Social Policy and Special Economic Zones in the Greater Mekong Subregion

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Abstract

One of the principal means by which state management of rapid economic development has been attempted in the Greater Mekong Subregion (GMS) has been the creation and maintenance of special economic zones (SEZs). The purpose of SEZs is to encourage domestic and international investment in specific areas to promote mainly export-oriented manufacturing. They have been created in large numbers in Thailand, Vietnam and the Yunnan Province of China, and they are being built across Cambodia, Laos and now Myanmar. Negative effects, such as pollution and the forcible clearances of people, are balanced by the provision of new jobs and better income-generating opportunities for people and their families. SEZs in the GMS are being increasingly drawn together by the large-scale creation of the Asian Highway Network, in addition to investment by domestic governments and by capital from Chinese corporations and the state. The creation of these linkages will have additional changes on the economic geography of the region and on the distribution of the factors leading to uneven development. This article seeks to identify the social and human implications of the spread of SEZs across the GMS. It seeks to draw together conclusions that lead to recommendations for public policy that will reduce the risks that people will face as a result.

Keywords: Greater Mekong Subregion; labor rights; social policy; special economic zones

Introduction

In the Greater Mekong Subregion (GMS), industrial estates (IEs) and special economic zones (SEZs) have sprouted in various parts of the region. In many cases, these developments reinforce the uneven development of the region, but in other cases, they establish new nodes and islands of connectivity between places of production and consumption. The logic of SEZs in general is easy to understand: governments designate specific territories within the overall state in which different regulations and laws apply in order to better business conditions. This encourages domestic and international investors to locate their facilities there and to promote export-oriented manufacturing processes. It has a positive effect on job and income generation under close state control, and provides quantitative and measurable progress. This is very attractive not just to government agencies but also to international funding agencies such as the World Bank and the Asian Development Bank (ADB).

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