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## The Future of Citizenship: State, Democracy & Participation in the ZEDEs

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### Abstract:

This paper examines the evolving concept of citizenship and the contemporary challenges it encounters by employing insights from contemporary citizenship theories. Over recent decades, the characteristics of the state, alongside the definition of citizenship, have undergone notable transformations. The dynamics of globalization and increased cross-border mobility have introduced novel challenges in our comprehension of citizenship and the role of the state. One example are the Zones for Employment and Economic Development (ZEDEs), which provide new forms of governance that transcend or bypass the traditional boundaries and functions of the nation-state. This paper discusses the emerging challenges posed by these zones, particularly in the context of democratic principles, political participation and citizenship. New Special Administrative Regions like the ZEDEs may change the way in which we understand and analyse modern citizenship – particularly the notion of nation-states as the sole providers of rights and duties towards their citizens.

**Keywords:** Special Economic Zones, SEZ, Free Zones, ZEDE, Citizenship, Honduras, Political Theory, Democracy, Theories of Citizenship, Próspera.

### Resumen:

Este artículo examina el concepto en evolución de la ciudadanía y los desafíos contemporáneos que enfrenta mediante la aplicación de perspectivas de las teorías contemporáneas de la ciudadanía. En las últimas décadas, las características del Estado, junto con la definición de ciudadanía, han experimentado transformaciones significativas. Las dinámicas de la globalización y la creciente movilidad transfronteriza han introducido nuevos desafíos en nuestra comprensión de la ciudadanía y el papel del Estado. Un ejemplo de ello son las Zonas de Empleo y Desarrollo Económico (ZEDE), que ofrecen nuevas formas de gobernanza que trascienden o eluden los límites y funciones tradicionales del Estado-nación. Este artículo analiza los desafíos emergentes planteados por estas zonas, especialmente en el contexto de los principios democráticos, la participación política y la ciudadanía. Nuevas Regiones Administrativas Especiales como las ZEDE pueden cambiar la manera en que comprendemos y analizamos la ciudadanía moderna, en particular la noción de los Estados-nación como los únicos proveedores de derechos y deberes hacia sus ciudadanos.

**Palabras clave:** Zonas Económicas Especiales, ZEE, Zonas Francas, ZEDE, Ciudadanía, Honduras, Teoría Política, Democracia, Teorías de la Ciudadanía, Próspera.

## 1. Introduction

How do we define who gets to be or become a citizen? What differentiates a citizen from a non-citizen? Which rights should be reserved only to citizens, and which rights should be given to the others? For centuries, the definition of citizenship and its role within society and democracy has been a subject of ongoing debate. Aristotle explored virtues and responsibilities of citizenship in *Politics*, while John Locke, in *Two Treatises of Government*, offered a framework rooted in the social contract and natural rights – still influential today. In *The Social Contract*, Jean-Jacques Rousseau wrote about the general will and popular sovereignty; Immanuel Kant wrote about cosmopolitanism and universal human rights in *Perpetual Peace*. These works—which would be considered the fundamentals for any undergrad student of political science—have provided a fructiferous ground in which modern academics analyse the role of the state and citizenship.

These historical examples illustrate the enduring nature of discussions in political philosophy. However, in recent decades, the nature of the state and the definition of citizenship have undergone significant transformations. Globalization, mobility across borders, and modern technologies provide new challenges to the ongoing discussion. The process of globalization has brought about significant challenges to the current way in which we analyse and perceive the links between citizenship and the state. Among them, is the emergence of new forms of governance that transcend or bypass the traditional boundaries and functions of the nation-state. One such example are the Zones for Employment and Economic Development (Spanish: Zonas de empleo y desarrollo económico, or ZEDEs) – a project approved by the Honduras Parliament in the year 2013. While Special Administrative Regions (including Special Economic Zones) are not something new or revolutionary, the ZEDE framework provides even broader autonomy to these regions. ZEDEs are governed by their own set of laws and regulations, separate from the rest of the country (with some exceptions). Different from the nation-states which were the centre of discussion in the past, ZEDEs do not need to be controlled by a state but may be controlled by private companies that have the incentive to attract investment and promote economic growth. With the decoupling or delegation of the state power over its region to a private company, new questions in political philosophy arise.

The emergence of ZEDEs marks a departure from theoretical discussions, bringing such projects and ideas into practical existence. In Honduras, three ZEDEs already exist; two of them, Próspera and Morazán, are already accepting new residents. Both have different business models, target groups, and goals. This enables them to experiment and establish new tools and platforms for political participation in their territories. With the potential that these projects expand and other countries implement similar frameworks, we should take into consideration the alternatives and possibilities for political participation. ZEDEs may challenge the idea that citizenship and democracy are intimately linked, as they provide new forms of governance that are not based on traditional nation-state institutions.

ZEDEs also bring great challenges to the current notion of citizenship, they blur the traditional boundary between the state and the market process, as well as between domestic and international affairs. This shift challenges the traditional role of the state as the primary provider of rights and duties. Moreover, this new conception of citizenship prompts a reconsideration of the delicate balance between global and local interests. This paper is organized as follows.

The second section of this paper provides an overview of the state of research around citizenship and the role of globalization in the current academic discourse. It also identifies some gaps or limitations in the current debate regarding the new ZEDE framework that this paper will (try to) seek to address. Section three provides a short but concise overview of the ZEDE framework and its inspiration, evolution, and differences from other SEZs. In this section, we also lay the foundations of the political structure in the Próspera ZEDE. After creating a robust framework for discussion, in section four, we discuss the links between the ZEDEs, the Honduran state and its residents, the role of the nation-state as the sole provider of rights and duties towards its citizens and we also discuss the commodification of citizenship and the boundaries between the nation-states and the market process.

## 2. State of research

Given the ubiquity of the term 'globalization' in both academic and public discourse, a concise definition is necessary. Gilpin succinctly defines it as the “increasing interdependence of national economies in trade, finance and macroeconomic policies.” (1987: 389) Zajda and Majhanovich write:

The globalization process is characterized by the acceptance of ‘unified global time’, the increase in the number of international corporations and institutions, the ever-increasing global forms of communication, the development of global competitions, and, above all, the acceptance of global notions of citizenship, equality, human rights, and justice [...] Globalization as a phenomenon, is a multi-dimensional cultural construct, reflecting the necessary interdependence and connections of all core facets of culture: the economy, politics, ideology, languages, education, consumer goods, travel, modes of communication, technology, and the people around the world.” (2021: 2)

Traditionally, citizenship has been perceived as a legal status conferring rights and duties upon individuals within a political community, typically a nation-state. We have come to see the image of the virtuous republic in which “the citizen is regarded as accountable to the community.” (Hindess 1993: 33) National identity, embodying shared historical events, values, beliefs, customs, conventions, habits, languages, practices, myths, symbols, and traditions, serves as a representation of cultural communities (Zajda/Majhanovich 2021: 6). Some argue that globalization not only fails to provide a global identity, but it even

intensifies national feelings (ibid).

Yet, in the context of globalization, the concept of citizenship has grown more intricate and contested. New forms of governance and economic integration are challenging the sovereignty and legitimacy of nation-states. Works analyzing the new role of globalization in academic discussions are playing an increasing role in social sciences. Urry argues that “across much of the globe over the past decade two of the most powerful organizing processes have been those of ‘citizenship’ and ‘globalization’”. They have swept much else before them, reconstituting social and political life.” (1999: 311) The way in which we came to understand citizenship has changed over the years – and it seems that the older definitions can’t provide a sufficient explanation for globalization and modern migration. Although nation-states typically have clear rules about citizenship, political philosophy raises the question of whether this conventional approach aligns with contemporary challenges. Once the discussion focused on cultural boundaries, later was a question of the relevance of territorial and political boundaries. However, in a time where individuals are mobile, which questions should we now address?

Typically, the conception of citizenship involves four key dimensions: a) legal status, b) rights, c) political participation, and d) a sense of belonging. These dimensions may complement each other or may stand in tension with each other. They encompass the relationship between individuals and the state (Bloemraad et al. 2008: 156). However, with the creation of the ZEDEs, it seems that a new tension between c), d) and the nation-state may arise, and it seems that the relation between the individual and the state is cut out of the frame.

Following World War II, T.H. Marshall argued that social citizenship was crucial for integrating the working class into civil society, empowering civil and political rights – and thus justifying the creation of the welfare state (1950). In his work, the four dimensions of citizenship are reflected. However, this approach didn’t provide an answer on how to integrate a “culturally divided” society (Bauböck 2020: 2). To face the challenges of cultural diversity, Kymlicka argued that minorities needed to be provided with differentiated rights, special recognition and territorial self-government – Kymlicka thought that such an approach would unite rather than divide culturally diverse societies (1995). However, both approaches rely heavily on the action of the nation-state. It is the state, the one that needs to come into action and guarantee these rights, either to minorities or to disadvantaged classes. Bauböck argues that the analysis of citizenship should still rely on the previous work of Marshall and Kymlicka;

“[the] narrative [...] must take sides and embrace the open society side of the globalization divide, just like Marshall’s story focused on the benefits for those deprived of substantive citizenship through market inequalities and just like Kymlicka’s focused on the benefits for disadvantaged cultural minorities. And this means that an attractive vision of urban citizenship must be at the core

of the new story since it is in the big cities that mobile populations find their homes while their voices and votes remain all too often unheard and undercounted in national arenas.” (2020: 2)

Bauböck introduces a new aspect to the discussion by recognizing that power does not solely rely on the state; he acknowledges the importance of cities. However, he argues against the emancipation of urban citizenship from nationality. While he acknowledges the role of local democracy and defends citizenship based on *ius domicilii*, he still accepts that local citizenship will not be able to replace national citizenship (ibid: 4). Although individuals of an urban center gain the status of residents, they remain bound to their nationality and have the right to return to their country of nationality. He argues that “we need therefore [...] an urban citizenship that is derived from residence rather than nationality and that complements national citizenship instead of replacing it.” (ibid: 5) Bauböck’s arguments resonate with the present circumstances of the ZEDEs. As we will discuss further in sections three and four, ZEDEs may provide a type of proto-urban citizenship – including an array of rights and duties exerted by a city. While Bauböck’s approach still considers the state as the one to provide these rights and duties (and his arguments are clearly rooted in republican ideas), in the case of the ZEDEs, the institution that guarantees them is a private company and a resident contract.

As we can see, various works have identified the challenges that immigration and globalization bring with them– however, all the approaches rely heavily on a central apparatus (nation-state) that ought to offer a solution to the problem. The pre-conception that the nation-state is the one that should enforce and guard one’s rights and duties influences even the more polycentric solutions to the challenges of globalization and immigration. As we will argue throughout this paper, the nation-state is not the only one that can provide such things anymore. However, having a non-state institution providing these on the basis of a resident contract between them and the resident itself brings new questions regarding the four dimensions of citizenship.

Prior to the hegemony of the nation-states, alternative structures of governance like free and imperial cities or privately run cities were not uncommon. For example, the Hanseatic League may be considered one of the most influential city-leagues. It “emerged as an alternative institutional solution to the sovereign state and performed many functions that elsewhere were carried out by sovereign monarchy.” (Spruyt 1994: 109) Meanwhile, in Italy a different structure arose; the city-state. Different to the Hanseatic League, city-states “did define authority by territorial boundaries.” (ibid.: 149) City-states justified their authority as autonomous entities and were resistant to relinquishing their independence to join any kind of federation with other cities (ibid. 146). Some of the most dominant city-states were Milan, Venice, and Florence – the latter being heavily developed by the Medici family (Elam 1978).

Moreover, such cities are unthinkable in the modern world of nation-states – at least for now. Given the

novelty of ZEDEs, academic discourse on their role in shaping the current discussion on citizenship, including political participation, is notably scarce.

### **3. A history of acronyms: SEZs, ZEDEs**

Special Economic Zones (SEZs) are not a recent or revolutionary phenomenon. Countries all around the world have implemented such zones to attract investment, export and import goods. Typically, these zones feature distinct taxation policies compared to the broader country, often accompanied by streamlined and more efficient bureaucratic processes. However, these zones do not possess their own regulatory framework nor have their own civil law. SEZs follow the laws and regulations of their country, although they enjoy some exemptions and incentives as a free trade zone (Bell 2016: 962). The term SEZ encompasses a wide range of zones. According to the World Bank, there are three primary types: “[a] Free trade zones, ranging in size from single factories to larger areas; [b] Export processing zones (EPZs), again ranging from single factories to larger areas; and [c] Hybrid EPZ freeports or wide-area SEZs, typically large and sometimes city-sized.” (ibid: 964)

The SEZs in the People’s Republic of China (PRC) are particularly noteworthy due to their remarkable success. The first zones were part of the political and economic restructuring pushed by Deng Xiaoping and were established in 1978 as “a test of the controlled restructuring of the entire economy through the introduction of capitalism and foreign investment, after more than 30 years of economic and political isolation.” (Baissac 2011: 36) Today the PRC has over 200 zones of various types (ibid). However, the SEZs in the PRC have always stayed public affairs. Just like in other countries, from the 1950s till the 1970s governments planned, promulgated, regulated and administered these zones.

However, during the 1990s, primarily in Latin America, new zones were developed by the private sector. The first projects (known as maquiladoras) were industrial parks focused on value-added services. Either new zones were created, or existing ones were privatised – for example, Colombia, as of today, no longer operates any public economic zones. After Latin America, countries like Thailand, the Philippines, and Vietnam followed up. Today, private zones are not only found all around the globe, but they are becoming the norm. In the 1980s, 25 per cent of the world’s total economic zones were owned by private companies – in 2018 it was 62 per cent (ibid: 39).

Recently, new types of Special Administrative Regions have emerged, breaking away from the SEZ framework and allowing for a greater level of autonomy. However, the focus of such structures still relies on the provision of public goods and urbanization through private actors (Yue/Rama 2023). Examples of such regions include projects like Waterfall City in South Africa, the Konza Technology City and the Tatu City in Kenya, or the Appolonia City of Light in Ghana (Ablo 2023: 2). In response to the rapid

population increase in India, some projects focus on the urbanization aspect, such as the private city of Gurgaon (Rajagopalan/Tabarrok 2014) or the private city of Lavasa (Parikh 2015).

As discussed in the next section, ZEDEs go beyond the conventional concept of privately owned industrial parks, providing more than just advantages for the export and import of goods. Their structures offer more possibilities, and they expand to the political realm of their residents. ZEDEs are not merely economic or urbanization projects – but also political ones. Unlike conventional SEZs, which primarily focus on economic aspects, ZEDEs harbour a more comprehensive objective. Some might perceive ZEDEs as new enclaves akin to Hong Kong or Macau. However, as explored later, it's crucial to note that ZEDEs do not seek sovereignty independent of their host nations. They are an integral part of Honduras and the Honduran constitution.

### 3.1. The ZEDE Framework

In succinct terms, ZEDEs can be defined as “a new political subdivision of the State of Honduras with a constitutionally granted autonomy to adopt their own governance structure and laws.” (Colindres 2021: 9) In 2013, the National Congress amended the constitution and enacted the Legislative Decree No. 236-2012. Alongside municipalities and departments, Honduras got a new form of territorial subdivision. ZEDEs can be established in two ways: Local communities in high-density zones can initiate one through a public referendum, requiring a two-thirds majority. Alternatively, private developers, known as Promoter and Organiser, can seek to establish one in low-density areas “authorized by Congress, through an administrative procedure before the Committee for the Adoption of Best Practices (CAMP).” (ibid: 18) “Under the ZEDE framework, developers have the authority to establish a new local government, endowed with “constitutionally granted autonomy to exert legislative and taxing powers, design its governance structure, administer public registries, authorize international ports, provide public services, and establish local police, crime prosecution, and penitentiary system, among others.” (ibid: 20)

Despite their significant autonomy, ZEDEs are exempt from a majority of national legislation. However, they remain obligated to adhere to the Honduran constitution, international treaties, the ZEDE Organic Law<sup>1</sup>, national criminal law, and other pertinent legislation. ZEDEs are free to create and develop their own public governance structure. According to Article 329 of the Honduran constitution, ZEDEs

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<sup>1</sup> The ZEDE Organic Law, officially known as the Organic Law of Areas of Employment and Economic Development, approved by the National Congress of Honduras in 2013, grants ZEDEs legal personality, autonomy in policymaking, and the authority to establish their own regulations. It outlines the diverse purposes for which ZEDEs can be created, ranging from financial and logistic centres to special economic and agro-industrial areas. Importantly, the law authorises ZEDEs to create their budgets, collect and manage taxes, and operate under an independent fiscal regime (Legislative Decree Nr. 120-2013).

possess “functional and administrative autonomy which must include the functions, powers, and duties that the Constitution and the laws confer to Municipalities.” (Decreto No. 236-2012) Hence, “when performing their exclusive functions, and provided they do not contravene the law, municipalities – and ZEDEs by extension – shall be independent of the Powers of the State and shall be accountable to the courts for abuses.” (Colindres 2021: 20)

The political structure of the ZEDEs sets them apart significantly from other cities and jurisdictions, particularly when compared to traditional Honduran cities. In contrast to conventional municipalities, ZEDEs, as outlined in their unique framework, possess a distinct form of territorial autonomy granted by the Honduran constitution. This autonomy allows ZEDEs to adopt their own governance structures, legislative powers, and laws, setting them apart from other jurisdictions within Honduras. While traditional cities follow the established political norms and regulations of the country, ZEDEs operate within a framework that grants them constitutional autonomy to shape their governance.

In examining the political structure and citizenship/residency dynamics in Honduras, a stark contrast emerges when compared to the innovative model of ZEDEs. Honduras, historically shaped by traditional citizenship based on birthright and descent, has traditionally adhered to established governance structures. In contrast, ZEDEs introduce a paradigm shift by granting residents a unique form of political participation and legal status – without the necessity of Honduran citizenship. Unlike conventional citizenship models tied to nation-states, ZEDEs provide a distinct framework that challenges the norm.

In 2017 the CAMP authorised the Próspera ZEDE on the island of Roatán. Two years later the CAMP authorised the ZEDE Morazán (Ciudad Morazán) near the city of Choloma. A third one, ZEDE Orquídea, was authorised shortly after.

### **3.2. Political Structure in Próspera**

Among all three ZEDEs, Próspera stands out as the one making the most significant advances. With a total investment of USD 100 million as of 2023, Próspera holds the distinction of being the ZEDE with the largest investment (Próspera 2023). In contrast to Ciudad Morazán, which focuses solely on 'attracting industrial development and Honduran residents' (Mason et al. 2021: 137), Próspera distinguishes itself with an international focus, specifically targeting knowledge-based economic activities (ibid.). Moreover, Próspera not only aspires to operate on Honduran soil but also aims to implement its ecosystem in other countries in the future, exploring avenues such as e-residency and digital platforms (ePróspera 2023). The prospect of a network of cities connected through the Próspera platform creates the potential of a residency which does not solely rely on geographical boundaries – which, again, brings new discussions on the role of citizenship, residency and political participation. Considering the potential for scalability and expansion



to other territories, and its consequential impact on the topics discussed in this paper, we will concentrate on the political structure of Próspera rather than that of the other two ZEDEs.

In this section, we will provide an overview of the structure in Próspera and in the next sections, we will rely mostly on this structure when talking about ZEDEs. However, it is important to mention that other ZEDEs (including future ones) do not necessarily need to be structured like Próspera – the idea of the ZEDEs is that different models and ideas compete with each other.

The case of Próspera is particularly interesting for political philosophy since the ZEDE offers a full-fledged application of the contract theory of government. Every person who wants to become a resident needs to accept the so-called Agreement of Coexistence (AoC) where they explicitly consent to a.o. the Charter of Próspera (which is the jurisdiction's highest-ranking local norm). This written contract lays out and guarantees the duties and rights of the resident. For example, it guarantees that every resident has the right and opportunity to vote and to be elected to the Próspera Council – in this case, the nationality of the resident does not play a role. The Próspera Council is composed of a Technical Secretary,

“[...] who is the highest-ranking executive officer of a ZEDE, analogous to the mayor of a municipal government, and eight other Council Trustees. Initially, the Promoter and Organizer elects four seats in the Council, the physical residents elect three seats, and landowners elect two seats; however, the democratic power of physical residents will increase progressively, in accordance with population growth.” (Colindres 2021: 24)

The Technical Secretary, who is elected for a seven-year term, is the sole political position that can be held only by a Honduran by birth. Other positions are open for every resident – independent of their nationality.

Once Próspera reaches 1.000 residents, the CAMP will appoint an Ombudsman. Their role is to oversee and file legal claims of unlawful acts by Próspera before the arbitration tribunals. Residents have the right to replace them through a referendum. When Próspera reaches 10,000 residents every rule enacted by the ZEDE can be subject to repeal by a majority of votes – previously adopted rules can be repealed by a two-thirds majority. Residents are able to propose their own measures (authorised and within the framework of the AoC) if they reach five per cent of the signatures of all persons eligible to vote in the ZEDE (ibid).

Once Próspera reaches Urban Population Density (meaning 6.000 residents per square kilometre), physical residents will elect five of the nine Council Trustees. The Próspera Council is the jurisdiction's representative legislative body and holds the power that residents have consented to delegate to it through the AoC. Furthermore, a referendum for residents to amend the Charter of Próspera will be held if authorised by a two-thirds vote of the Próspera Council (ibid: 25). However, all the rules enacted by the

council are subject to the approval of the CAMP – meaning that the legislative power of the ZEDE relies both on the Próspera Council and the CAMP. By doing so, all stakeholders, including the Honduran national government, are included in the juridical oversight of the ZEDE. Besides, the “most relevant powers of the Próspera Council require a two-thirds majority vote, such as the promulgation, amendment, or repeal of Statutes, Regulations, Ordinances, and Resolutions; the selection of the Council Secretary; the removal or suspension of Council Trustees; presenting a request to the CAMP for the removal of the Technical Secretary; authorizing a referendum through which residents may amend the Charter provisions regarding the Próspera Council; and the termination of certain contracts.” (ibid: 28)

What makes the contract theory approach of Próspera interesting, is its ‘exit clause’. The ZEDE’s duties and power over its residents and their property are derived from a real and physical contract (AoC). The agreement allows residents to opt out of Próspera by following the agreed-upon conditions (ibid: 34-35). Furthermore, every resident has the possibility to enforce their civil and political rights against the ZEDE through a court of law or arbitration proceeding (including property, contractual, and labour matters).

#### **4. Numerous challenges but some opportunities, too**

In the Western tradition, a fundamental tension exists between inclusion and exclusion. Originating in the Athenian city-state, citizenship was a participatory model for the public sphere, limited to males. This design inherently restricted, or rather, excluded women, those without property, slaves, and newcomers. In contrast, an alternative Western tradition, originating from the Roman Empire, conceived citizenship as a “juridical concept of legal status, in which the citizen is a subject of a state.” (Bloemraad et al. 2008: 155). During the Enlightenment era, the justification of subjecthood led to the emergence of Lockean ideas of consent and contract. This development laid the foundation for the language of individual rights, a central tenet of modern-day citizenship rooted in liberal ideas. In the 20th century, the language of rights expanded, giving rise to the concept of inalienable human rights. Yet, as revealed in Arendt's examination of stateless individuals in her 1951 work, the guarantee of the right to have rights is contingent upon the state's power and institutional framework (ibid).

##### **4.1. The State, the ZEDEs, & the Citizens**

It is important to note that residency in Próspera and other ZEDEs does not equate to citizenship, a distinction further explored in the next subsection. However, due to the delegation of powers from Honduras to the ZEDEs, it seems that they can fulfil at a certain level the four main dimensions of citizenship discussed in section two. Residents enter into a contractual agreement with Próspera, clearly outlining their rights and obligations – even if in the future the Charter of Próspera might be amended through a

referendum, the AoC at its core, remains untouched (Article IV of the AoC). In case of the change of a rule or set of rules by a democratic resident referendum, each resident will still have the possibility to consent (or not) to the new challenges, meaning that if desired, any resident can stick to the AoC they agreed the first time. Neither Próspera nor other residents are able to coerce them to accept any changes. This gives all residents of Próspera a legal status within the ZEDE and also provides them with a high level of security. Since the AoC can't be changed unilaterally, residents have known since the beginning what their duties and rights are and can plan their lives accordingly. Within nation-states, the government can change such rules and processes unilaterally, even if it is "written" differently somewhere else. Laws about visas, naturalisation and deportation can be changed and implemented without the necessity of hearing the opinion of the broader society and even less if the affected don't have the possibility to partake in the political process. If the resident has not broken any of the points set by the AoC, not even Honduras has the power to ask for their "extradition" to the rest of the country – within a ZEDE Honduran police force is not allowed to enter. Should Próspera break any of its duties towards a resident, the resident is able to bring Próspera to an arbitration centre and ask for just compensation.

The second main dimension is rights. As we have seen in section 3.1., ZEDEs– particularly Próspera– challenge the idea of the nation-state as the sole provider of rights and duties to its citizens. The fact that everyone around the globe has the possibility to join the ZEDEs and they have almost the same rights as other residents that are Honduras-born citizens, presupposes a new challenge to current citizenship discussions. Birthright through *ius soli* and/or *ius sanguinis*, play a lesser role – now a citizen contract and *ius domicilii* are new elements to take into account (Bauböck 2020: 4). The obligations of the resident are set up in Article II of the AoC, the obligations of Próspera in Article III. Próspera can't refuse or deny the resident any of their rights or obligations. The resident, on the other side, refrains from violating other residents' liberties and rights previously agreed upon in the AoC. Furthermore, the resident consents to maintain general liability insurance during the term of their residence.

Article XXII of the Charter of Próspera, the Resident Bill of Rights, displays the rights of each Próspera resident. What makes this Bill of Rights distinctive, is the fact that it is part of the AOC, a binding contract – if Próspera denies these rights, it can be held accountable. Through the Bill of Rights, Próspera accepts that the ZEDE shall not under colour of law a) deny the right to life, b) violate the right to property, c) burden freedom of thought, speech, conscience and religion, d) deny freedom of contract, e) deny the right to procedural due process, f) infringe on freedom from *ex post facto* laws, g) infringe on the right to security in privacy and h) infringe on the presumption of liberty.

And what about political participation, the third main dimension? As we have seen in section 3.1., all residents have the possibility to be part of political participation, even if they are not born in Honduras

(with only the exception of being elected Technical Secretary). One could argue that the ZEDEs provide a radical interpretation of post-national urban citizenship since it clearly severs the relationship between the city (in this case the ZEDE) and the state. Nevertheless, the AoC includes an exit clause that could offer residents an opt-in or exit-based political system. Some researchers perceive this as an obstacle rather than a solution. For De Filippi, for example, this can be dangerous since such a system eliminates the notion of politics because it removes the need for compromise and consensus (2018: 275). But do not forget that ZEDEs are not normal cities or states, they can be for-profit projects if managed by a private company. Although residents have the option to opt-out, their vested interest in the ZEDE's continued functioning serves as an incentive for active participation. If the ZEDE goes out of business or if a number of bad decisions are made, the ZEDE risks closing down and hence the status of the residents is jeopardised. With residents having a stake in the game, there exists a significant incentive for their active participation in the political process, contrary to what De Filippi might assume. Among nation-states, the chances of political participation for its residents depend on their nationality.

For example, in the European Union, EU citizens might be able to elect local authorities in their urban centres, however, non-EU citizens don't have this right. This has been the result of reciprocity among EU states which are closely bonded. Moreover, in the case of the ZEDEs, we could argue that there is a higher level of fairness since all residents are able to participate in the political process independent of their nationality. However, the situation for every resident is still attached at a certain level to their nationality. They will have an unconditional right to return to their home countries and depending on their nationality they are able to move freely between other countries (Bauböck 2018: 5).

Transitioning to our final dimension, let's explore the sense of belonging in the ZEDEs. It can be argued that the availability of political participation in the ZEDEs plays a pivotal role in establishing a sense of belonging. For example, new residents in a city-state like Monaco do not have the right to vote on issues that might affect them – getting citizenship seems almost improbable. Referring to the core idea of republican citizenship, Bauböck describes citizenship as not merely a legal status and a bundle of rights.

“It connects individuals who differ profoundly in their interests, identities and beliefs into a self-governing political community. The tie that connects them is not a cultural, but a political one: they are equal as subjects who live under common political authorities and laws and they are equally represented in the election of these authorities and the making of these laws.” (2009: 105)

By having the option to engage in the political process through *ius domicilli*, residents share the same possibility to participate in the political ties described by Bauböck. Moreover, one could argue that in a globalised world, migrants often relocate to countries aligned with their values and principles. Although, in this case, other factors may play a crucial role, like the welfare state or tax structure. For new residents

in the ZEDEs, it can be argued that their voluntary agreement to the AoC, outlining expectations and duties, establishes a value-based connection rather than one rooted in culture. If residents don't accept or seem to break the agreement, the ZEDE has no duty towards retaining them on its territory.

#### **4.2. Discussing boundaries: the State & the Market Process**

To those with a superficial understanding of ZEDEs, the project may appear as a neoliberal haven catering to affluent individuals. However, it's important to note that affluent individuals may likely favour destinations like Monaco, Dubai, or Switzerland over a developing town on a Honduran island. Additionally, it's worth noting that nation-states have long been involved in the commercialisation of passports and residences. The Maltese Parliament has openly put a price on Maltese passports, meaning that it is money that decides if one may or may not get access to a passport. In the case of the ZEDEs, a clear, written AoC determines who may or may not be able to become a resident. Moreover, concerning Malta, there is a legitimate question about the incentives for new citizens to integrate and participate in civic society and the political process. While the Maltese passport works as a key to free movement (due to EU citizenship), residency in the ZEDEs offers a robust framework for co-existence. Notably, the process of obtaining residency in Próspera is more transparent than Golden Visa or Citizenship-by-investment programs, making it accessible even to those with limited financial means.

Transparency is a key factor differentiating ZEDEs from traditional Golden Visa programs. The lack of operational integrity in the governance of schemes like the Golden Visa has been a significant concern globally. Audits in several countries have revealed serious deficiencies, such as corruption, money laundering, and influence peddling. For instance, Portugal's Golden Visa program faced allegations of corruption, leading to government officials' detention. The Hungarian scheme was suspended due to revelations of awarding rights without a public procurement process, raising questions about transparency and due diligence. Such instances highlight the operational opaqueness and risks associated with traditional residency programs. In contrast, the ZEDEs, with their clear AoC and contractual agreements, provide a more transparent process by explicitly outlining the rights and obligations of residents. This transparency extends to the criteria for obtaining residency, ensuring a clearer and more accountable system compared to the opacity observed in traditional Golden Visa programs (Transparency International 2018). While criticisms of the commodification of citizenship are valid, it's crucial to recognise that the AoC and ZEDEs actively address potential tensions between individual residents and their host states.

Moreover, Bauböck critiques the potential impact of cities on global collective problems (2020: 5). In this context, ZEDEs emerge as potential solutions to address such challenges, while Próspera ZEDEs is confined to Honduras territory, the platform is not bound to any physical realm. In the scenario where other

countries adopt similar projects, Próspera could potentially expand to other territories, giving rise to new forms of global networked cities. These would be governed by the same AoC, incentivised to coordinate among themselves – forming a new kind of Network State.

### **4.3. State as the main provider of rights and duties?**

Nation-states are already engaging in the sale of passports. While some may attribute this to neoliberalism or other factors, it remains a fact that countries are willingly commodifying their citizenship. While one may argue that doing so follows the same logic as with different schemes for high-skilled immigrants, it “contradicts the very recent efforts of states to re-substantiate citizenship through tests and integration requirements.” (Barbulescu 2018: 30) The selective waiving of these requirements for the wealthy raises questions about the expectations that nation-states have for their new citizens.

In nations with already unstable institutions, ZEDEs could present an opportunity to implement and experiment with new processes and ideas. By delegating or outsourcing their power to outsiders, countries with fragile institutions and low trust can find an alternative to developing and trying new democratic processes. Eliminating democracy in ZEDEs would contradict the purpose of these zones. Democracy serves as a valuable feedback mechanism for residents, enabling continual adaptation and improvement. Abolishing this mechanism would be counterproductive. This even means that ZEDEs have a special incentive to renew and improve democratic mechanisms in order to better respond to the demands of their residents. Hence, these projects can be viewed as research laboratories for enhancing democracy. Innovative concepts such as blockchain governance or polycentric democracy may face challenges in implementation within existing structures, particularly in countries grappling with internal issues.

ZEDEs provide the opportunity to test and experiment with these improvements on a smaller scale. All existing projects have as a core element the co-determination of their inhabitants. ZEDEs would then have the possibility to go beyond the classic form of democracy in which majorities decide. This is because, in ZEDEs, the consent of each individual is decisive: each resident concludes a contract with the ZEDE. This contract clearly defines the rights and obligations of both parties. As a result, ZEDEs are even much more constrained than typical governments. By explicitly contracting with residents, ZEDEs are concretely obligated to uphold the rights of each individual – more so than classical democracies do.

Emphasising the significance of individual consent in ZEDEs diminishes the influence of monetary factors. The political process in classical democracies is prone to nepotism and corruption. Influential groups can use the state for their particular interests. One example is the huge bailouts after the global financial crisis of 2008, in which taxpayers' money was used to rescue banks. This was possible precisely because the state measures did not require the consent of every citizen. In modern states, the danger that

decisions are made with the wallet is unfortunately great (ie. mercantilism, lack of transparency, lobbying, and corruption). ZEDEs offer an alternative for individuals seeking to escape political instability in their home countries while also desiring a say in the development of their new community and residence, notably through political participation.

Bauböck discusses the possibility of abandoning *ius sanguinis* in favour of *ius soli* and adopting a principle of *ius domicilii* – immigrants should then be naturalised *ex-lege* as soon as their residence is deemed permanent (2009: 108). With the framework of ZEDEs, it is possible to create a democratic polity as a territorial association without the need to rethink or reform citizenship in Honduras or the countries of Próspera’s residents. What Bauböck describes as utopian may be possible at a certain level within the framework of the ZEDEs.

## 5. Conclusion

This paper has provided a short overview of some important discussion points regarding ZEDEs, state sovereignty and citizenship. Although there are currently only three ZEDEs, all in Honduras, the discussion around these topics remains crucial for understanding their theoretical and normative implications. But maybe because ZEDEs and similar ideas are so new, we need to discuss and talk about them. Anticipating the potential emergence of similar projects worldwide, it is essential to discuss their effects, prepare for collective reactions, and identify challenges that may arise. The evolution of Special Administrative Regions necessitates our awareness of the associated challenges. Understanding these challenges can contribute to developing a more nuanced framework for their exploration.

This paper has delved into the four primary dimensions of citizenship—legal status, rights, political participation, and a sense of belonging – while also scrutinizing their connection to the contemporary nation-state. Furthermore, we have provided some arguments that may show that these four dimensions don’t need to be provided by a nation-state alone and have explored some ideas of how ZEDEs, run by private companies, may be able to fulfil some of these aspects. ZEDEs and future similar projects implicate that the nation-states are not the only ones providing or securing the rights and duties of citizens. Even though Próspera exclusively provides residency, not citizenship, one could perceive it as a form of proto-urban citizenship founded on the concept of *ius domicilii*.

These zones offer a comparatively more transparent process than existing Golden Visa or citizenship-by-investment programs. The written agreement and the opportunity for political participation may elevate the sense of belonging and identification with the zone, fostering a deeper engagement with the community due to the residents having a stake in the game. Although the ZEDEs are integral to Honduras and do not pursue any form of sovereignty, it is plausible that in the future, and with other

projects, tensions between the host nation and the SARs could arise – especially in instances where non-extradition pacts are in place. Moreover, ZEDEs and analogous projects hold the potential to fortify democratic institutions in their host nations by serving as research laboratories for innovative alternatives on a smaller scale.

Encouraging further academic inquiry into this topic would enrich the ongoing discourse. ZEDEs might pave the way for a comprehensive discussion, where the interplay of globalization, technology, and immigration becomes pivotal. This discussion involves the delegation of power by nation-states to privately owned institutions without compromising their democratic essence.<sup>2</sup>

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