Linking Regulation Theory to the International political economy to study new spaces of regulation

The case of Chinese special economic zones in Southeast Asia

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Introduction

Proposal

- Trace the evolution of two theoretical frameworks: the meso approach in Regulation Theory (RT) and the domestic politics paradigm in International political economy (IPE)
- Identify points of convergence to analyze Chinese SEZs in SEA
Exploratory approach

- Chinese overseas SEZs
- The meso approach in RT
- The domestic politics paradigm in IPE
Introduction

➢ Sources

➢ **Non exhaustive** text corpus from RT and IPE literature
➢ Data collected on several Chinese special economic zones (SEZs) in Southeast Asia (SEA)
➢ Fieldwork on the Sihanoukville SEZ in Cambodia
Introduction

➢ Definition and context

SEZs are delimited geographical areas offering regimes and regulatory frameworks that differ from the rest of the country in order to attract companies and foreign investments.
Introduction

➢ Recent trend: development and operation by foreign investors of SEZs outside their home country

➢ Chinese SEZs in SEA
  ➢ Developed by Chinese companies (supported by Chinese authorities) in cooperation with local actors
37 SEZs developed by Chinese companies in Southeast Asia

Mariette A. (2022), data from latest updated Chinese’s central government lists
Introduction

➢ Issue and research questions

➢ Do Chinese SEZs mechanism in SEA favor a social and economic organization at the local level that differ from the rest of the country where it is implemented?  
  ➢ Labor norms

➢ Meso perspective

➢ The capacity of Chinese actors to change rules in foreign countries
  ➢ Local level
The mesoeconomic approach in the face of new geopolitical challenges

➢ Pioneer works on new spaces of regulation
  ➢ The industrial districts of the 'Third Italy' (Becattini, 1979)
  ➢ Synthesis : Les Régions qui gagnent: districts et réseaux : les nouveaux paradigmes de la géographie économique (Benko et Lipietz, 1992)
  ➢ New institutional logics in the location of production capacities at different levels: local, national and global
  ➢ Understand the context and grasp the interplay of scales and actors at work in the regulation of SEZs

➢ Limits
  ➢ The endogenous dynamic of industrial districts
  ➢ Chinese overseas SEZs : the result of strategies of multinationals and of cooperation between local and Chinese governments for Chinese SEZs in SEA
The mesoeconomic approach in the face of new geopolitical challenges

- Extension of the approach to other industries, sectors (Du Tertre, 1989; Bartoli and Boulet, 1990) and territories (Gilly and Pecqueur, 2002)
- A coherent body of work within regulation theory: the mesoeconomic approach, ex post (Lamarche, 2011)
- New notion of space: less determined by a geographical delimitation as by the type of activity produced and the mode of social organisation that results from it
- 3 differentiation channels to identify a meso space of regulation (Lamarche et al, 2021)
The mesoeconomic approach in the face of new geopolitical challenges

➢ Application to Chinese SEZs in SEA

➢ Broaden the notion of space of differentiation to characterize not only a material differentiation, but one resulting from a hybrid private/public policy?

<table>
<thead>
<tr>
<th>Channels</th>
<th>Differentiation observed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social labour relationship</td>
<td>Yes (labour unions, labour training, overtime, …)</td>
</tr>
<tr>
<td>Competition and product definition</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Futurity (perception of the future)</td>
<td>Yes (institutional cooperation between local and Chinese authorities, convergence of interests and representations)</td>
</tr>
</tbody>
</table>
The mesoeconomic approach in the face of new geopolitical challenges

➢ The meso level: location of innovation strategies by actors and the emergence of macroeconomic transformations

➢ SEZs in China: experimental zones where new political and institutional approaches are experimented (Heilmann, 2018)

➢ Chinese SEZs in SEA: a meso type institutional transformation strategy led by Chinese multinationals and backed by Chinese authorities?

➢ Geopolitical implications
  ➢ Understand the strategies of Chinese multinationals
  ➢ Understand the links between Chinese firms and authorities
The institutional environment of Chinese multinationals when venturing abroad: contributions from IPE

- The increasing consideration of the firm's domestic institutional environment within the IPE
  - The power of transnational firms in the new global economic order emerging in the 1970s (Strange, 1992)
  - Convergence between the domestic politics paradigm in IPE and the comparative capitalism approach in institutional economics (Hall and Soskice, 2001)
    - A growing interest in studying the specific domestic and institutional characteristics of developing countries to explain the strategies of multinational firms (Nölke, 2014)
  - Chinese multinational’s overseas investments: economic and political rationalities (Ching Kwan Lee, 2018)
The institutional environment of Chinese multinationals when venturing abroad: contributions from IPE

- The domestic institutional environment of the multinational firm in understanding meso-type institutional transformation strategies in overseas SEZs
  - The *domestic institutional environment* of a firm as a *comparative advantage* (John Mikler, 2014) to replicate abroad in order to gain “structural power” over its competitors (Helge Hveem, 2019)
  - Meso-type strategies of institutional transformation led by Chinese firms
    - Replicate Chinese labour standards?
Institutional support brought to Chinese firms in developing overseas SEZs

Chinese authorities (national & local) → Relevant ministries → Structural framework → Local authorities (national & local) → Relevant ministries

Structural framework

Regular communication on operational problems

Feedback on difficulties → assessment → approval of necessary measures → feedback on difficulties

Chinese overseas SEZs

Chinese developer (capital, technologies, experience) → Local developer (capacity to solve local problems, link with local society, companies, authorities)
The institutional environment of Chinese multinationals when venturing abroad: contributions from IPE

➢ Cooperation mechanisms between local and Chinese authorities
  ➢ An attempt to replicate the institutional support enjoyed by large companies in China?
  ➢ A resource to influence local actors and build common futurity?
Linking the meso approach to IPE

Meso approach in RT

- Space of differentiation
- Local innovation strategies by actors
- futurity

Domestic politics paradigm in IPE

- Strategies of multinationals
- Replicate the domestic institutional environment of the firm
- Soft power

Institutional economics
Thank you!

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