the field cannot claim the autonomy from the politics of social change.” (Dovey, 2005). A territory of exception is perhaps one of the most radical and extraordinary forms of expression of this politics, which makes it vulnerable to being misused and weaponized by the ones in power. While in the 1960s EPZs, the power structures were violent but clear and easy to track (and consequently to resist), the most recent generation of free zones tends to create more complex and ambiguous environments. “Corruption thereby gains a new power. Marketing has become the center or the “soul” of the corporation. We are taught that corporations have a soul, which is the most terrifying news in the world. The operation of markets is now the instrument of social control and forms the impudent breed of our masters.” (Deleuze, 1992) For modern image-obsessed corporations, associating their brand with labor exploitation and clear, graphic violence toward workers is unacceptable, but the power over is exercised through the control of data, scattered surveillance, and using the architectural form to create mirages that mask reality. The discipline used to be executed with force, but control is sustained by illusion and invisibility.

As I write these words at the end of 2023, the future only seems to become more and more uncertain. The world system that has prevailed since the end of the Cold War, resulting in the contemporary proliferation of free zones is being questioned by non-democratic forces all over the planet. As it has been proven in this paper, territories of exception are becoming a convenient tool for those opposition players who use them to hack global capitalism by benefiting from the culture of economic freedom, without the “risk” of creating a civil society capable of questioning the power relations. Skyscrapers with sports facilities and air-conditioned lobbies designed by world-famous architects in tax-free zones “could at first express new freedom, but they could participate as well in mechanisms of control that are equal to the harshest of confinements.” (Deleuze, 1992) and we should never forget about this threat.

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(source: <https://eng.yidaiyilu.gov.cn/p/0CAUCPNG.html>)

Figure 1: An interior of a Mexican maquiladora

(source: <https://es.wikipedia.org/wiki/Maquiladora#/media/Archivo:Maquiladora.JPG>)

Figure 2: Dubai Media City free zone skyline

(source: <https://www.flickr.com/photos/bloem/48891568576>)



