



extraterritories

...

Extraterritorial Communities are the logical continuation of a process that began in the late 20th century: people from expansive countries and cultures filling in the voids of the recessive societies.

Today, - in a situation where most national policies of integration have stalled due to the resistance of local populations - ways are being sought to secure the much needed infusions of vitality in alternative institutional settings...

from: GONZAGA, Tullia: *Patterns of Post-Liberal Urbanization*, MIT Press, 2008

Detroit

Johannesburg to take over Downtown Detroit. A fair deal?

BY ALISTER BOSTON

DETROIT, MICHIGAN: what used to circulate as a bizarre idea among an unusual coalition of liberals and business promoters in the embattled motor-city some years ago, has become subject of a Congressional Hearing in Washington these days – the installation of a South African Free Trade Zone in Detroit. Based on a bi-partisan motion on Capitol Hill, Congresspersons have invited proponents, critics and experts to report on and discuss on the state of what the President has recently described as “a powerful vision”.

Part of the Hearing will be dedicated to the genesis of the project. In 2006, a group of Detroit real estate operators came up with the idea of installing a Free-Trade-Zone in downtown Detroit in order to boost the declining economic activity there. Needless to say that their initiative was triggered by the alarming development of real-estate values, which had decreased some 60% since 2000, from an already low level. Pointing at the only dynamic sector in that area – non-corporate retail commerce – the group outlined a scenario of bustling trade and services based on the immigrant community and their proven capability to sell anything – provided they were given the chance to do so. Encouraged by the positive reaction of local politicians, the group contracted the London-based Aiola Consulting Group to draw up the legal and economic framework for a Free Trade Zone.

One of the most striking elements of the report, which became public at the end of 2006, was the case study of what the consultants described as a reference – the case of downtown Johannesburg. There, the authors say, the switch from formal white rule during the Apartheid era to a liberal multi-ethnic state during the 1990ies has brought about a miracle of economic growth. And the key to that development has been the influx of business-people from the African states, which have – unlike the local African population – a long tradition and expertise in retail trade. It started out with the appearance of innumerable



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“hawkers” – gaily dressed and obviously well-fed women laying out their merchandise on the sidewalks – everything from bead-necklaces to sanitary articles. They were soon followed by garment vendors who would take over abandoned ground floor stores and gradually entire buildings. Then came electronics, household appliances, cars and virtually every thing else that can be sold. The goods have their origins in Taiwan, Madagascar or India, their vendors come from places

like Sierra Leone, Ghana and Nigeria. By the end of 2008, official reports indicated a total number of 32,000 businesses in central Johannesburg alone, against only 600 units in the days of white rule – most of them were heavily subsidised para-statal – administering economy rather than running real business. In 2006, Aiola quoted the census data, 32% of the economically active population in Johannesburg was of non-South African origin, a percentage continuously increasing.

The Johannesburg case was not really what the promoters of the Detroit Free Trade idea had expected from Aiola – but it made sense. As Christopher Martinz, economic researcher at the Windsor-based Magna Foundation put it: “Detroit is in fact the genuine result of the Fordist system – and its failure” And he adds: “...and Johannesburg is a showcase of successful post-Fordist transformation.”. Social scientists agree that the shift from industrial mass production in huge corporate units to flexible manufacturing – a process which took place during the 1990ies – has left industrial cities like Detroit behind – with no alternative economy following up. Due to the inertia of the legal framework and the unwillingness of local politics to accept that Fordism no longer rules in Ford’s city, Detroit missed the chance of developing an urban service and trade sector – partly because its population had become used living on pay-checks first and on welfare-checks later on. Unlike Johannesburg, where the political change has provided the ground for a radical re-boot of the economic system, in political and legal terms, Detroit has remained anchored in the post World War II situation.

What Congressmen and Congresswomen are going to hear during the week to come will be more than that. In the meantime, the idea has not only acquired a telling acronym – SADA (South African Detroit Area) – but also considerable institutional backing. As far back as in 2006, the State of Michigan gave green light to Detroit’s then mayor Kwame Kilpatrick to negotiate

the terms of a Free Trade Zone with the Federal government on the one hand and with foreign institutions on the other. In the past two years, talks have intensified with the South African Province of Gauteng, in which the city of Johannesburg is located. The terms discussed include a 50-year lease and exclusive exploration rights of large parts of Downtown Detroit, including its City Airport, which would be opened for international traffic. Along goes the introduction of the South African legal system during this period and a wide array of economic arrangements.

The hottest issue has been and still is the question of immigration control. Federal negotiators initially insisted on American customs and immigration sovereignty, but – following political pressure by the business community – Minister of Home Affairs Paul Bremer switched towards a “Gated Community”- model. In a clairvoyant mood he recently declared: “If we allow Arizona Homeowner Associations to act as governments, why shouldn’t we concede the same to downtown Detroit...”

The slow political process is, however, being outstripped by the dynamics on the

ground. In 2007, the Nigerian oil corporation N-Oil took over the Renaissance Center in downtown Detroit, and the Michigan State Fair is now run by a Ghanese-Lebanese conglomerate. And the central blocks along Warren Avenue look very much the way Aiola has depicted post-Apartheid Johannesburg back in 2006.

The economy is on the rise and political pressure is, too. In Washington, Congressional staff members can hardly handle the invasion of African lobbyists, who come in disguise of Anglo consultants, re-

presenting such honourable institutions as the Woodrow Wilson Center or the Urban Institute. In fact, the voluntarist fraction of the scientific community is strongly pro-African. Their documents are full of terms like “empowerment”, self-determination”,

and “good governance”. For some of them, it seems, multi-racial South Africa is the “better America”. Protestant in its roots, but benevolent.

As some commentators put it: “The question is not if SADA will be installed, but when and how.”

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The Bosphorus Connection and the Ladies' Drain

Turkish Engagement in Russian Province Entails Delicate Exchange of Resources

By Nadya Cherbov

IVANOV, Russia: Back in 2008, Atok Corp., a Turkish producer of low-cost textiles took over *Kamvolnyy Kombinat*, a rusty Soviet-era cotton processing factory in the town of Ivanovo, a district capital some 300 kms north of Moscow. At the time, this looked like a regular business transaction and it was seen as a much needed boost to local economy. Investments took place and production soon picked up. Even as more Ivanovo industries, including *Strommashina*, a somewhat out-dated but internationally renowned technology firm, were taken over by Turkish investors, the level of public approval was high.

Even so, since the early Zeroes, some complaints had been heard about the increasing Islamic influence in the region. That influence was enhanced and accelerated by the arrival of the Turks and by their economic power.

In fact, the number of Turkish residents had not increased drastically during these years, as local labor is abundant and qualified. There was, however, a continuing influx of workers from former GUS provinces like Turkmenistan and Chechnya, sharing culture and habits with the Turkish engineers and management personnel.

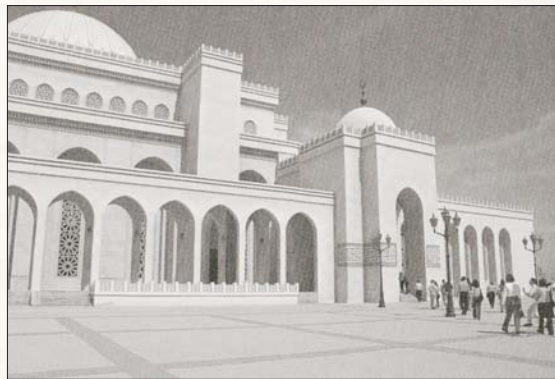
Not even the construction of another seven large mosques – in addition to the ones already existing before the Turkish engagement – and the appearance of a number of Islamic institutions, like an Arts Academy and a Technical College drew up much concern. What stirred emotions was a different issue: the

disappearance of women. More precisely, the disappearance of the younger and more attractive fraction of Ivanovo's female population.

Assuming, for example, in the early Zeroes, eight out of ten persons lining up at a bus station were female, now there would be merely four, three of them probably beyond 50.

This is even more surprising, if we consider that Ivanovo used to have a strong female majority, and the women of Ivanovo were known to be of extraordinary beauty. Browsing the Russian dating and partner services on the Internet before 2008, one would have noted the incredible density of offers from Ivanovo – not only in quantitative, but also in qualitative terms. Not so today. Courtship has become more secretive. Some speak of abductions, forced emigration, even illicit trade to Islamic countries. But in contrast to widespread rumors, not even *Globnost*, the renowned Moscow-based human rights watch organization has reported any increased incidence of female mistreatment cases in the Province.

Statistics show that part of women's disappearance in public space can be attributed to the spreading of Islamic lifestyles, with wives and daughters being discouraged from leaving the house. But this, says Attalan Chamaturian, a researcher at Ivanovos public Law Faculty, does not tell the whole story. A large number of younger women are in fact leaving Ivanovo, but on scholarships or work contracts provided by Turkish companies. And these arrangements open more than mere professional perspectives.



Ivanovo's new Mukhtadar Mosque is a donation of a Turkish telephone company.

You can tell by the activity at Ivanovos Atok airport around holidays that some of these women do end up mating and marrying in Turkey, in the Gulf or even in places like Cebu in the Philippines. In contrast to the female drain towards Southern Europe around the millennium, cases of outright trade and prostitution are rare, although such images still shape the local discussion.

Voices here are advocating a policy restricting the influence of the Turkish companies, which are seen as practically

running the province. Governor Wladimir Shukov, a Liberal Democrat, is being blamed for doing too little to preserve Russian sovereignty in the province.

In fact, the state's freedom of action is already somewhat limited. Energy production and rail services are run by the Turks. The airport – as its name says – has been a Turkish donation, with strings attached, of course. Sixty-eight percent of public revenues come from Turkish enterprises or real estate and a sound third of the electorate is

Muslim.

Mr. Shukov is said to have little personal interest in curbing Turkish influence. Nobody knows exactly what his shares are in the Turkish companies, but they are said to be substantial. Needless to say where he prefers to spend his holidays – in Dubai.

Little pressure comes from the federal government. Foreign investment is generally welcome and good relationships with Turkey are of national interest – especially since Turkey's bid to join the European State was turned down definitely in 2009. For both Moscow and the provincial governor the situation is perfectly fine as long as political sovereignty is maintained – a sovereignty which may be merely formal, according to some. But the Turks have expressed on various occasions that they do not harbour any political ambitions in Ivanovo. Behind the doors they are said to qualify: "...as long as our stakes are not in danger".

Political analysts remember that cases like Ivanovo are indeed inverting the pattern practiced widely by both the former Soviet regime and the US used to practice widely during the 20th century – with the difference that today such schemes work without military backing.

On the ground – in the streets of Ivanovo – things have changed greatly since the era of decay at the beginning of the century. New fancy-styled apartment buildings line Kudryashova Boulevard and the former Generala Chlebnikova, now renamed after the late Turkish tycoon Mukhtadr Alass. On Fridays work in the

See **BOSPORUS**, Page 3

group ETA, does not shy away from us-
playing a strong hand. It can be seen in
everything from compulsory religious

days of honeymoon."
International Herald Tribune

The Socialists won an...
Communist Party got 12 and the Coali-

Five years of China in Germany- a normality of its own kind

The extraterritorial experiment in the Halle Region proves to be charming

By Isabelle Houston

BITTERFELD, Chinese Territory of Germany: For Zhao Yuan (34) of the Northern Chinese Province of Dzahvan, the year 2005 has brought unexpected change to his stable life as a maintenance engineer in a state-owned garment factory in Shinzin, a town some 200 kilometres from the provincial capital of Urumchi. As a participant in the first phase of a government-sponsored re-settlement programme, Zhao has been transferred at short notice to Bitterfeld, a small industrial town of the German East, which had recently become part of what is now commonly known as CT Halle, a 25,000 square km Chinese enclave in Eastern Germany.

Together with his wife Xi and his son Ton (11) who followed a few month later, he now lives in a nicely furnished apartment on the Eastern fringe of the town, in one of the formerly infamous *Plattenbauten* - pre-fabricated residential blocks - a heritage of the GDR Socialist housing programmes of the 1980s. For the small family from China, the 3-room apartment is extraordinarily spacious and well-serviced, compared to the place they used to share with five other family members back in Shihezi. Zhao is employed in one of the numerous enterprises which have sprung up on the basis of the derelict GDR industries in the region. His company, a subsidiary of the Chinese aluminium producer Alu-Tang, is producing car parts for German manufacturers, and guarantees people like Zhao a stable and attractive income. "From the 8,200 Renminbi (approx. € 800), which I earn every month, I can send home some 1,200, despite deduction of 680 RMB by the government." What Zhao is referring to is the contract that he signed in 2005, which obliges him to a ten-year adherence to the programme, which includes the job, provides housing, education and one three-month vacation in China in ten years.

Asked how he feels about living in an isolated foreign environment, Zhao answers with some incomprehension: "Our town of Shihezi is also very isolated, and winters are much harsher there." And the foreign environment? "I do not feel like a foreigner here. Most of my colleagues at work are Chinese, most of them from the North East, like me. My son is in the Chinese school where there are very few foreign kids." And your wife? Zhao grins: "Do not worry about my wife! She runs a food stand down the road. She is very important in our community here!"



Joe Brighton/Insight for New York Times

The former GDR downtown complex of Halle-an-der-Saale now looks very much like any other neighbourhood in China

And with obvious pride he tells the story of the house they have started to build on the Northern outskirts of Wolfen - Bitterfeld's twin city - from the revenues of Xi's business.

Nowadays Wolfen, where the GDR film studios were once located, has become prestigious among the local Chinese, not least due to the fact that Shanghai producers have transformed the studios into one of the hottest media spots in Germany - producing mainly TV commercials for the European market.

From the Chinese *Plattenbauten* it is not far to the suburban homes of the original German population in the CT, where we meet Hans-Jürgen Möller (63), a retired civil servant, walking his dog along

I like the Chinese. they are straightforward, hardworking people-very much like us.

the picturesque row-houses of the 1930ies, now and then greeting grey-haired buddies who potter in the front-yards.

For Mr. Möller, 2005 has also been pivotal. He had to decide whether to accept the 220,000 Euro compensation offered by the European Government for everyone who would opt for resettlement after the 2004 referendum on the creation of the Extraterritorial Economic Zone. But like many others, who had initially opposed the idea of leasing the entire Halle-Bitterfeld industrial region, some 11,000 square kilometres including the Leipzig airport, to the Chinese on a 99-year term, he has finally decided to stay and has

become comfortable with living among a majority of Chinese - which has brought about some positive developments, as he says: "Look, I have to live on a small pension, which has been frozen since the 2005 reforms, and I do not expect very much from the German welfare system any more. With the Chinese, things like food and clothes have become much cheaper, not to speak of services like hairdressers, cleaning and gardening. And I like the Chinese. They are straightforward, hard-working people - very much like us! And they are family-minded..." He frowns: "You must know that my own family split up eleven years ago. My wife left the house at the age of 50 - she now lives in Cuba..." And he adds: "My son works in Belgium or in Spain - I must say, I do not really know. He hardly ever calls."

Mr. Möller's story may not be representative, but there must have been substantial motives for the approximately 750,000 inhabitants out of the original population of 900,000, who have opted to remain and subject themselves to Chinese rule - maintaining, however, European citizenship and some privileges like freedom of movement across the boundary of the Zone and exemption from some Chinese legal practices like the death penalty - according to the terms of the European-Chinese Treaty on CT Halle, which was signed on January 12, 2005. For both Zhao and Hans-Juergen, living in Bitterfeld under the CT arrangement has become more or less normal, and if they were to choose again

See 5 YEARS, Page 6

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News

Debashree Roy sweeping over New Liverpool like the Bengali Monsoon

BY STEWART PAYNE

IT STARTED out as a boring Party Convention at the Everton Hilton on Wednesday morning and it ended as a joyous Convention Party late last night: Bengali actress Debashree Roy was presented as candidate for the New Liverpool Council Minister in the election to be held on April 2nd of next year.

No need to introduce Debby – as she is called by her fans and friends – to the New Liverpool Community. Ever since the Liverpool-Sefton-Knowsley Area became autonomous territory in 2006, she and her widespread family have shaped life – and lifestyle – here. First it was her father, head of the Agarwal Studios in Everton and its affiliated enterprises, who would stir up local politics with his attacks on Council Minister Mukul back in 2008, leading to the resignation of the latter. Then came Debby's tragic divorce from the Mumbai shipping mogul Correa, which left her emotionally devastated. And we remember the suicide attempt of Riya, the couple's teenage daughter in a Vauxhall loft apartment.

Today, both Riya and her mother have come back to life. And they seem to enjoy it. Originally, after a

flamboyant Bollywood career, Debashree Roy had moved to Liverpool for the sake of tranquillity, seeking distance from the bustling film metropolis and focussing on her family, which included – of course – some public relation activities related to her father's Liverpool studios. By 2008, Debby had become a widely respected and noticed public figure. Her agenda was filled with charities, talk show appearances, exhibition openings. And her appeal certainly went beyond the Bengali community here. For many of us, Debashree Roy came to be a Lady of the Hearts and Minds.

When she appeared on the Convention podium last night, the bustling crowd fell silent. So did their long-time opponents, namely the Muslim-dominated Social Action Committee which had fought her candidacy vigorously – on the grounds of her past in show business. But words from Congress Party Headquarters in Delhi – to which the local New Liverpool Action Party is informally attached – apparently cleared the way for Debby. And her appearance at a Knowsley Friday Prayer did the rest. She is – after all – a lady with a Bengali Muslim background.

Dressed in a bright pink sari, she stepped up to the podium and bowed to the audience before she spoke: "Do not judge me by what I have done for my own happiness, take measure from what I have done and what I will do for our community – I am on your side, I am at your service." She needed to speak no further. They were all with her. But she continued about the tasks that lie ahead – the consolidation of the exterritorial community, the constructive relations with the English and the European Governments, the integration of the new ethnic groups who wish to participate in the territory's prosperity.

Debashree Roy made the audience forget that she was merely a candidate for council minister, not minister yet. First to congratulate was – not surprisingly – her father, known to spare no opportunity to appear in front of a camera. Second was acting Council Minister Randaran, an Action Party veteran and good friend of the family, who has vowed to retire from politics after the next elections. In his short statement – in which he referred to her as "our Dear Debby", he reminded the audience of fact that he himself had been designated to

the post by the Federal Indian Government to act as a caretaker during the transition period after Mukul's withdrawal, and that he is now proud to see the territory's democracy developed and responsible, so the first elected Council Minister will truly represent the local community. But neither Randaran failed to mention the challenges lying ahead, especially the consolidation of the Territory's budget, still suffering from the burden of obligations that New Liverpool has inherited from the 2008 Cultural Capital disaster.

He also pointed out that the election of the new council minister will be accompanied by the severing of the Territory from direct Federal governance, and that Delhi's structural commitments towards the Territory are scheduled to run out in 2015. But in his gentle manner, he concluded: "If I look around, if I look into all these bright young eyes, eager to discover this Territory and the world, I do not have the slightest doubt that this community will succeed." A great deal of kissing and bowing and flower-throwing followed as the Party gave way to a party and the crowds peeking through the ground-floor glass did not disperse before dawn.

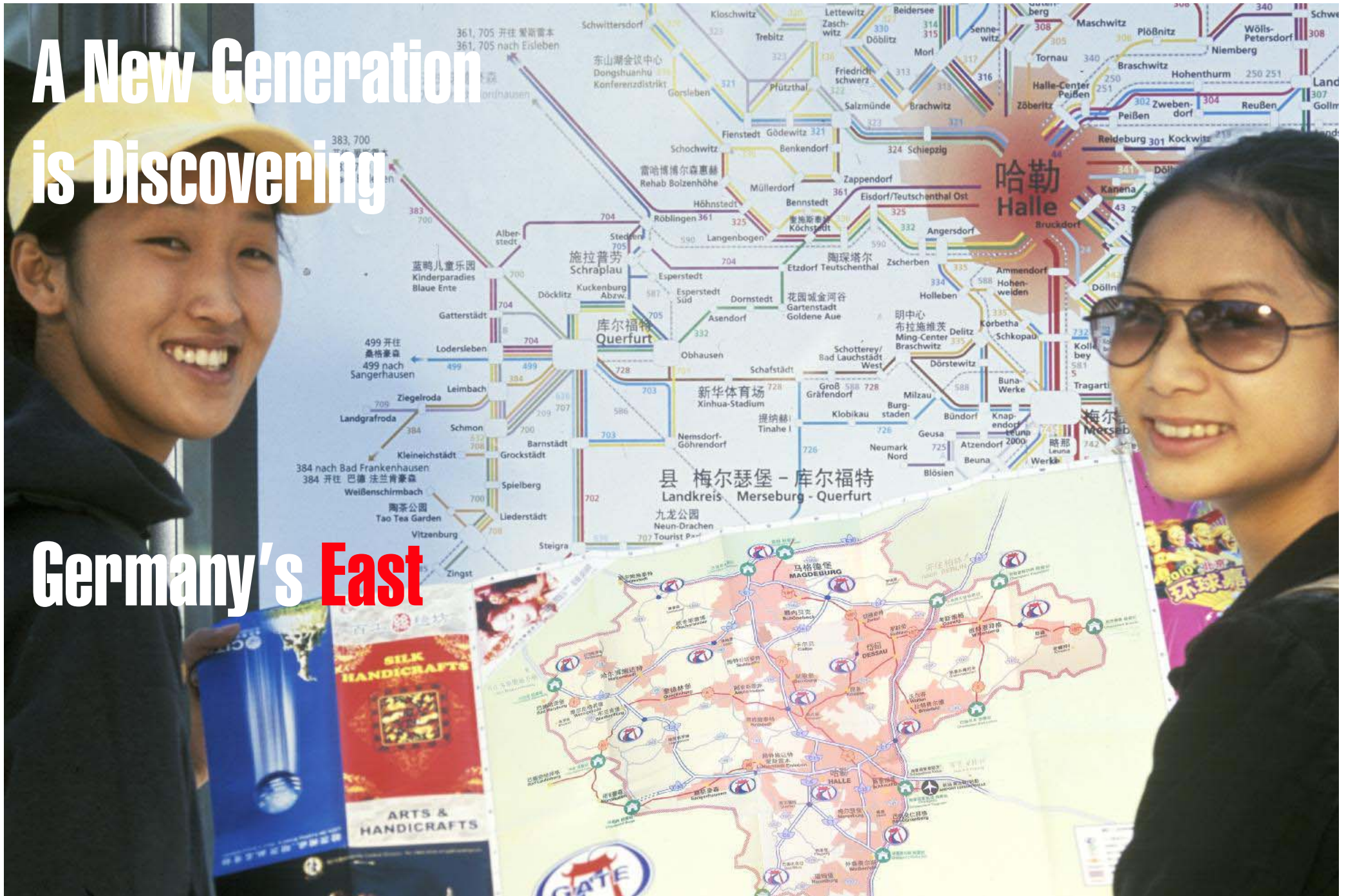


Her father was – little surprisingly – the first to congratulate Debashree Roy

Picture: JOHN LODGE

A New Generation is Discovering

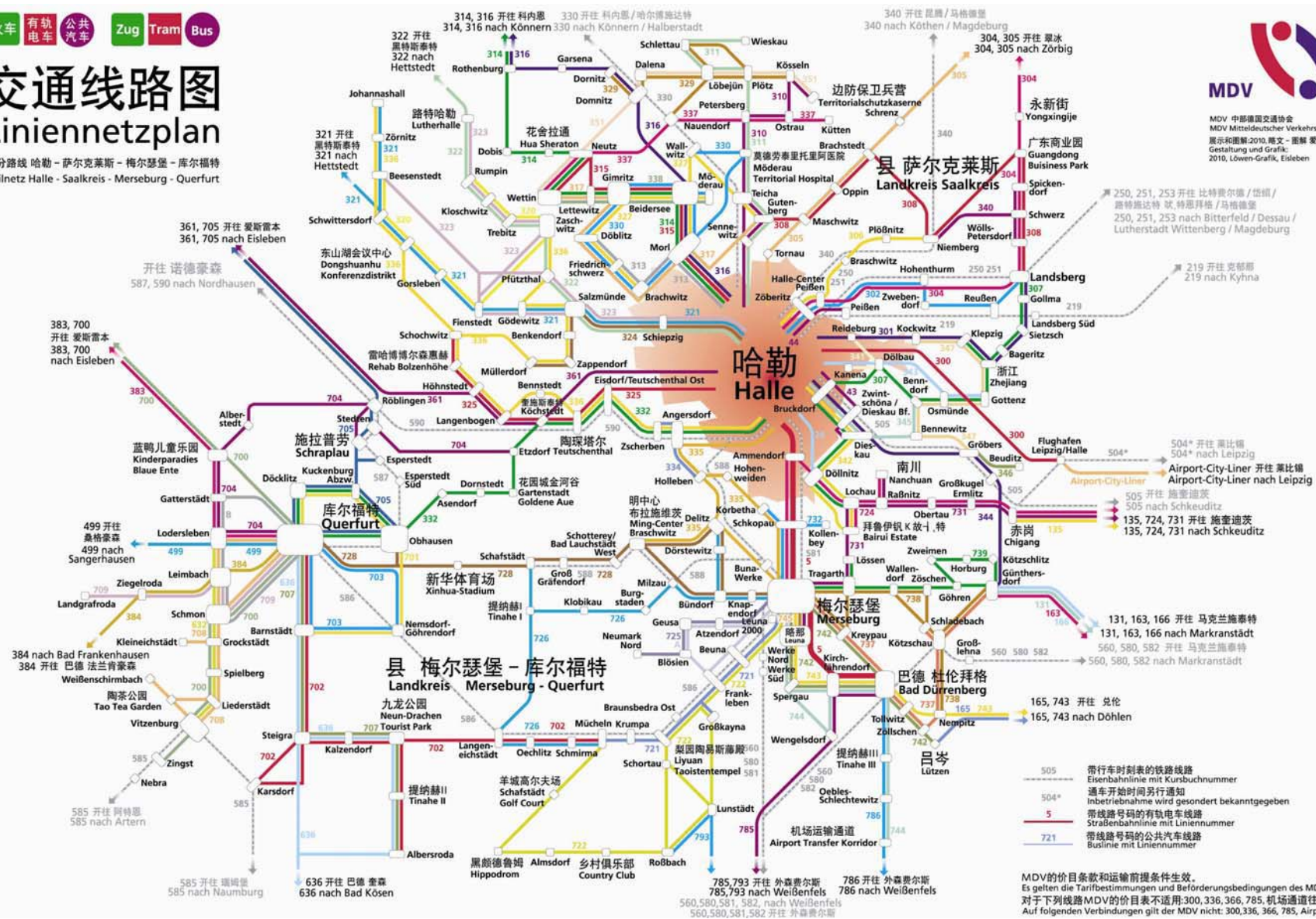
Germany's East



火车 有轨电车 公共汽车 Zug Tram Bus

交通线路图 Linienetzplan

部分路线 哈勒 - 萨尔克雷斯 - 梅尔瑟堡 - 库爾福特
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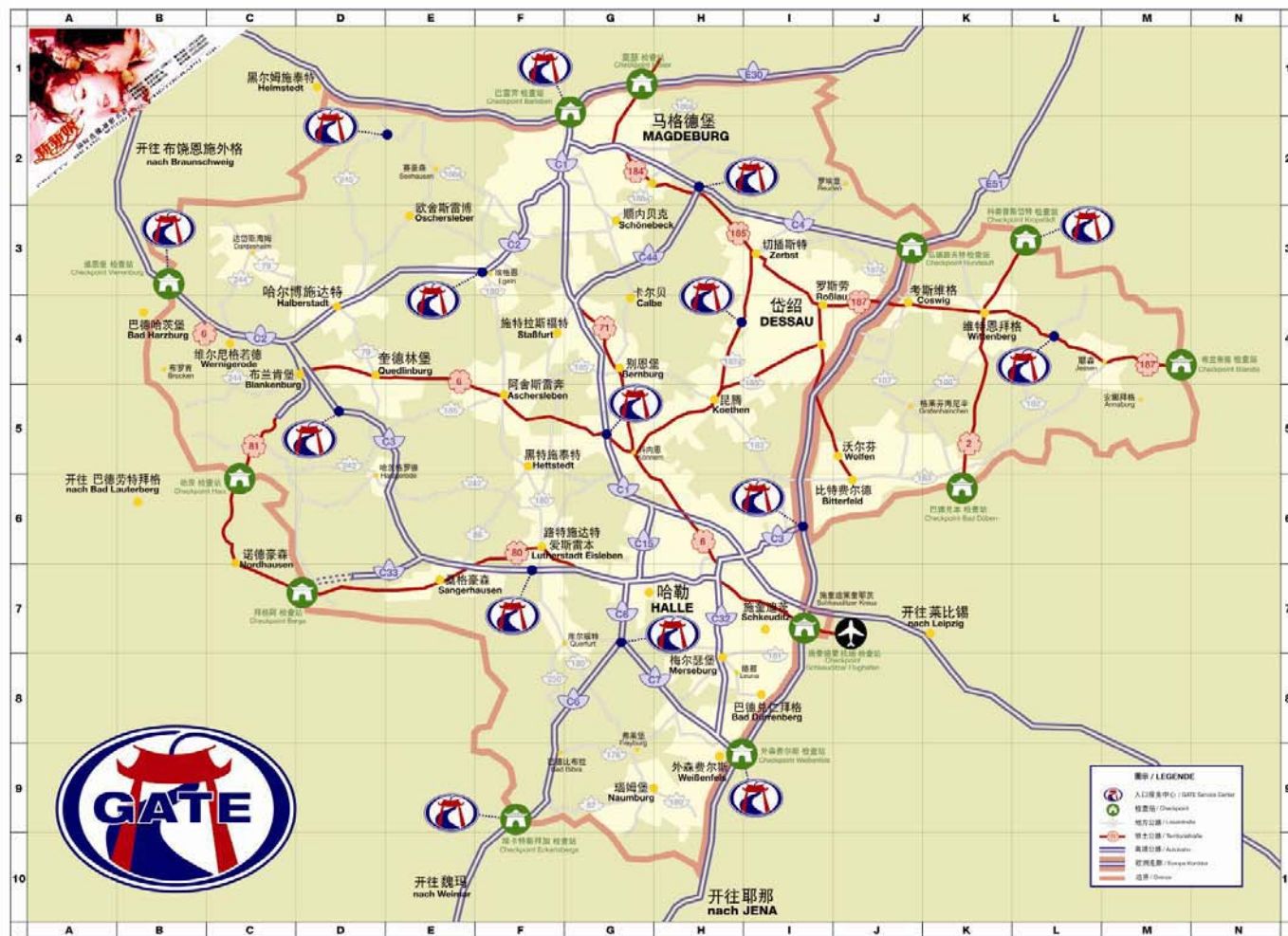
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Practice Challenges Theory *Paula Bialaziewicz*

Detroit - Behind the Fence *Ethan Cohen*

Patchwork States *Timothy O'Connor*

The Indian State of Liverpool *Gwen Martha Singh*

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Exterritories – Practice Challenges Theory

Paula Bialaziewicz

In contrast to political practice, which has largely accepted the existence of Exterritorial Communities (ECs), political science is still struggling to digest the idea of externally ruled enclaves within foreign states. Living examples such as CT HALLE (the Chinese Special Economic Zone in Eastern Germany) or Detroit's ADA (a gated inner-city community administered by South Africa) go against the very fundamentals of political thinking - e.g., self-determination of nations, integrity of territories - and they do not have any historical precedent. However, their appearance follows a logic which this article will attempt to trace.

When external rule is mentioned, comparisons to colonialism are invariably invoked. Colonialism was based on the overwhelming economic and military power of states imposing their organization upon territories which were - at the time - too weak to resist. In its mature form, the physical logic of colonialism was geographic expansion and the creation of coherent areas, not enclavic rule. But the older patterns of trading posts and coastal strongholds (capitanias in the case of Portugal) did have isolated character and many, such as Singapore, Hong Kong and Macao, lasted well into the 20th century. Others, like Gibraltar and Ceuta/Melilla only recently merged into their surrounding states. The Russian-governed enclave of Kaliningrad still exists. It is a heritage not of colonialism, but of earlier forms of colonization. However, all of the cited cases are coastal strongholds, none of them fully enclosed. And - another contrast to today's ECs - external rule there arose by imposition, not by invitation.

Other examples of political enclaves were products of ethnic conflicts: the "Homelands" created by apartheid South Africa or the infamous Palestinian "Autonomous" Territories installed by Israel in the late 20th century. They were based on the idea of segregation of ethnic groups

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[34]

Exterritories – Practice Challenges Theory

within one territory, with a dominant minority imposing the terms of limited self-governance upon the majority. Both examples have fortunately been swept away by the currents of history and they do not offer any model of explanation for today's developments.

So, then, what is the genealogy of exterritorial communities? How did developed societies come to invite external rule within their borders? According to polls, a majority of the British electorate is likely next March to vote in favor of establishing the Indian Territory of "New Liverpool." How can this be explained?

One must recall the character and the dynamics of the globalization process around the millennium, which obviously prepared the ground. With social and economic settings converging after the collapse of the Communist alternative, investment capital became extremely mobile and volatile, allocating and withdrawing resources at short notice, according to the assessment of profits and risks, without following long-term-strategies. Such behavior was supported by the attitudes of shareholders, who would themselves shift their engagements rapidly and allocate their assets wherever profits beckoned. In this process, the criteria for geographic allocation shifted dramatically. Neither the availability of natural resources - the issue in early industrialization - nor the existence of local markets were sufficient criteria for investment allocation. In the end it was the regulative framework - the entire system of labor legislation, taxation, licensing and governance - which shifted the balance toward one location and away from another.

When considering regulation as the key to capital allocation, one must take a glance back at the post-World War II era. Out of the war economies, Europe and Japan, the Communist Block and the United States had developed the highly successful Fordist system: stable, state-guaranteed frameworks for industrial investment. An array of securities and subsidies was available and infrastructure was provided by the state. Gauging the relatively high costs of industrial production in such a regulated economy against lower production costs in low-wage countries with weak regulation, the benefits of the former always prevailed. But excessive regulatory demand by trade unions and consumer groups (prompted by repeated neo-liberal currents) during the 1980s led to a widespread erosion of regulation capacities in these countries towards the end of the 20th century. Even as local governments pledged to guarantee standards, globalization had simply deprived them of the sovereignty and the means to do so.

On the other hand, with globalization on the rise, the political risk of

FOREIGN AFFAIRS · July / August 2010

[35]

investment in countries like Mexico, India and finally, China, diminished. During this process, a variety of rather informal exterritorial practices came into being. Privately run labor-intensive production units, so-called *maquilladoras*, sprang up in Central America. They were based upon special terms negotiated between external investors and local governments. The core element in such deals was limited labor regulation for higher pay. *Maquilladoras* always had a rather questionable reputation, but they made economic sense to all parties involved. Politicians like Mexico's then-president Vicente Fox was known for addressing national values before elections, and selling national sovereignty against foreign investment when they were over. This kind of opportunism did pay off in political and economic terms. As the Mexican political scientist VALLADARES laid out in his analysis of the Tijuana Region¹, people did not care what miracle was behind the investment boom, as long as local conditions and individual revenues improved. Real benefits from state institutions and social security systems had never really been witnessed, so their disappearance went largely unnoticed. Another form of creeping exterritorial rule was the one linked to the energy sector in large parts of Russia and other former Soviet republics. Companies like Turkey's Turen conglomerate ran, and still run, oil exploration and a wide array of key services in countries like Azerbaijan, Abkhazia and Turkmenistan under special arrangements with local authorities. These arrangements provide not only economic privileges, but also substantial influence in governmental issues. With practically all of the energy and water supply in the hands of Turen, these countries are so entirely dependent on external management that any action by the local governments must respect this reality.

One reason why populations - both in the Caucasus as well as in Central America - came to accept the reality of external rule can be seen in the fact that it did not create any distinct physical image. No foreign armies patrolling, no representative buildings, just a few dusty compounds - fenced, of course, like any other structure of value in these countries. Nor do the foreigners appear on official occasions. The people at center stage are one's own compatriots, the usual corrupt characters known through generations of feudal or totalitarian rule. Academically speaking, external rule is implicit and informal.

The phenomenon of "private government" constitutes another genetic line of today's exterritories. First appearing during the 1990s, privately

¹ VALLADARES, Eugénio, *Regulación Exterritorial en América Central*, Merida 2005

managed territories with parastatal behaviour now abound globally. Whether theme parks, golf estates or suburban residential areas - they may encompass the area of entire counties or districts, sometimes housing more than 500,000 people, and they are owned and managed by companies or homeowner associations. These organizations not only regulate access, the social composition of the populace and the use of the property, but they also draw up and enforce rules, and impose fines and evictions. Some areas in the United States, Brazil or South Africa are now so fragmented by all sorts of gated estates that it would probably go unnoticed if one of them were an EC-governed by just another unknown organization. This was the case with Detroit's ADA (African Detroit Area). Its installation did not stir up a lot of emotions among the white middle-class. For this group, Downtown Detroit had been off limits for a long time already. Today, some people would even point at the positive effects of the enterprise. ADA is not only access-controlled (as are the other gated communities), but it is also exit-controlled, a fact which is highly appreciated by the local middle class.

However, in the wake of the anti-state currents during the "innocent" years of globalization, no real exterritorial community would have come about. It was the destruction of the New York World Trade Center by Islamic terrorists in 2001 that initiated a reevaluation of the principle of the "State", starting with its most archaic function, the provider of security. Although the "State" has never regained the all-encompassing meaning it had during most of the 20th century, it did, however, resurface as a regulating instance. This was accompanied by the emergence of some effective elements of global regulation, not the least driven by the traumatic experience of the Bush administration in the US until 2005. The emergence of exterritories must be attributed to the renewed belief in the benefits of state organization, among other factors.

Back to the economy: with a basic system of global taxation and jurisprudence becoming available during the Zeroes, there was little reason for global capital to remain in the old "developed" societies, where the legacy of high social and ecological standards lingered on, without however providing investors with the amount of security and political embedding enjoyed during past Fordist days. The result was a drain of investment towards the reforming societies of Eastern Europe, India and East Asia, most prominently towards China. For some time, these movements followed the traditional center-periphery logic. The "old" societies gained substantial profits from exporting know-how and technology, as well as capital. But the inherited advantages began to wear out as the receiving

societies outgrew the suppliers. One must remember that growth rates in 2005 were 11.5% in China and 9.2% in India, compared to a mere 2.8% in the US and 1.3% in the Euro Zone. Even African states like Mozambique or Ghana boasted 3.2% and 4.3% respectively².

The effect on the "old" societies was disastrous. It was a final blow to the industrial districts which had survived earlier waves of de-industrialization. In these years, much of Germany appeared as a stretch of poverty on the way to the prospering landscapes of Poland. Economists agree that it was the backlog of structural reform in countries like Germany and France which caused this severe setback. It became obvious that the former Communist countries, due to the complete re-boot of their economies, were better prepared for global competition than were the former welfare-states with their timid approach. These latter disintegrated socially into two groups: pre-globalization privilege holders on the one hand; and the rest of the population, bearing the double burden of reduced competitiveness and continuing high public levies, on the other.

It has been mentioned above that exterritorial schemes were practiced even before the advent of CT HALLE or ADA. What remains to be explored is the reason why these projects were granted the formal status of state rule. One compelling explanation has been given by GONZAGA³: In a cultural analysis, she comes to the conclusion that Protestantism plays a central role - not as a religion, but rather as a public attitude. Protestant societies are particularly concerned with order - formal order, to be precise. A Protestant society tends to "pour its sinful behaviour into laws," in contrast to Catholic one, which would practice sin without regulation. GONZAGA cites the Nazi Rassengesetze or South Africa's apartheid legislation as extreme examples of the Protestant's need for formalization. External rule on one's own territory might not exactly qualify as a sin, but it is certainly regarded as disorder - although a necessary one. So, the Protestant logic goes, if something has to be done, it should be done in an orderly way. This would explain why, so far, the only formally declared exterritories are located in countries of Protestant orientation, with another one about to be created in England. Other societies have their exterritories, too, but they are not eager to formalize them. Their cultural background allows them to practice disorder without laws that make it look like order.

But apart from such philosophical aspects, formalization of exterritorial

² THE WORLD BANK: World Development Indicators 2005

³ GONZAGA, Tullia, *Themes of Post-Liberal Urbanization*, MIT Press 2008

rule also has more tangible effects. On the basis of the 2006 Treaty between the German Republic and the Republic of China (endorsed by the European Parliament on the 12th of January 2007), the German Federal State collected some EUR 3,2 billion in royalties (Hoheitsentgelt) by the end of 2010, and some EUR 25 billion in taxes per year, 80% of this amount being channeled to the Land of Obersachsen. Further direct revenues come from the lease of infrastructure (such as Leipzig airport), from concessions in public transport and from emission licenses. From the perspective of the Land, the Chinese deal is highly profitable. Before the installation of CT HALLE, the tax-base of the area concerned was estimated at merely EUR 14,2 billion/year, whereas costs related to public services were calculated at EUR 23,5 billion⁴.

Certainly, such fruits can only be reaped when there is a sound contractual basis and when implementation is backed by accountable institutions on both sides. With informal exterritorial rule - as in the case of the Central Asian republics mentioned before - direct profits are shared between the few actors in the deal - the higher ranks of government, influential clans and the foreign investor - but relatively little of this trickles down to the population as such. Nevertheless, such informal schemes do create employment, stimulate local markets and improve infrastructure. Summing up, one can identify two conditions which seem to guarantee exterritorial success: a.) that external rule is invited and not imposed; and b.) that clear terms are set. What seems obvious in retrospect analysis is difficult to achieve in political practice. To Germans, the idea of inviting the Chinese to run a part of one's own country was certainly not easy to sell, nor would it be to anyone else. This is not a subject that would grow over time to become a public demand, an issue that one or the other political group would be eager to adopt. No examples, no references were available. Had the concept not been articulated by Peter Hartz, the notorious innovator at Volkswagen and long-time adviser to then chancellor Gerhard Schröder, no one would even have listened. First, he was cited as to encourage competition between Volkswagen production sites world wide. Those sites which offered the best conditions would be awarded contracts for new models. In order to beat this kind of competition, German plants would have had to reduce labor costs by 30%.⁵ Then, a few months later, on the occasion of the inauguration of another Volkswagen plant in Guangzhou

⁴ ALTHAUSER, WEINFURT: Die Ökonomie der sächsischen Regionen. Studienblätter des Instituts für Wirtschaftsgeographie, Jena 2005

⁵ „VW heizt Wettbewerb der Fabriken an“ Handelsblatt, August 26th, 2004

in May 2005, Hartz said: "If a place wants to compete with China, it must become like China."⁶

Peter Hartz may have been a visionary, but he was certainly not a dreamer. Talks between the German Federal Government and the Republic of China were already under way – and Mr. Hartz's statement was meant to prepare the ground for the news that would soon begin to leak. After all, the logic was striking: to prevent German production units from going to China, China would have to come to Germany. Once this was understood, it appeared more feasible to accept the complete set of Chinese standards in a limited area inside the country than to try to introduce Chinese standards for the country as a whole. From the Chinese point of view, the scheme was just another Special Economic Zone, a familiar practice since the early 1990ies.

However, CT HALLE would not have materialized if there had not been a number of "soft" factors easing the entire process. One was a widespread nostalgia among members of the East German population who had grown up under Communist rule and regarded China with sympathy, as a regulated market economy based on Socialist ideals. The post-communist pds Party exploited such sentiments and played a pivotal role in creating public acceptance. But conservatives also let their admiration for Chinese (Prussian!) discipline override religious or ethnic concerns. Even the far right expressed hopes that the creation of a confined territory would contribute to reducing the presence of foreigners in the rest of the country.

But in the end, the entire concept had to be poured into a legal mold. The core idea called for Germany to waive its legislation and standards in a part of its territory, so ways had to be found to accommodate this objective within the constitutional framework. The German constitution being based on the equal application of law regardless of place and person (*Gleichheitsgrundsatz*), the only way to achieve exemption was the ceding of the territory in question to an other state – for a limited period. It was up to the Chinese to accept the continuation of certain elements of German regulation within the Territory – not as German law, but on contractual terms, to be laid down in the treaty. In principle, each item was subject to negotiation, but the core issues – such as property rights and the ban of capital punishment – were never actually questioned.

For political science, the emergence of ECS opens an entire range of new

⁶ „Volkswagen prefers China to Germany“, *Financial Times*, May 25th, 2005.

fields to be explored. What is the role of the global regulative framework in the process? Does it encourage the venture by offering implicit guarantees and a reliable arbitration forum? To what extent has the principle of "State" changed during the globalization process? Could it be that the "State" is losing its national connotation – becoming just another legal format for global economic activities? Will "State" organization one day become a commodity, like a franchising system? Those interested in engaging in studying this phenomenon should do so quickly – in order to keep up with reality unfolding.

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COMPLIZÉN
Planungsbüro Halle | Berlin

Öffentliche Anhörung

„Einrichtung einer Sonderwirtschaftszone der Volksrepublik China im Raum Halle/Saale“

Das
„Komitee zur Einrichtung der Sonderwirtschaftszone der Volksrepublik China“
lädt zur öffentlichen Anhörung

**am 16.9.2005, 15:00 Uhr
im S-Bahnhof Halle-Neustadt.**

Der Eintritt ist kostenfrei.

Tagesordnung:

Darstellung des Vorhabens:

Dr. Wu Tel, Mainland Developments, Shenzhen

Fachliche Stellungnahmen:

Prof. Dr. Jens Dangschat, TU Wien

Dipl. Ing. Dr. Johannes Fiedler, Ziviltechniker, Graz

Weitere Experten sind angefragt.

Moderation:

Dr. Daniel Dettling, berlinpolis

Einwendungen und Anträge:

Es besteht für alle im Planungsgebiet ansässigen natürlichen und juristischen Personen
die Möglichkeit zur Interessensäußerung.

Komitee zur Einrichtung der Sonderwirtschaftszone der Volksrepublik China
Paracelsusstraße 7, 06114 Halle/ Saale
www.exterritories.de - mail@exterritories.de

B- Panorama und Kulisse: Visualisierung der öffentlichen Anhörung am 16.9.2005 in Halle-Neustadt
 Plot auf Kunststoffplatte, kulissenhaft ausgeschnitten, Länge 760 cm, Höhe ca. 220 cm, Tiefe 17 cm,
 Vor Panorama (s. Objekt D)



D- Panorama: Dekoration zur öffentlichen Anhörung am 16.9.2005 in Halle-Neustadt
Druck auf textilem Screen, Länge 700 cm, Höhe 160 cm



exterritories - Halle:

öffentliche Anhörung am 15.9.2005 in Halle Neustadt
Die Rede des Vertreters von *Mainland Developments*



Sehr geehrte Damen und Herren

Im Namen von Herrn Xu Zongheng, CEO von Mainland Developments, Shenzhen, darf ich mich bei Ihrer freundliche Provinzregierung für die Einladung nach Halle-Stadt bedanken und wir wünschen uns, dass wir gute Freunde werden.

Mein Name ist Juri Henning, geboren in Kasachstan, seit 20 Jahren China tätig, seit 3 Jahren verantwortlich für die europäischen Tätigkeiten von Mainland. Ich möchte Ihnen ein wenig zu unserem Projekt zu erzählen und unser Unternehmen vorstellen.