

The Evolution of Free Economic Zones and the Recent Development of Cross- National Growth Zones*

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Introduction

Throughout the world, several functional and spatial variations of the free economic zone¹ (FEZ) have been emerging. Such rapidly industrializing countries as Taiwan and South Korea established export processing zones (EPZs) in the mid-1960s and early 1970s. The reforming socialist economy of China created special economic zones (SEZs) in the late 1970s and early 1980s, as did the former socialist economies in Eastern and Central Europe (e.g., Bulgaria, Poland) and former Soviet republics in the late 1980s and early 1990s. Although the FEZ has become a truly global phenomenon, most comparative studies (Kreye *et al.*, 1987; Park, 1993; Rabbani, 1983; Vittal, 1977; Warr, 1989; Wong and Chu, 1984) focus narrowly on the economic characteristics and roles of EPZs in developing countries. Little consideration has been given to when, why and how the FEZ evolves under, is influenced by, or adapts to diverse economic, political, sociocultural and spatial conditions on an international, regional, national and local scale. In this paper I push beyond a conventional, limited economic focus on EPZs and construct a general model of the evolution of the FEZ, which has become adaptable and transferable within countries (intra-national FEZs) and potentially so across countries (cross-national growth zones) with different economic and political systems and in different geographical regions. To support this model I provide extensive historical and the most recent comparative evidence.

* I thank James Norr, Steve Warner, William Parish, Kay Mohlman, and an anonymous referee for suggestions and comments on earlier drafts. Conversations with Yue-shan Chang, Luin Goldring, Michael Malley, Ching-lung Tsay, Peter Vandergeest, Chin-shun Wu, Yingwu Xiong, Steve J.F. Yan, and Angela Yao in the United States and Taiwan provided information and insights, some of which I incorporated into this article. Their collective inputs helped make my effort to cover such a variety of cases less daunting. Thanks are also due to Raymond Brod for his skilled production and tireless modification of the map. The research and writing for this paper was supported in part by grants from the American Sociological Association and the Pacific Cultural Foundation in Taiwan, and by a postdoctoral fellowship from the American Council of Learned Societies and the Social Science Research Council. None of the individuals and institutions above bear any responsibility for the content of this article.

1 Throughout this paper, I use free economic zone (FEZ) as a generic and general rubric to cover free trade zones (FTZs), export processing zones (EPZs), special economic zones (SEZs) and all other types of FEZ. Most writers on the topic use the FEZ, which distinguishes itself semantically from the particular designations above. I also discuss why FEZ may also be appropriate for characterizing the new cross-national growth zones in the Asia-Pacific region. And the word 'free' should not be taken literally (see text for explanation).