



The Golden Triangle Special Economic Zone is located in northwest Laos, on the border with Myanmar and Thailand.  
Photo: Patrick Truscott, Flickr.

## Liquid Labourscape

### Ad Hoc Experimentation in a Chinese Special Economic Zone in Laos

Antonella Diana

*Chinese-established Special Economic Zones (SEZ) in Laos have been criticised as being sites of neoliberal exception, sustained by a Chinese logic of self-entrepreneurship and self-determination—or a soft version of colonial-era extraterritoriality. This essay argues that such areas are, in fact, a frontier space of post-socialist ad hoc experimentation, within which the Lao state haphazardly tests new socioeconomic and governing mechanisms under authoritarian rule in order to produce revenue and perpetuate its power over Lao citizens and territory.*

In the northwest corner of Laos, where the confluence of the Ruak and the Mekong rivers marks the border with Myanmar and Thailand, lies the Golden Triangle Special Economic Zone (GTSEZ). This is one of twelve special and specific economic zones across Laos, all of which are areas where Chinese investments feature prominently (2017). The GTSEZ was established in 2007 on a ninety-nine-year land concession of three thousand hectares granted by the Lao government to Golden Kapok, a private Chinese firm owned by Mr. Zhao Wei, a casino tycoon from Heilongjiang province. Amounting to 700 million USD as of 2015, the firm's investment resulted in the construction of a new conurbation whose economy revolves around the casino business. The Lao government and the foreign company jointly rule the area. In this essay I will draw on ethnographic fieldwork undertaken in 2010 and 2015 in order to explore how this new governance model has affected labour dynamics in the zone, and to shed new light on the alliance between Chinese capital and the Upper Mekong states.

## A Frontier Space of Post-Socialist Ad Hoc Experimentation

Chinese-established SEZs in Laos have recently been at the centre of media and scholarly debate. Two main analyses have emerged in academic literature. One, put forward by Santasombat (2015), draws on Aihwa Ong's previous work (2006) and defines the GTSEZ as a site of neoliberal exception, sustained by a Chinese logic of self-entrepreneurship and self-determination. This is coupled with 'state socialism from afar' (Yos 2015; Li and Ong 2008), which has caused deprivation and disempowerment of Lao people through a

process of ‘accumulation by dispossession’ (Harvey 2005, 116). The other, represented by Pál Nyíri (2009), sees the land concessions granted to Chinese companies for SEZs in Laos as a soft version of colonial-era extraterritoriality, and criticise them for eroding ‘the boundaries of citizenship’.

My research suggests that neither the neoliberal nor the crypto-colonial soft-extraterritoriality view fully captures the current political and socio-economic dynamics of the GTSEZ. The former arbitrarily applies a universal neoliberal framework to the Lao and Chinese authoritarian post-socialist contexts; the latter, underestimates that shared sovereignty has been an on-going governance pattern in the Upper Mekong since pre-colonial times. Drawing on interviews with different actors within the GTSEZ, participant observation of the lived labour experiences of residents, and an analysis of official documents from the Lao government, I argue that the GTSEZ is, in fact, a frontier space of post-socialist ad hoc experimentation (Diana 2009). In it, the Lao state haphazardly tests new socioeconomic and governing mechanisms under authoritarian rule in order to produce revenue, and renew and perpetuate its power over Lao citizens and territory.

Evidence of this post-socialist experimental approach is demonstrated in the ways in which SEZs are used as sites for testing a new modernisation and industrialisation mode by attracting both domestic and foreign investment with the aim of integrating Laos into the regional economy. SEZs are subjected to special investment promotion policies and have autonomous economic, financial, and legal systems. In the GTSEZ, the experimental policies are implemented by a Management Board and an Executive Board, each constituted by Lao state officials at different levels and representatives from the Chinese firm. The boards are charged with jointly

planning development interventions, issuing and enforcing regulations, as well as managing the zone on a daily basis. However, the zone’s administration and management remain under the ultimate supervision of the Lao national government (DOASLNCSEZ; DOALNCSEZ).

However, both a 2012 official report by the Lao government (DSSEZb) and later indiscretions from employees in the zone’s administration during my fieldwork in 2015, reveal that the zone’s experimentation was dysfunctional and ad hoc when put into practice. More than the subjugation of Laos to Chinese interests, the operation of the GTSEZ was tinged with illiberal and authoritarian undertones from the Lao state, a situation that belied the ‘neoliberal’ and ‘crypto-colonial’ views described above. Day-to-day co-ruling unfolded through on-going frictions over decision-making between the Chinese and Lao counterparts, as well as through obstruction by the Lao government of the Chinese firm’s plans. It was rumoured that high-level Lao officials kept Mr. Zhao in check by constantly asking for money in return for concessions on project advancement. The committees’ lack of administrative capacity contributed to casual and chaotic governance. This kind of ad hoc rule allowed the Lao government to secure its sovereignty over the zone.

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The inconsistency between political rhetoric and socio-economic reality was also manifested in the labour sphere. SEZs are intended to create employment for zone residents, and in theory the Lao Labour Law should guarantee labour rights and regulate investor activities. However, my empirical research found that in the unstable administration of the GTSEZ, these legal resolutions were arbitrarily or barely enforced. Ad hoc experimentation

produced what I call a ‘liquid labourscape’, a labour scenario characterised by inequality, casualisation, and lack of regulation—especially on matters concerning rights and safety.

In the GTSEZ’s liquid labourscape, Chinese investors’ treatment and remuneration of labourers was unequal and informed by a discourse of productivity that reflected an evolutionary view of socioeconomic development, tinged with racism, whereby nationals from ‘more developed’ countries were framed as more productive and therefore more-deserving than nationals from ‘less developed’ states (see also Nyíri 2016). At the top of the wage-labour hierarchy stood the twenty-seven Ukrainians and one Russian who worked at the casino as VIP room managers, supervisors, and, in one case, as a receptionist. By virtue of being Europeans—and thus being presumed to have a higher level of civilisation and skills—they received salaries that ranged between 1,000 to 1,200 USD. Below them were around 1,000 to 1,500 mainland Chinese. Considered to be the most hard-working, rule-abiding, smartest, and civilised among the Asian employees, they were employed as skilled labourers in the casino, taking care of hospitality, recreation, or administration. Given their perceived higher ‘quality’ (*suzhi*), they received monthly salaries that varied between 600–800 USD. Lower in the hierarchy were the Thai employees, considered to be rule-abiding and relatively civilised, followed by the Lao, who were regarded as lazy, uncivilised, and stupid. Finally, at the bottom were the Burmese, viewed as hard-working and submissive, yet coming from a poor country and having dark skin. Only 40 Lao, a dozen Thai, and a couple of hundred Burmese workers were employed at the casino as croupiers, receiving wages of about 100 USD a month. A dozen of the Lao employees, who worked as interpreters, middlemen, or clerks in the zone’s administration or in

the casino, earned between 200–300 USD per month. About 400 Burmese performed unskilled jobs, such as gardening, cleaning, waitressing, and construction, for salaries ranging between 70–100 USD a month.

Although the Lao Labour Law sets the daily working time limit to eight hours and guarantees one day of rest per week, most employees worked for ten to twelve hours a day and had only two unpaid days of leave per month. With the exception of the Europeans, none of the employees in the casino or in other service sectors in the zone had employment contracts. Most worked short-term, without life or health insurance. Many interviewees complained about being mistreated and forced to work overtime by their Chinese employers. Indeed, labour conditions within the zone did not differ much from those found elsewhere in Laos. The Lao state officials’ loose or lack of control contributed to reducing the gap between the GTSEZ and the rest of the country. These dynamics confirm that Laos’ SEZs are not zones of neoliberal exception, but rather spaces of ‘normalised’ post-socialist inequality and lack of rule of law.

## Resistance, Resilience, and Reinvention

Paradoxically, the liquid nature of the zone’s labourscape enabled residents to devise creative modes of survival. These took the form of resistance, resilience, and reinvention. Expressions of resistance to the Chinese-Lao joint rule came from many Lao citizens who resided in or around the Zone. One such case can be seen in the actions of the residents of Khuam, a village that had been relocated in 2008 in order to make space for the construction of the Zone’s business neighbourhood—a move that left a few without land and jobs. In 2014, residents gathered on the streets to demonstrate against the committees’ proposal to take

more land for the construction of an airport. Although the Lao Army cracked down on the demonstrators, the protest was successful in halting the airport plan. The government's backlash notwithstanding, dissent continued in a concealed way in virtual and real life. A Lao man showed me a Facebook page where netizens exchanged satirical pictures and posts that contested Chinese investments in Laos, and even mentioned an uprising being organised by overseas Lao to free Laos from the yoke of Chinese investment. In general, except for the few Zone employees mentioned above, Lao residents refused to work for the Chinese due to the long working hours and discrimination that this involved.

Additionally, several locals demonstrated their resilience to land and labour deprivation. Many started to learn Chinese language or send their children to study in China, in order to accrue a 'cultural capital' that could help them profit from the newcomers (Bourdieu 1985). A few established social connections with the Chinese, which in some cases resulted in love affairs or marriages, and in others turned into business collaborations. A few other Lao locals ventured into independent small business to capitalise on the Chinese presence. For instance, Sai, a Lao middle-aged woman from Khuam village, responded to the Chinese taking away her farmland by opening a food stall in the market across from the casino in 2015, serving both Lao and southern Yunnan style noodles for employees and visitors. Within a short time Sai's entrepreneurial effort was rewarded with a booming business and considerable revenue.

Many Burmese migrant workers found social redemption in the Zone by reinventing themselves. Some turned to meta-amphetamine smuggling from across the Mekong. This illegal activity allowed them to earn five to ten times as much as they would have in the more repressive and unequal

context of Myanmar. A few young Burmese were able to save money not only to support their families back home, but also to pursue their studies at the university in Yangon. Some others became businesses owners. This was the case of Phon, a young man from the Shan States who had worked as a kitchen hand in a Chinese restaurant. In two years he had learned how to cook Chinese food and become fluent in the Chinese language. After his employer returned to China, Phon took on his former boss's business with his sister, and opened a restaurant across from the casino. Marketing his cuisine as Chinese-Burmese fusion, within a short time Phon's business had become quite profitable. Much like for the resilient Lao and other creative Burmese, for Phon the Chinese presence in the zone had paved the way for upward social mobility.

## Winds of Change?

This article has unravelled the political and labour contradictions born out of the partnership between Chinese capital and the Lao state in the GTSEZ. It has suggested that rather than being a site of neoliberal exception or crypto-colonial extraterritoriality, the GTSEZ is a frontier space of ad hoc experimental governance and liquid labour. Paradoxically, experimentation and liquidity have allowed many Lao and foreign residents to devise a new creative SEZ existence. A recent article in the *Vientiane Times* has denounced the lack of protection and precarious conditions for many Lao workers in sites where foreign companies operate (Sengpaseuth 2017). There is some hope that, under the rule of the allegedly progressive Lao Prime Minister Thongloun Sisoulith, elected in 2016, political rhetoric may be turned into an actual upholding of worker's rights. This could be a good opportunity for the Lao state to use Chinese capital to construct a more equitable SEZ labourscape.

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