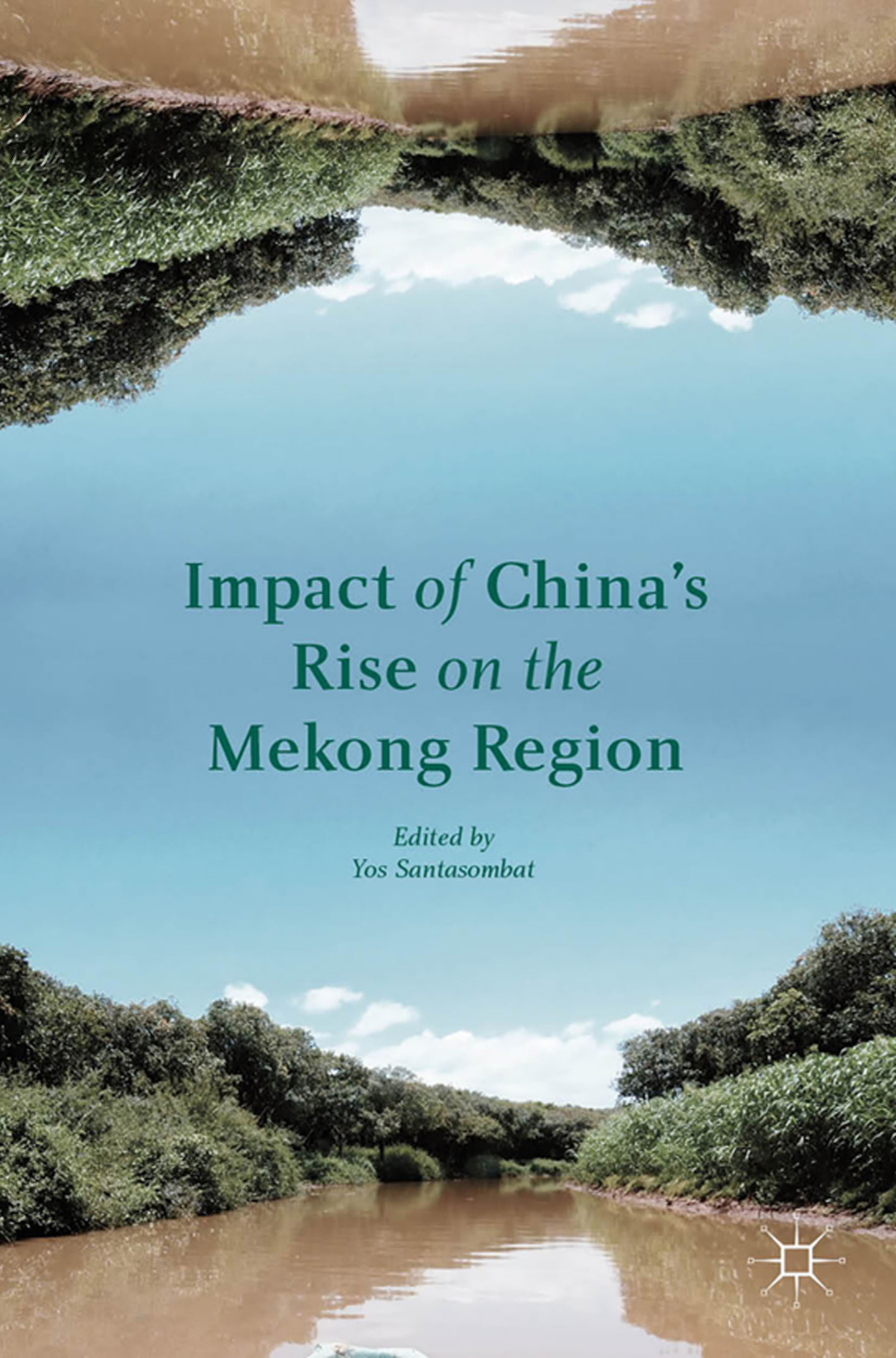

Impact *of* China's Rise *on the* Mekong Region

Edited by
Yos Santasombat

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Preface

This volume presents a collection of essays based on a transnational research project entitled "Variegated Dragon: Territorialization and Civilizing Missions in Southeast Asia" supported by the Thailand Research Fund. The term "Variegated Dragon" refers to a dragon of many shades and colors and implies the multiplicity and flexibility of China's policies toward various countries in Southeast Asia. In this book, the authors set out to explore the impacts of China's rise from the perspectives of the Mekong countries, namely, Myanmar, Laos, Cambodia, Vietnam, and Thailand, with special attention to political and economic relations between China and the Mekong region, and the impact of the increasing trade, investment, foreign aid, and flows of new "overland" Chinese migrants into various countries of the region.

This book is an outcome of a transnational team of researchers. I would like to thank Hsing-Chou Sung, Bien Chiang, Nguyen Van Chinh, Pinkaew Laungaramsri, Aranya Siriphon, Romyen Kosaikanont, Daw Khin Aye Win, Khine Tun, and Touch Siphat for their research efforts and collaborations. A book organized by a single theme of the impact of China's rise on the Mekong countries is bound to contain a certain amount of redundancy. Each researcher needs to establish important contexts resulting in unavoidable repetitions, and essential ideas especially on new waves of Chinese migrants and asymmetrical bilateral relations between China and the Mekong region keep recurring. I have tried, however, to keep blatant repetitions to a minimum, and each chapter introduces a specific historical and socioeconomic contexts for exploring the dynamic relations with China.

We owe a debt of gratitude to our colleagues for their comments on previous drafts of papers presented at various workshops. We would like to acknowledge the contributions made by Professors He Ming, Huang Shu-Min, Pal Nyiri, Paul Cohen, and Chris Lyttleton; Associate Professors Dr. Chulacheeb Chinwanno, Pornchai Trakulwaranond, and Dr. Aksornsri Phanishsarn; Assistant Professors Dr. Julaporn Euarukskul, Dr. Kanokwan Manorom, and Dr. Yukti Mukdawijit; Drs Wasana Wongsurawat, Hoang Anh Tuan, Khay-Thiong Lim, Wen-Chin Chang, Yia-Ling Liu, Tsui-ping Ho, Wen-Tang Shiu, Somsajee Siksamat, and Decha Tangseefa; and Mr. Nguyen Cong Thao.

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Yos Santasombat
August 30, 2014

Introduction

Yos Santasombat

This book presents a contemporary analysis of the impact of China's rise on the Mekong region at a critical period of Southeast Asian history. Three decades of sustained economic growth have given rise to a powerful and prosperous China. As the most populated country and the second largest economy in the world, China has become an increasingly influential player in global and regional affairs. Economic ties between China and her southern neighbors are particularly strong. Yet relations between China and the Mekong region are complex and embedded in other sociocultural and political issues. China's accelerated growth, increasing economic footprint, global search for energy, natural resources and food security, and the rapid pace of its military modernization have created a wide range of new challenges for smaller countries in Southeast Asia. These new challenges both encourage and limit cooperation between China and the emerging ASEAN Economic Community (AEC). This book pays close attention to some of these challenges with particular focus on the impact of Chinese investment, trade, foreign aid, and migration, and some of the consequences stemming therefrom.

The imperial dragon has awakened, rejuvenated, and is seeking to reassemble the "Middle Kingdom," which was dismantled by the corrupted and incapacitated Qing Dynasty (1644–1912). China's agenda includes growing its economy, expanding its financial and investment channels, and promoting brand recognition of its commodities. But, beyond this, China is also seeking to recover from decades of colonial occupation, to rewrite history, and to come to terms with a "century of humiliation." It is seeking to regain its pride and prestige and its "proper place" in the world. There is an effort as well to promote Chinese civilization as alternative modernity. Since the dawn of the new millennium, the fourth generation of ruling elites in the Chinese Communist Party (CCP) have shifted China's strategy from internal economic development to global leadership. Many Chinese public intellectuals have been promoting the ancient concept of "*tianxia*" (all under heaven) to understand the Chinese vision of world order (Callahan 2008:749). China's rapid rise to the status of superpower has captured the attention of the global community and has started to challenge the role of the United States and Japan in the Asia-Pacific region.

The year 1997 was a crucial turning point for China-Mekong region relations. During the time when the leader of the so-called free world was paying very little attention to Asia, China's prompt and generous response to the Asian financial crisis and its aftermath fostered its image as an emerging "responsible superpower" on the path to actualize an imagined "harmonious world" (Hu 2005). This changing perception resulted in growing bilateral and multilateral ties between China and Southeast Asia.

Since 1997, for many Southeast Asian governments, the crucial question has been: Will China's growing power in the region make Asian countries more economically prosperous and politically stable? The ASEAN-China Free Trade Agreement (ACFTA), signed in 2002, is the crucial component of regional economic integration and will be fully implemented by 2015. In January 2004, ASEAN and China began implementing an "early harvest plan" (EHP), which grants three-year duty free entry for ASEAN goods into China. After this, manufactured goods from China will have full tariff-free access to Southeast Asian markets. This agreement not only secures China's access to the region's raw materials to supply its growing export industry but also removes barriers to China's exports to the region. When it is fully implemented, the ACFTA will be one of the largest free trade agreements in the world, enhancing China's strategic position as the center of gravity in Asia.

Over the past two decades, trade, investment, and foreign aid between China and ASEAN countries have been expanding rapidly. Megaprojects resulting from foreign aid and investment have stimulated growing numbers of "overland" Chinese migrants flowing into the Mekong region, especially to Myanmar and Laos. Supporters of ACFTA, particularly the political and business elite, argue that China's increasing economic role can speed up growth and development in the region. But increasing Chinese influence also brings about negative reaction from the grassroots and the public, many of whom have become victims of land-grabbing and resource enclosure in the name of development. The enthusiasm of the ASEAN elite to deepen economic ties with China is not generally shared by small farmers and small and medium enterprise (SME) manufacturers who are unable to compete with China's cheap produces and commodities. Civil society groups have voiced their concerns about the environmental impacts of China's insatiable thirst for natural resources, Chinese companies' lack of transparency, and alleged human and community rights violations. Increasing Chinese influence also strengthens the process of territorialization or expansion of power (Tan 2012) and control by authoritarian states over the marginal populations.

In the Mekong region, China is increasingly perceived by the public as a prime source of environmental problems. The construction of dams and reef blasting in the Mekong to pave the way for a navigational project have had detrimental effects on the "flood pulse" (hydrological rhythm), resulting in a decline of fish and riverbank agricultural production, which are major sources of livelihood for millions of local people downstream (Osborne 2009; Yos 2011). China's mining activities, which include copper mining in Myanmar, bauxite mining in Vietnam's Central Highlands, and gold mining in Lao's Sawannakhet province; as well as the large-scale rubber plantation in Mondolkiri province and gigantic tourist resorts in Koh Kong in Cambodia have been pursued with little regard for environmental impacts and the livelihoods of local populations. As China continues with its "charm offensive" (Kurlantzick 2007) through foreign aid and investment, there are increasing voices from the grassroots demanding that it also take more responsibility for its action as occasionally implemented in certain megaprojects such as the construction of gas and oil pipelines in Myanmar.

Nationalism, Migrants, and Transnationalization of Chinese Identity

China's rise through the past decades has come with some serious domestic, regional, and global challenges. Domestically, China faces significant problems, which include increasing pollution, increasing demands for freedom of expression and political participation, and, most important of all, a growing disparity of income between the urban and rural sectors. There has been growing concern among younger Chinese scholars (Zhu 2013) over the sustainability of China's economic growth. The Chinese economy is viewed as excessively dependent on investment and exports. This unsustainable pattern is a consequence of insufficient household consumption, which, in turn, reflects rising income inequality and inadequate provision of social welfare. Furthermore, according to these scholars, China's growth has been built on industrial expansion, with unbalanced development between rural and urban sectors. Rural dwellers earn far less than urban residents, have inferior infrastructure, and suffer poor basic amenities. These disparities have led to extensive rural-urban migration (Wang, Cheong, and Yusof 2013). In addition, there is a link between the relative impoverishment of Chinese peasants, due to declining agricultural prices, and the consequent flow of rural-urban migration, which has a depressive effect on industrial wages but increases the profit share of the top income-earners. The enrichment of urban top income households drives the increase in the urban-rural gap, which in turn exacerbates the migration flows (Molero-Simarro 2013).

Regionally, China faces criticisms regarding its strategies to secure a steady supply of energy and raw material as it expands into new markets and creates economic partnerships and political alliances with individual countries. China is perceived to be acting aggressively in territorial disputes with many countries in the Asia-Pacific. The fate of governance reform for increasing transparency is another issue raised by Southeast Asian activists assessing the impact of China's bilateral diplomacy and unconditional aid (Naim 2007; Brautigam 2011; Lengauer 2011; Cheng 2012). However, proponents of China's rise argue that China's aggressive resource extraction strategy has to be understood not as a strategy specific to China but as part of the larger process of neoliberal globalization that is shaping many countries' exploitative relations toward developing world (Luk 2008:13).

In response to these emerging challenges, China has prioritized nation-building at home and the promotion of transnational Chinese identity among Chinese diaspora abroad. Successive state-initiated schemes have been implemented amid domestic and global transformations. As Barabantseva (2011:5) cogently put it, the "desire to build a strong state and a prosperous society as the ultimate goal, to overcome the legacies of imperialism and invasion, and to resolve the dilemma of modernization have all been underlying themes of state-led nationalism in China." China's model prioritizes free-market style economic growth but with strict state control over internal politics. This so-called Beijing Consensus (Ramo 2004) was introduced as an alternative to the dominant "Washington Consensus," which emphasized democracy, transparency, civil society, and good governance. As an alternative model of development, economic growth, and modernity, the Beijing Consensus has been given a boost by the global economic crisis of 2008 and the seemingly never-ending Euro crisis. Indeed, some of the more authoritarian governments of ASEAN have found elements of the China model attractive while the more democratic countries are hesitant to adopt the Beijing Consensus.

Over the past 30 years, modernization and rapid economic growth in China has been sustained through various nation-building strategies. First, China has increased investment and foreign aid to Africa and Southeast Asia in order to acquire a stable supply of energy and raw material to ensure the continuing expansion of export-oriented manufacturing industries. Second, it has promoted large-scale agricultural production both domestically and in neighboring countries to increase food security with cheap and abundant produce. Third, Chinese markets have been constructed and expanded in many regions including the Mekong with partial funding assistance by the state. Fourth, Chinese culture and language have been propagated through various forms of "civilizing missions," such as the promotion of Confucius Institutes, programs to eradicate drugs and poverty, and other assistance projects. Fifth, China has established networks of alliances among various countries through investment and foreign aid to support its status quo in the global arena. The Mekong region is arguably one of the most valuable geopolitical and strategic positions for China to implement all these nation-building strategies (Storey 2011). In addition, China has also initiated a strategy to "transnationalize" Chinese identity among Chinese diaspora (Barabantseva 2011). Nation-building strategies and transnational cultural politics are two sides of one project aimed at refining the power of the Chinese nation-state.

Scholars in Chinese studies have well documented the role of nationalism in the evolution of the overseas Chinese community and the development of a market economy in China (Duara 1997; Nyiri 2001; Callahan 2006; Barabantseva 2011). Previously, conventional thinking was that overseas Chinese nationalism had died out in the 1950s after the Communist Revolution when the China-centered allegiance was replaced by assimilation to local cultures (Skinner 1957; 1958). Over the past two decades, however, the fundamental changes taking place in China and in Chinese diasporic communities have challenged this conventional wisdom. Contemporary Chinese scholars (e.g., Liu 2005; Callahan 2008) have documented the reemergence of overseas Chinese nationalism due mainly to the transnational strategies employed by the Chinese state to facilitate growing numbers of *xin yimin* (new migrants) according to the "going-out" policy.

According to Duara (1997; 2005), deterritorialized nationalism has a different reality from territorial nation. People in deterritorialized nations (i.e., overseas Chinese migrants or xin yimin) live in different place and deal with different groups of people and necessarily feel the challenges of these different situations. Xin yimin differ from their predecessors because of their more extensive and intensive links with the fatherland. They are culturally and politically attached to China through state policies and state-supported intermediaries such as Chinese-language newspapers and magazines, radio and television programs, and websites. Networks of xin yimin, who are linked by shared ideas of transnational Chinese identity and culture, constitute an imagined China that transcends political borders. The Chinese government has been actively engaged with its diaspora through various kinds of support for overseas Chinese organizations that perform cultural and entrepreneurial activities in many foreign countries and regions. It has been able to influence how these overseas communities are organized. The leaders of the new overseas Chinese associations differ significantly from the older generations of leaders who earned their recognition through economic success. Today's xin yimin leaders have compensated for their lesser economic eminence by their connections with officials in China. At the same time, Christensen (2003) notes from a study of Chinatowns in Europe that the Chinese government reaches out to overseas Chinese communities through the leaders of xin yimin who are incorporated into the political institutions in the mainland. This influences the ways their identities are formed. The relations between the CCP and the new xin yimin leaders suggest "flexible citizenship" (Ong 1999) whereby the political loyalty of an individual to his or her country of residence does not preclude cultural identification with China and its civilized traditions. Barabentseva (2011, 127) cites the example of Cao Yanling, a Danish Chinese and the first woman president of the European association of Chinese organizations, who was named a "heroine" and included in the official list of the All-China's Women's Federation, a CCP-led women's organization. The Chinese party-state makes a special effort to instill in overseas Chinese emotional attachment, cultural identity, and strong commitment to the fatherland and its policies of modernization.

In the Mekong region, especially in Myanmar, Laos, and Cambodia, the Chinese party-state not only subsidizes the economic activities of overseas Chinese associations, for example, by providing partial assistance in the construction of local Chinese markets and providing interest-free loans to small-scale traders, but officials from local Chinese consulates also participate in committee meetings and help shape the sociocultural activities of the associations. The intensification of the economic activities of the xin yimin and the spread of the pro-Beijing associations has been accompanied by an upsurge in Chinese media, especially newspapers and satellite/cable television, which enable the xin yimin to keep themselves informed of new developments taking place in the fatherland. A state agency, called the Overseas Chinese Affairs Office (OCAO, or *qiaoban*), is responsible for promoting an emotional sense of belonging to the People's Republic of China (PRC). Relaxed policies for leaving and entering the PRC help foster strong attachments to the fatherland as they allow for frequent visits home and active involvement in "Chinese affairs." In this sense, the xin yimin do not feel they have to stop being part of China. Furthermore, the Chinese party-state postulates that xin yimin help to revive Chinese consciousness in the established Chinese communities abroad: as attitudes change, the diaspora come to see themselves not simply as overseas Chinese but as part of the Chinese nation-state (Zhuang 2006).

The increasing flows of new Chinese migrants into the Mekong region stand out as a coalescing, territorializing force. Through them, the PRC not only effectively influences local (and national) economies of the host countries, but actively asserts its symbolic and ideological presence in the region. The PRC's "deterritorialized nationalism" is compatible with the commoditization of national sovereignty practice of many Mekong countries in which large-scale, long-term land concessions are granted to Chinese companies for lucrative investment in megaprojects (Dwyer 2007). Deterritorialized nationalism mobilized through xin yimin is at once a channel for China to expand its forceful presence in the region and an effective means for territorialized control over land and people. These two strategies form the basis on which the modern "Chinese Axis" (Ong 2004) and networks of alliances are constructed and reinforced in the Mekong region.

However, the flows of new migrants and their influences are quite uneven in Southeast Asia for at least two reasons. First, ethnic Chinese associations and clan associations in many Asian countries have gone through decades of adapting and maneuvering in response to the anti-Chinese attitudes and policies of host nations and governments. In countries where these established associations are powerful and economically and politically flexible, it is quite difficult for the new xin yimin to assert their influence in the short run. The second factor is the role that Taiwan has played in the region. In the Myanmar-China border areas and in Northern Thailand, the anti-Communist Yunnanese Nationalist soldiers and their communities have maintained an imagined Chinese ethnicity, sustainable agriculture, and tourism industry with partial support from Taiwan. In recent years, as Huang (2010) has keenly observed, the younger generations of these Chinese diaspora have drifted from the ultranationalist ideology of the old guard and are openly challenging the older patriarchs in a desire to modernize (see also Chang 2008; 2009). The clash of older versus younger generations of ethnic Chinese may weaken communities and make them vulnerable to outside influence. The conflicts between generations and groups of ethnic Chinese—such as the conflict involving the Peranagan and Totok Chinese communities in Indonesia (Jacobson 2009)—belie the common conception of Chinese migrants as a homogenous ethnic group.

After three decades of reform, decentralization, and privatization in China, the Chinese presence in the Mekong as well as in other regions is marked by a complex mix of Chinese government policies and initiatives, endeavors by private enterprises, and the varied strategies of different groups of migrants who struggle for new opportunities in foreign lands. Therefore, it is important to note that while the Chinese government has been able to effectively employ nation-building strategies and deterritorialized nationalism to cultivate a cross-border imagined China that is constituted by ideas of national sovereignty and transnational Chinese identity and culture, it has also been able to actively engage with Chinese diaspora through various identity reconstruction strategies. It is also equally important to recognize that "China" is a fundamentally heterogeneous grouping of various collective agents, including the government agencies, state enterprises, private companies, and various groups and waves of overseas Chinese. The interests of various actors within these diverse sectors are likely to vary significantly. The Foreign Ministry may be eager to develop tight-knitted networks of political alliances among Southeast Asian countries, while the Ministry of Commerce may be keen to secure raw materials and develop new markets in the region. Reactions from the grassroots and the public to the Chinese inroads and Chinese migrants add other dimensions to these already complex and dynamic relationships.

Impact of China's Rise and Voices from the Mekong Region

Over the past decade, political alliances between China and the Mekong region have been reestablished through three interdependent processes, namely: (1) the expansion of trade, investment, and foreign aid; (2) increasing territorialization through large-scale concessions and megaprojects; and (3) the expansion of Chinese economic influence that goes hand in hand with the increasing flows of new Chinese migrants into the Mekong region.

Geoeconomic Strategies and the Politics of Currency

The chapter by Hsing-Chou Sung in this volume contends that the expansion of trade, investment, and foreign aid to the Mekong countries are part of a geoeconomic strategy to reestablish good relations and increase political influence within the region. Over the past two decades, China's relations with Southeast Asian countries have undergone a profound shift. For over 30 years, from 1949 to the mid-1990s, China was perceived as a major security threat to her southern neighbors due to the Cold War propaganda about the need to contain communism and owing to concerns about China's continuing support of communist insurgency in various parts of the region. The perception of China has gradually improved since 1978 when Deng Xiaoping started neoliberal reform, and especially in the wake of the Asian financial crisis of 1997 when China resisted pressure by the West to devalue its currency and offered generous rescue packages to many Southeast Asian countries. Today, China's "charm offensive" serves as the catalyst for expanding and strengthening political alliances and security linkages in order to maintain a stable environment on China's periphery. This stability in turn allows China's economic growth to continue and facilitates access to regional energy resources and raw materials and expansion into new markets. China's rising influence in the region is effectively defeating the containment strategies attempted by the West.

Romyen Kosaikanont's chapter in this volume discusses the internationalization of the Yuan currency as a case study of the political economy of China's economic innovation. Her essay illustrates how the negotiation process for the Yuan (Renminbi; RMB) internationalization reflects China's ambitious attempt to attain more influence on the global financial stage by increasing the role of Renminbi in an international financial system, especially in trade and investment with economic partners. An examination of the negotiation process with Thailand and Laos shows that the Renminbi internationalization policy was introduced through the Bank of Thailand (BOT) and the Central Bank of Lao PDR (BOL) via repeated official visits and discussions with the purpose of establishing mechanisms for smooth local currency settlement for transborder trade. In the case of Thailand, intensive bilateral negotiation process has led to an agreement on a "Swap Arrangement," which signifies an acceptance of the Renminbi internationalization. A representative office of BOT was established in China and since June 2012, Thai Baht can be directly quoted with RMB. China has also allowed all its companies to trade with Thailand using RMB as a currency for settlement. In October 2013, Bangkok Bank and Thai Farmers Bank set up mechanisms for the internationalization of RMB in bilateral trade. In the case of Lao PDR, even though the internationalization of RMB policy was not officially implemented by BOL, Romyen cogently argues that, considering the increasing Chinese foreign aid and investment to Lao, China has employed an informal channel for negotiation. On the surface, the BOL has not yet approved a formal Bilateral Swap Arrangement with China, but since the Lao government agrees to accept foreign aid and grants in RMB, it is likely that the RMB internalization policy will be formally accepted and implemented in Lao PDR in the near future. The RMB internationalization illustrates how the Chinese state employs bilateral official channel or government-to-government negotiation process with the Mekong countries following the norms of neoliberalism.

China and the Neoliberalization of the Mekong Region

Twenty years ago, two of the most popular key concepts in the social sciences were "globalization" and "late capitalism." While "globalization" became virtually a household word, "late capitalism" has gradually faded from popular and academic discourse. In his essay "Whatever Happened to 'Late Capitalism'?" Marshall Sahlins (2002:59) suggests that "it became neo-liberalism." In other words, there is no real distinction between late capitalism and neoliberalism. Neoliberalism is late capitalism carried to its extreme since the game-changing leadership of Deng Xiaoping, Ronald Reagan, and Margaret Thatcher. Other authors have used other terms to refer to "late capitalism": Scott Lash and John Urry (1987) called it "Organized Capitalism" while Naomi Klein (2008) labeled it "Disaster Capitalism."

Our research raises questions about the nature of "neoliberalism" and its impact on the Mekong peoples. In this regard, we find the pathbreaking work of David Harvey (2007) very useful. Harvey clearly defines "neoliberalism" as a system of accumulation by dispossession by four mechanisms: (1) The privatization and commodification of public goods; (2) financialization and economic speculation; (3) the management and manipulation of crises; and (4) state redistribution in which the state becomes an agent for the upward redistribution of wealth, leading to the enrichment of an upper class of capital owners and managers at the expense of everyone else. Increasing socioeconomic disparity and polarization have been a persistent feature of neoliberalization. In the West, neoliberalism is attended by fantastic ideologies articulated in discourses of free market, modernity, democracy, transparency, good governance, personal responsibility, and civil society.

However, China is a strange case of neoliberalization, because in China, neoliberal economic policies are combined with centralized state control. The presence of authoritarian governance seems to mean that China has deviated from the neoliberal model as described by Harvey and others. Aihwa Ong (2007) notes this tension, pointing to Harvey's difficulties fitting China into his framework. In addition to a system of accumulation by dispossession, Ong argues, we need to understand neoliberalism as a mobile technology of governing "free subjects." Authoritarian control may well be part of such governance technology. In other words, the Chinese case shows that under some specific conditions, neoliberalization may have to consolidate rather than reduce control. Certainly, the Chinese case shows that neoliberalization is a path to establishing "market society." Deng Xiaoping's market reform in the late 1970s inevitably ushered in the "great transformation" of Chinese society.

China's new export-oriented development strategy relies heavily on the state's ability to maintain social order. Competitiveness is built upon abundant cheap labor, available resources, and an influx of foreign investment. The exploitation of cheap production factors relies on sustaining control over social order, which in turn requires the intervention of the state. Thus, the state's role is not marginalized, as advocated by orthodox Western neoliberalism, but rather transformed from being a "redistributive" state to an "entrepreneurial" one (Wu 2008:1095). A growth-oriented development model legitimizes state control and strengthens the state's capacity to tap into a great pool of resources. In urban land development, for example, land sales—or should we say "land grabs"—make local governments very rich, not to mention the personal financial benefits that accrue to party cadres and local officials.

Through zoning technologies based on the concept of a "space of exception," China has been able to decentralize its market production and achieve an entrepreneurial transformation. In this way, the free market-liberal state nexus is broken up, and the tensions between market and state that can threaten the interests of the ruling class are lessened. Building a market society is the task of the ruling class. Such a market society is not unfettered: it has to be maintained by the state apparatus. Containing disorder and maintaining the market society toward a "harmonious world," as the former president Hu Jintao remarked, is both ideologically and practically imperative.

Neoliberal Logics and the "Space of Exception"

Neoliberal rationality functions in the emerging economies in Asia as both a technique of governance and a politics of metaphor. While many people consider neoliberalism broadly as global markets overwhelming individual countries, it is better to see neoliberalism as a governing technique that is fundamentally about the management and remanagement of populations. For emerging economies, the prominent metaphor is *knowledge*. "Knowledge is like light. Weightless and intangible, it can easily travel the world, enlightening the lives of people everywhere" (World Bank 1999:16, cited in Ong 2007:5). With this metaphor, emphasis is shifted from the production of goods to the production of educated, self-enterprising subjects. The fundamental problem of governance is how to enhance the population's capacity to make calculative rational choices, risk assessments and investments, in the rapidly expanding information society.

The notion of the "knowledge economy" has been the keyword in Asia for more than a decade, and China is obsessed with the quality of its population in this regard. The number of Chinese students studying abroad has risen dramatically.

The neoliberal strategy is directed toward promoting talented, educated, and self-managing subjects who can compete in the global markets. In Asia, especially in Singapore, India, and China, we witness the emergence of high-tech industries that recruit and employ scientists, technicians, and other skilled, educated professionals. In China, special zones located in coastal cities attract increasing numbers of these self-enterprising subjects. Neoliberal logics are introduced as exceptions to the prevailing political system, separating certain groups for special care and attention, and carving out special zones as exceptions to prevailing political and cultural norms. Lisa Hoffman (2008) has documented and analyzed zones of exception where China's talented citizens are nurtured and regulated. These nurturing practices are combined with Chinese nationalism and the transnationalization of Chinese identity. In this way, neoliberal governmentality in China engenders patriotic professionals who serve both self-actualization and China's global advancement.

Flexible Chinese state entrepreneurial practices deploy zoning technologies to integrate distinct political entities such as Hong Kong and Macao, and even Taiwan and Singapore, into an emerging "Chinese Axis" (Ong 2004). In China, the Special Economic Zones (SEZs) and Special Administrative Zones (SARs) are features of a distinctive reterritorialization of national socialist space that is intended to generate capitalist development and eventual political integration with selected, Chinese-dominated, capitalist neighbors.

In the Mekong region, we are witnessing the "soft power" of bilateral trade, foreign aid, and investment through large-scale economic land concession projects, and migration of Chinese professionals, unskilled workers, and small traders into the region, as an extension of Chinese zoning technologies. It is a strategy to integrate political entities of the Mekong countries into a "Greater China" through economic relations and political alliances.

Special Economic Zones and the "Civilizing Missions"

As mentioned earlier, Beijing's policy regarding Mekong regional integration comprises five areas: energy and resources; food security; new markets; political alliances; and a civilizing mission. Exporting Chinese civilization as model of development and an alternative vision of "modernity" is fundamental for China's competition with the West. The discourse of "civilization" is one of the most powerful mechanisms for legitimizing the appropriation of resources from developing countries. "Civilization" as an ideology is also congruent with the protalent logic of neoliberalism with its emphasis on improving the quality of the population. More importantly, the civilizing mission is a strategy for encouraging collaborative efforts among various Chinese actors in a globe-spanning effort to actualize the rise of a "civilizational state" (Zhang 2012).

China promotes regional integration in the Mekong area as the top foreign aid provider and investor: it is largest source of concessional loans for many developing countries of the region. A high proportion of the land concessions and megaprojects granted by the Mekong governments are in the hands of Chinese firms. Many of these megaprojects—such as the Lang Son Housing and Entertainment Complex in northern Vietnam; the Seven Dragon SEZ in Koh Kong, Cambodia; Boten Muang

Thong in Luang Namtha; and the Golden Triangle SEZ in Bokaew, Lao PDR—are attempts to turn the rural landscape of the Mekong into neoliberal spaces of tourist industry.

Unlike the SEZs in China where the spaces of exception are designed to attract export-oriented industry and generate foreign exchange, the SEZs in the Mekong region are created for large-scale foreign investment and unlimited access to natural resources. In Laos, Lyttleton and Nyiri (2011) use the phrase "soft extraterritoriality" to refer to the inroads of Chinese politicoeconomic power through large-scale development schemes. Dams, casinos, housing estates, and agro-industries are replacing fertile farmlands and local settlements in the name of modernization, opium eradication, poverty reduction, and other "civilizing" projects. The creation of SEZs in Laos represents what Pinkaew (in chapter 4 in this volume) calls "commodifying sovereignty" in which sovereign rights are commodified to attract foreign investment. The construction of SEZs in Laos represents not only the struggle of a weak state to achieve rapid modernization but also a strategy to transform remote hinterlands into urban economic gateways thereby strengthening state control over this once marginal land.

The changes that have accompanied the Boten Golden City and Golden Triangle SEZs are especially drastic. The developers of these SEZs are Chinese tycoons who operated and made large fortunes from casinos in Muang La, Myanmar. In recent years, these tycoons have been trying to establish themselves as regional modernizers. In 2008, a master plan for the economic development of northern Laos was prepared by Chinese technocrats on behalf of the Yunnan Province Reform and Development Commission. The plan was submitted to the Laos government for approval. It proposed setting up new free trade zones along the country's borders and developing tourism concessions that contractors would operate and control (Nyiri 2012:552). Pinkaew's chapter illustrates that in reality, these SEZs turned into a new frontier for control by Chinese tycoons who have legal rights and authority to govern the territory, resulting in a massive deprivation of resources necessary for local livelihoods.

In developing SEZs in northern Laos, Pinkaew contends, the Lao state and Chinese firms have joined hands to create credible justifications. Narratives of poverty, drugs, and backwardness have been constructed and promoted. A high-ranking Lao administrator said: "The reasons we granted rights to develop the golden triangle into an SEZ are twofold: it is a far remote area and it is susceptible to drug problems. When development comes in, people will be better off. They will be protected" (see Pinkaew's chapter in this volume). From this view, the Chinese tycoons appear as economic saviors who can bring the downtrodden Laos out of poverty, rescuing the people from backwardness and delivering them to modernity. The vision is inspired by the success of China and the new imaginary of Lao PDR.

For example, Zhao Wei, the chair of the Kings Romans Company that runs the Golden Triangle SEZs, promised to help local people to shake off poverty and backwardness and to lead them into a modern economic zone. In this civilizing mission discourse, modernity is a journey along which humans and nature are transformed together under the kind guidance of the investing company, so that inhospitable, ungovernable places are pacified and transformed into a civilized, morally superior, and governable consumer paradise. Zhao thinks that what he is doing is "not just investment but accumulating 'merit' by cutting off the Golden Triangle's source of drugs, I can save many people" (Nyiri 2012:553–554).

This view, however, is not shared by the Ton Pheung district residents. Many of these villages along the Mekong River were established on fertile land surrounded by rich natural resources. In addition to rice farming, fishing, and cattle ranching, local villagers in this area had taken part in caravan trades spanning from Sipsong Panna through Nan and Chiang Saen. They had never seen themselves as poverty stricken or backward as claimed by the Lao state or the Chinese tycoons. Nevertheless, a resettlement scheme was imposed upon them, assisted by the coercive apparatus of the Lao state and, in the case of Ban Kwan, by the village head who served as mediator for the Chinese firm. Pinkaew contends that deception, coercion, and abeyance were three devices that transformed Ban Kwan—the first targeted village and its people—into a Chinese gambling paradise.

During the process of resettlement, Lao officials and village brokers were active in deceiving and forcing people off their land and in negotiating a low price for land and property compensation. These strategies served to reduce the potential for conflict between the Chinese firm and the local people. At the beginning of 2012, 114 households of Ban Kwan moved to a new village named by the Chinese company "Ban Sam Liam Kham" (Golden Triangle Village). Under the legal codes governing SEZs in Laos, local people must not be moved out but rather incorporated into the SEZ development. Ban Sam Liam Kham was a mechanism to contain and keep in check the potential dissidents in the zone.

Superficially, the newly built houses in Ban Sam Liam Kham look clean and modern. In reality, they are made with low-quality construction materials. The walls started to crack even before villagers moved in. The roofs also leak and water floods the houses whenever there is heavy rain. Since the contractors deny any responsibility for the poorly constructed houses, villagers have to spend the compensation money they received from the company to repair the houses themselves.

Prior to relocation, the Kings Romans Company promised to employ all villagers who comply with the regulations and guidance of the zone's administration. In reality, only young people who are willing to work odd hours in the gambling complex have been employed. Especially for poorer households, it is very difficult to live in a modern-style house with very little land and no job when everything including food and drinking water must be bought. Some villagers try to make use of the very limited space for gardening. Others try to participate in the tourism industry by driving motorized *tuk tuk*, taxis which are provided by the company. But since Kings Romans has its own transportation for visitors, efforts to make a living by serving tourists failed at the outset. Other development schemes proposed by the Chinese company have met the same fate, including an organic farming project that the company sensationally promoted as part of its civilizing mission. Vegetable seeds were distributed to villagers who joined the program to plant in the paddy fields now owned by the company, but when the produce was harvested and ready for consumption, there was no market. The company offered no assistance to villagers to find market options. Consequently, most villagers decided to waste no more time participating in any of the company's projects. In other words, they refused to be transformed into a good quality population designed by the Chinese company and supported by the Lao state. Reluctant to take part in the new world of capitalist enterprise led by the Chinese investor, local expectations of modernity remain in suspension.

Burmese migrant labor is a key economic force: it is the engine propelling the Golden Triangle SEZ. These laborers submit themselves entirely to the economic order of the Chinese world. As a neoliberal subject *cum* cross-border migrant, a Burmese worker does not have much choice. Some dream that the project will continue for another two decades, providing a stable source of income that is unavailable in their homeland.

"Comprehensive Cooperation" or Dependency

Cambodia is another Mekong country that has become increasingly dependent on Chinese aid. Siphat Touch's chapter in this volume describes the rapid development of China-Cambodia relations over the past two decades, especially the upgrading of relations that occurred in 2006 with the "Treaty of Comprehensive Partnership and Cooperation." During the past decade, China has become, in the words of Prime Minister Hun Sen, "Cambodia's most trustworthy friend." China is a major source of foreign assistance and investment and an increasingly important trading partner. In 2007, Cambodia imported US$881 million worth of goods from China, a more than fourfold increase since 2001. The bilateral trade between these two countries rose to US$2.5 billion in 2011, the highest grossing bilateral trade with China among all the countries in the region. Accompanying the rapid increase of Chinese aid, trade and investment, diverse groups of Chinese migrants from business tycoons and medium investors to laborers and hawkers have flowed into various parts of the kingdom. Chinese communities in Cambodia have seen their numbers expand dramatically over the past ten years. There has also been a huge expansion of Chinese-language schools and cultural activities generously supported through donations to the Khmer-Chinese Associations by the Chinese government. For China, Cambodia is now the closest political alliance in the Mekong region. To shore up its strategic position, China has funded the renovation of the Ream Naval Base and the Port of Sihanoukville, expanding its maritime power into the Gulf of Thailand and the Straits of Malacca. Having access to bases in Cambodia is strategically important for China to exert its influence in Southeast Asia to counterbalance the power of the United States.

Growing economic and political ties between China and Cambodia has meant greater Chinese influence and control over natural resources. From Kratie to Mondulkiri provinces, large-scale land concessions have been granted to Chinese companies resulting in the almost total exclusion of local people from the natural resources fundamental to their livelihoods. Dozens of fishing villages in Koh Kong province were displaced when the government granted a concession of 36,000 hectares of coastal land to the Union Development Group in a megaproject to build a new tourist destination including several hotels, resorts, golf courses, a water reservoir, a power plant, and an international airport. In all cases, local opposition was met with harsh reactions by the government. Growing Chinese investment through SEZs and land concessions may benefit a small group of national elite and urban dwellers at the expense of rural communities. Local people are faced with conflict and increasing insecurity stemming from the loss of livelihoods and the deterioration of the natural environment.

The chapter by Nguyen Van Chinh in this volume argues that Vietnam has also become increasingly dependent on China. Since 1991, economic relations between China and Vietnam have developed very rapidly despite ongoing territorial disputes in the South China Sea. Nguyen argues that China has played such an important role in economic exchanges that Vietnam has effectively fallen into the orbit of the Chinese market. The dominance of Chinese contractors in Vietnam's investment projects is closely linked with China's economic aid, which comes in the form of concessional loans and preferential buyers' credits. Chinese Government Concessional Loan refers to the medium- and long-term, low interest rate credit extended by China Eximbank under the designation of the Chinese government with the nature of official assistance. Preferential (Export) Buyer's Credit refers to the medium- and long-term credit provided to foreign borrowers to finance their imports of Chinese products, technologies, and services. The Credit is designed to facilitate foreign importer's (or project owner's) payment at sight of commercial contract to Chinese exporters (or contractors). Both concessional loans and preferential buyers' credits can be seen as major causes of Vietnam's trade deficit with China and the increasing dependence of Vietnam's economy on China. In other words, China can use its economic strength and high volumes of trade to create relations of dependence with smaller neighbors in the Mekong region.

Drawing on fieldwork he conducted on the border between China and northern Vietnam, Nguyen examines different types and patterns of Chinese migration to Vietnam since the normalization of relations between the two countries in 1991. The author notes some major differences between the old and new waves of Chinese migration. New waves of Chinese migrants are characterized by increasing diversity: they are closely linked with China's "going-out" policy and the recent flows of investments, economic aid, trade, and culture from China. Nguyen's chapter also explores the rapid expansion of Confucius Institute and its political and cultural impact in the Mekong region.

Chinese Economic Culture and the Mekong Borderlands

Several chapters in this volume draw attention to the increasing flows of new Chinese migrants into the Mekong region, an expansion of migration that goes hand in hand with the expansion of Chinese economic culture, especially in the border areas. Aranya's chapter, which discusses new Chinese migrants or xin yimin and their socioeconomic activities in a northern Thai border town, supports Nguyen's description of the increasing diversity of the new waves of Chinese migrants in the Mekong region. It contends that the xin yimin have gained new opportunities from the "going-out" policy and the economic regionalization of the Greater Mekong Subregion (GMS). The flows of xin yimin has been accompanied by the spread of Chinese economic culture through *guanxi* networks and Chinese associations formally supported by provincial and central governments. These are crucial elements in the process of Chinese territorialization in the Mekong region.

Bien Chiang's chapter in this volume also focuses on the impact of Chinese migrants on the region with emphasis on Lao PDR. Chiang uses the term "ethnoscape" to describe the territorialization of ethnicity in Laos. "Ethnoscape," introduced by Arjun Appadurai (1996:35), is useful in examining the linkage between ethnic perceptions and space. However, in contrast to Appadurai, who understands the ethnoscape as the globalized spatial diffusion of ethnic communities, we prefer to follow the approach pursued by Anthony Smith (1986) who defines ethnoscape as the territorialization of ethnic memory, that is the belief shared by ethnic groups in a common spatial frame of origin. Over the past decade, the "ethnoscape" of Laos has been dramatically affected by the entry of numerous, diverse groups of new Chinese migrants. The majority of these are construction workers who are contracted by hydropower, high-rise buildings, and highway projects that are financed by concessional loans and foreign aid to the Lao's central and provincial governments. Other groups of Chinese migrants are small and medium-sized traders and business people. Their presence is evident in the rows of small and medium-sized business shop houses with bilingual signboards, the Sanjiang Chinese market, the increasing numbers of Chinese restaurants of varying sizes, the rubber plantations, and small-scale watermelon, banana, and other agricultural projects. Moreover, there are educated professionals serving as engineers, project supervisors, and managers of Chinese-run megaprojects and SEZs. The national elite in Laos subscribe to the view that the increasing presence of new Chinese migrants and their businesses is benefiting the Lao people economically. This view, however, is not shared by ordinary people as illustrated by the increasing discontent over the railway project and the construction of a new Chinatown in Nong That Laung, Vientiane.

Chiang's chapter hints that the civilizing mission idea is being exported across the borders to the Mekong region. It is common to find Chinese investors portraying the Lao people as generally serene, friendly, honest, and laid-back. However, they are also deemed to be uneducated, undisciplined, and unqualified workers and employees. Chinese investors, traders, and workers believe that the Chinese presence and work ethic will eventually lead Laos to a new and improved version of modernity that is culturally more civilized and with a higher quality population.

Regional Integration, Violence, and Contestation

The term "Greater Mekong Subregion" (GMS) was coined by the Asian Development Bank (ADB) in the early 1990s as part of its promotion of integration and connectivity schemes intended to increase economic growth and eradicate poverty in the region. China has been highly supportive of these schemes as integrating with ASEAN is a key component of China's multipronged regionalization, which goes hand in hand with increasing globalization. Over the past three years, China's southern provinces of Yunnan and Guangxi have witnessed a rapid growth rate of 12–15 percent as a consequence of increased trade and investment with the Mekong countries. Xu Ningning, chairman of the GMS Business Council, has said that he expects these growth rates to continue with increases in regional cooperation and win-win investment opportunities (Eyler 2013).

However, INGOs such as Oxfam Australia (Cornford and Matthews 2007) have pointed out that, in all the Mekong countries except Thailand, income disparity has increased since the early 1990s. Even though local people desire to be part of economic development rather than excluded by it, they are often powerless to grasp the opportunities that come their way. In fact, the struggles of poor communities to negotiate neoliberal process are undermined by patterns of oppression that may be intensifying with the increasing cooperation between foreign investors and national elites. This is demonstrated quite clearly in the case of SEZs in the border areas of Laos (as discussed by Pinkaew) and Cambodia (as discussed by Touch).

While China stresses security, stability, and interdependence between countries in the Mekong region based on deepening economic ties, it generally overlooks and undermines the participation of stakeholders—in China itself and in the region. The exclusion of local, regional, and international NGOs from discussions, and the general tendency toward top-down planning and implementing of development projects, results in plans and projects that fail to provide sustainable solutions to regional challenges. China urgently needs to improve its Mekong strategy and decision-making process to be more inclusive of a wider range of stakeholders, especially when conducting social and environmental impact assessments of megaprojects. Without substantial improvement in this area, China's regional strategies are in serious danger of failure to provide alternative modernity to the local people.

On April 26, 2012, the 48-year-old activist Chut Wutty was shot dead while escorting two journalists from the *Cambodia Daily* near a protected forest in Koh Kong province, where he had repeatedly attempted to expose illegal logging rackets that included military officials. Eight months later, on the evening of December 15, 2012, the abduction of Sombath Somphone by police in Vientiane silenced one of the most respected and influential voices for sustainable development in Laos. The assassination of Chut Wutty and the disappearance of Sombath Somphone exemplify the violence associated with the contestation of resources in the Mekong region. Caroline Hughes (2011) has suggested that there are consistent patterns of violence in border areas in the Mekong region related to resource contestation. One outcome of the regional integration project has been renewed and increased militarization in border zones. Increasing militarization has been accompanied by enhanced and elevated cross-border cooperation among the private sector, government officials, and militaries seeking to control and gain benefits from cross-sector transactions. Increasing control and territorialization by state apparatuses effectively transforms border zones from spaces of refuge and resistance to spaces of state control. State territorialization of border zones turns borders into places for regulating profitable transnational trades and exploiting cross-border differentials mainly for private benefit.

From case studies of border zones in the Mekong region, Hughes (2011) concludes that the forging of regional markets and the opening of border areas for easier access and exploitation have given rise to a process of violent contestation in which states, businesses, and militaries have sought to ensure control over both material