Journal of Asian Public Policy

Publication details, including instructions for authors and subscription information:
http://www.tandfonline.com/loi/rapp20

Market building in Asia: standards setting, policy diffusion, and the globalization of market norms

Toby Carroll\textsuperscript{a} & Darryl S.L. Jarvis\textsuperscript{b}
\textsuperscript{a} Department of Asian and International Studies, City University of Hong Kong, Kowloon, SAR, China
\textsuperscript{b} Department of Asian and Policy Studies, Hong Kong Institute of Education, New Territories, SAR, China

Published online: 20 Sep 2013.

To cite this article: Toby Carroll & Darryl S.L. Jarvis (2013) Market building in Asia: standards setting, policy diffusion, and the globalization of market norms, Journal of Asian Public Policy, 6:2, 117-128, DOI: 10.1080/17516234.2013.834205

To link to this article: http://dx.doi.org/10.1080/17516234.2013.834205

PLEASE SCROLL DOWN FOR ARTICLE

Taylor & Francis makes every effort to ensure the accuracy of all the information (the "Content") contained in the publications on our platform. However, Taylor & Francis, our agents, and our licensors make no representations or warranties whatsoever as to the accuracy, completeness, or suitability for any purpose of the Content. Any opinions and views expressed in this publication are the opinions and views of the authors, and are not the views of or endorsed by Taylor & Francis. The accuracy of the Content should not be relied upon and should be independently verified with primary sources of information. Taylor and Francis shall not be liable for any losses, actions, claims, proceedings, demands, costs, expenses, damages, and other liabilities whatsoever or howsoever caused arising directly or indirectly in connection with, in relation to or arising out of the use of the Content.

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden. Terms & Conditions of access and use can be found at http://www.tandfonline.com/page/terms-and-conditions
INTRODUCTION

Market building in Asia: standards setting, policy diffusion, and the globalization of market norms

Toby Carroll\textsuperscript{a*} and Darryl S.L. Jarvis\textsuperscript{b}

\textsuperscript{a}Department of Asian and International Studies, City University of Hong Kong, Kowloon, SAR, China; \textsuperscript{b}Department of Asian and Policy Studies, Hong Kong Institute of Education, New Territories, SAR, China

Introduction

This special issue of the Journal of Asian Public Policy brings together five contributions that arose from a series of workshops held at the National University of Singapore in 2012. The workshops were part of a larger project titled 'New Approaches to Building Markets in Asia.' The project brought together a series of scholars to examine the ongoing efforts by states, private and non-governmental entities engaged in development work but focused on and mediated increasingly through market-building activities – that is activities related to establishing liberal market norms. For participants in the project, the starting point for engagement with the topic emerged from a collective recognition that development in Asia is no longer a state-directed effort; that the contours of Asia’s development are increasingly driven by market rationality, and that the historical images of East Asia’s ‘developmental state’ were no longer sufficient to capture the contemporary socio-political and economic landscape of Asia’s most recent wave of developmentalism (Cammack 2012). Indeed, most participants in the project there was a collective recognition that the ‘developmental state’ was all but dead and increasingly replaced by a reliance on markets as a manifest form of development in and of itself – the development of market societies (see Stubbs 2009, Hayashi 2010, Carroll 2012).

These observations are in stark contrast with most literatures and ideological images of the state in Asia; literatures that place the state front and centre as the major explanatory factor responsible for the region’s miracle economies. Indeed, they conflict with the historical role of authoritarianism in Asia where states were politically bound by ‘command and control’ governance modalities dominated by coalitions of powerful political elites, large-scale domestic capital (Chaebol capital networks in South Korea, for example, or networks of elite family capital in countries such as Indonesia, Singapore, and Thailand), and in some instances the military. For much of their recent history, Taiwan, South Korea, Indonesia, Malaysia, Singapore, and Thailand have been characterized by these institutional contexts, where political dissent was quashed, civil society demobilized, organized labour disciplined, and the state all powerful in the management of economic activity. While, of course, Japan has been an exception in terms of democratic governance, equally

\*Corresponding author. Email: tcarroll@cityu.edu.hk

© 2013 Taylor & Francis
the state’s technocratic dominance in directing industrial policy through the management of labour, Zaibatsu capital, and state-directed credit was a key feature in the country’s economic transformation in the post-war period (see Johnson 1982, 1995; see also Okazaki 2001, Hayashi 2010).

Perhaps with the notable exception of China, the extent to which such narratives continue to explain Asia’s contemporary political economy must be brought into serious question.¹ Authoritarian regimes have generally withered and their legitimacy assigned to an historical moment that has past — or which seems to be passing and or is seriously challenged. Political development in East and Southeast Asia has mostly witnessed the demise of single party developmental states (with Singapore and Malaysia being obvious exceptions with the People’s Action Party and the United Malays National Organization continuing to dominate their respective political economies in a way approximating true developmental states).² Perhaps most importantly, the extent to which the state continues to drive economic modernization in Asia in terms of its role in the provision of public goods, its involvement in economic or industrial activity through state-owned/state-linked enterprise, or its centrality as the primary orchestrator in ‘picking winners’ and industrial clusters, appears a shadow of its former self. If anything, Asian ‘developmental’ states are in retreat and market-based activities appear to be the new driver of Asia’s economic dynamism. Put another way, where once the state-led development in Asia, now it increasingly follows, enmeshed as it is within the global political economy and the influence of neoliberal ideology.

These observations suggest large structural transitions in the political economy of Asia’s development, a recasting of the relationship between state and market — if not of political organization generally — and a fundamental shift in development policy. Various scholars have described this transformation towards markets, identifying broad themes associated with the demise of the interventionist state, the ending of large-scale state involvement in strategic network sectors within economies (electricity, water, transportation, etc.), a reduction in the use of state-directed credit, the move towards privatization/corporatization of state-owned assets, and the increasing use of regulation and regulatory systems of governance to create economic spaces subject to market forces — all broadly designed to embed markets as the primary drivers of economic activity (Jayasuriya 2001, Lee 2002, 2010, Stubbs 2009, Carroll 2010, Jarvis 2012a). Further, as many also note, these policy shifts represent more fundamental ideational changes in attitudes towards the role of the state; ideational shifts which question the state’s efficacy, effectiveness, and efficiency as an instrument of industrial policy, economic growth and development, and which advocate a repositioning of the state as a supplier of an ‘enabling environment’ for capital. Ideological debates within organizations like the World Bank, for example, most notably between neo-classical economists and institutionalists (of various forms), represent ideological clashes over the efficiency of markets versus state planning, about the ability of markets to be self-actualizing in realising capital formation, the efficient allocation of resources, and sustaining growth and welfare gains, and about the relative merits of institutions versus unfettered market forces (see Jomo 2001, World Bank 2002, Stubbs 2009, Carroll and Jarvis 2013).

**Neo-liberalism & marketization**

These ideological debates, of course, have not occurred in a material vacuum. Over the last few decades they have been embedded in an increasing series of bureaucracies in Asia, and come to form part of a wave of neo-liberal policy reforms that have circumscribed the role
of the state in favour of the markets. Elsewhere we have characterized these processes as a deepening of financialization and marketisation, or more fundamentally as attempts to construct market societies modelled on liberal capitalism (Joerges et al. 2005, Carroll and Jarvis 2013, 2014). These represent particular state–market configurations that support regimes of accumulation premised on private ownership, a minimalist state presence in the economy other than through its role in validating property rights and the rule of law, and the further downloading of responsibility and risk to individuals and families in the provision of education, health care, and personal protection arrangements (disability, aged, and unemployment protection, for example, among others) (Beck 2000).

These re-configurations of the state within the economy represent the ongoing evolution of neo-liberalism which has become an increasingly dominant policy instrument guiding Asian governments across an ever widening set of sectors and policy domains. In the last decade, for example, the redistributive function of the state (especially, the use of fiscal transfers) has been wound back as governments embrace the role of competition and increasingly unfettered market forces as preferred instruments to distribute economic gains and deliver welfare outcomes. Likewise, in the wake of the Asian financial crisis, the emphasis on reducing state fiscal burdens and long-term debt financing has progressively rolled back the normative role of the state as a source and or allocator of capital for infrastructure provision and the fostering of production, while the massive divestiture of state assets and, to varying degrees, the withdrawal of the state from the direct provision of public goods and social protection arrangements, have in certain settings been replaced by new public management agendas designed to mobilize private capital into these sectors and use markets and user pay systems to deliver public goods and services.

Indeed, the impact of these reforms on the political economy of Asia’s development have been evident to all, including even the Asian Development Bank (ADB), one of the principal proponents of neo-liberal reform agendas in the region. In a document that is clearly conflicted, the Bank both explains Asia’s recent economic success as a function of neo-liberal reforms while also – quite incredibly – noting that they pose the single most important threat to the region’s future development:

...the bulk of developing Asia’s population lives in countries with rising inequality. This is in contrast both to the ‘growth with equity’ story that marked the transformation of the newly industrialized economies in the 1960s and 1970s, and to recent trends in other parts of the developing world... where income inequality has been narrowing since the 1990s.

A key message emerging from the analysis is that technological change, globalization, and market-oriented reform – the main drivers of Asia’s rapid growth – are the basic forces behind rising inequality in the region. These forces tend to favor owners of capital over labor, highskilled over low-skilled workers, and urban and coastal areas over rural and inland regions . . . . (Asian Development Bank 2012, p. 37)

As the Bank goes on to note, if left unchecked, deepening inequality without corrective state intervention ‘could undermine the momentum for economic growth and for a better quality of life for all Asians’ (Asian Development Bank 2012, p. 37).

Building market societies in Asia: private sector actors

There is, of course, nothing new in such transitions or observations about the rise of market societies, or of their typically inequitable impact on the distribution of income and wealth. Karl Polanyi, for example, long ago noted this institutional transformation in the organization of industrial societies, where the organization of economic activity in
terms of market relations became an encroaching institutional reality in all forms of social organization:

This institutional gadget, which became the dominant force in the economy – now justly described as a market economy – then gave rise to yet another, even more extreme development, namely as a whole society embedded in the mechanism of its own economy – a market society. (Polanyi 1977, p. 9)

What is new, of course, is the recent encroachment of market society into Asia, and indeed, the increasingly widespread abandonment of state-led development models. Perhaps even more importantly, what is new is the sequencing of this transition to market society. In advanced industrialized societies the most recent ‘infatuation’ with markets and market institutions occurred amid a condition of relative abundance under late capitalism, albeit a period characterized by declining growth rates and declining profit, the two serving to legitimize the neoliberal agenda. By contrast in Asia the adoption of market institutions and norms as tools for socio-economic organization is occurring amid relative scarcity; where the material abundance of goods, wealth, and in some instances of food security, is still nascent or often grossly inequitable (Cunningham 2005, Sandel 2012; see also Carroll 2012, 2013). Asia, despite all the hyperbole about the ‘rise of the East,’ remains for the most part a developing region – home to some of the poorest countries in the world and to the largest number of poor people in terms of those living on less than US$2 dollars a day (World Bank 2012). Within a context where development remains a still widely nascent phenomenon, living standards low, and exposure to privations still part of the everyday experience for the majority of Asian’s, the market turn by Asian governments represents a policy experiment that, as the Asian Development Bank notes, of itself may not deliver betterment for all Asians.

It would be wrong, however, to level marketization efforts strictly at the feet of Asian states and strictly in narrowly defined notions of market exchange relations. As participants at the workshops observed, and as the contributions to this special issue note, marketization efforts are multifarious and derive from the activities of states but increasingly also of private sector and transnational organizations as well as public international organizations like multilateral development agencies. Public organizations such as the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), the ADB, and the European Bank for Reconstruction and Development (EBRD), for example, are playing central roles in building markets in Asia through both their sovereign and private funding for development. Lending for a variety of public goods (whether in energy provision, roads, airports, rail networks, water, sanitation, health, or the education sector – among others) is now virtually supplanted by marketization strategies which demand private sector participation, the emplacement of legal and regulatory systems to support market activity, the establishment of risk mitigation systems for the allocation and coordination of financial exposure, and the state construction of market institutions or ‘enabling environments’ that facilitate the orderly operation of markets, investment, and profit repatriation to owners of capital (see, for example, Cammack 2004, Carroll 2012).

While the activities of public organizations in market-building activities are explicit, less obvious is the role of private sector actors. Arguably, however, the agential authority of private sector organizations has been the most influential in extending marketization into Asian societies. Private and quasi-private organizations like export credit agencies, banks and financial institutions, domestic private sector firms, rating agencies, capital markets, standards and certification regimes (ISOs for example), and multinational enterprises play a central role in policy diffusion and also act as agents constructing modalities of governance
that regulate, define, and discipline market activities. Moreover, these modalities increasingly appear in regimes of compliance, which while not strictly a mechanism of exchange relations, define the parameters and ‘rules of the game’ to which market participants must conform.

These regimes of compliance are now as much stipulated by private actors as by public ones, and define the new regulatory landscape of marketization. They can be observed in transparency and accountability regimes governing various industry sectors, reciprocity and non-discrimination regimes in cross-border investments, procurement standards, traceability and reporting regimes, customs and trade practices, regulatory shifts in modes of corporate governance (including corporate social responsibility), risk management and mitigation codes, and regimes of financialization in relation to performance, reporting and accounting standards (Jarvis 2012b).

Market building, in this sense, is thus diffuse, multivariate, and situated among multi-level national and international — private and public — actors, transnational mechanisms, and various new governance modalities that involve a complex interplay between the diffusion of transactional norms, property rights, and systems of proceduralization and regulation (Black 2000, Hameiri and Jayasuriya 2011, Jarvis 2012a). Far from simply a process of ‘privitisation’ and the ‘selling off’ of state assets, marketization is a fundamentally deeper process of commodification — of goods, services, and also of social spaces and activities through the construction of institutional architectures that support the mobilization of private capital. As Michael Sandel (2012) notes, this should be of profound concern to governments, citizens, and policy-makers alike, since this is not just about constructing markets but recognizing that market relations can taint, change, and pervert social relations and norms. Food production systems, access to health care, education, nutrition, or any multitude of services and goods that previously were subject to social norms mediated through the state, are now circumvented by actors that are both beyond state borders and often beyond political accountability.

Standards, private sector actors, and the rise of private standards regimes

While the advent of market development, if not of market societies, is space in Asia, it would be wrong to assume such developments are occurring amid a governance vacuum. Historically, of course, states have provided the rule regimes governing the operation of domestic markets, setting in place the rules for market participation and, in the case of international exchanges, have negotiated the construction of international trade and investment rule-based regimes to facilitate exports and attract (and protect) foreign investment. In the post-war period, international regimes such as the General Agreement on Tariffs and Trade (GATT), the emergence of the World Trade Organization (WTO), the International Standards Organization, along with a spate of other international organizations, began a set of interlinked processes to normalize rule regimes for a variety of domain-specific areas, each premised on the undergirding principle of reciprocity (Braithwaite and Drahos 2000, pp. 175–221). For much of the post-war period, international organizations thus extended ‘governance’ into the relationships between states, as international trade and the exchange of goods and services across borders deepened (Barnett and Finnemore 1999, Katzenstein et al. 1999). For many observers, this was simply the extension of the broader post-war liberal project that involved embedding transactional norms, exchange relations, and rule-based governance onto an otherwise historically segmented series of markets demarcated by national sovereignties (Ruggie 1982). It aimed to break down mercantilist trade practices and ‘beggar they neighbour’ financial policies by introducing reciprocity into
international trade and investment in a grand compact between governments structured around the Bretton Woods Agreement (Ruggie 1982).

But this first wave of what Jonathan Koppell (2010) terms global international governance organizations has been dwarfed by the massive growth in governance regimes and regulation that stem from private sector actors. As Koppell notes, ‘[g]lobal rules do emerge from traditional intergovernmental organizations in the form of treaties and conventions, but they also (more commonly in the contemporary context) are promulgated by nongovernmental or quasi-governmental bodies that issue standards and/or recommendations’ (Koppell 2010, p. 8; see also Rosennau and Czempiel 1993, Held 1999). And in this context, the examples abound. Three serve to illustrate the reach and power of private standards and regulation:

- The International Standards Accounting Board, which sets accounting standards in relation to how to calculate liabilities, assets, losses, profits and report financial positions, is a purely private association of the International Financial Reporting Standards Foundation, a not-for-profit association of industry specialists. The rules and standards it promulgates are, by default, a global standard which companies, regulators, and governments increasingly adopt – including the US Securities and Exchange Commission (Büthe and Mattli 2013, p. 1).

- The Equator Principles Association, an unincorporated association of financial institutions, promotes the IFC’s standards in the form of the Equator Principles, ‘a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making’ (The Equator Principles 2013). It defines the procedures for due diligence, stakeholder engagement and consultation, independent review, grievance mechanisms, environmental and social impact assessment and standards, and stipulates governance covenants which specify potential liabilities for participant parties (The Equator Principles 2013, p. 11).

- GLOBAL G.A.P., a ‘non-governmental organization that sets voluntary standards for the certification of agricultural products around the globe’, is designed explicitly to ‘establish ONE standard for Good Agricultural Practice (G.A.P.) with different product applications capable of fitting to the whole of global agriculture.’ The motivation for such a global standard is simple: to reduce the ‘costs, administration, time and effort’ for producers, suppliers and retailers’ and increase efficiencies throughout the value chain (GLOBAL: G.A.P. 2013).

The increasing use of private authority to set standards, rules, and construct rule-based regimes has been an emerging phenomenon of the last few decades. The reasons for this are simple enough: economic gains, efficiencies, and increased commercial opportunities. As Büthe and Mattli observe, ‘the shift from domestic regulation to global private rule making brings substantial gains, particularly to multinational and internationally competitive firms, for it opens up commercial opportunities previously foreclosed by cross-national differences in standards and related measures’ (Büthe and Mattli 2013, pp. 6–8). Indeed, the economic gains provided by the convergence of standards represent potentially lucrative market opportunities. In the 1980s alone, for example, non-tariff barriers in the manufacturing sector caused trade loses and increased costs estimated to be equivalent to a 49% tariff (Büthe and Mattli 2013, p. 8).
In this context, it is hardly surprising that international standards, regulation, and rule regimes have been exploding at an ever accelerating rate. Analysing longitudinal data, Büthe and Mattli, for example, identify an inverse relationship between the promulgation of international standards and regulations compared to domestic–national ones. Using Germany as a case example, they note that while in 1980 Germany issued 1300 national product standards compared to 500 international product standards being issued, by 2008 that number had reversed to 380 and 1590 respectively (Büthe and Mattli 2013, p. 7). That is, as the process of deepening internationalization has impacted all forms of trade, investment, and production, global business and global markets require the coordination of international standards, regulations, and rules to support their functioning, profitability, and further efficiency gains.

James Rosenau long ago identified these processes as part of what he termed the advent of ‘governance without government’ — a world that was becoming less anarchical precisely because of the spread of rule-based governance regimes (Rosenau and Czempiel 1993, p. 7; see also Finnemore 2004). For the likes of Rosenau, such developments were to be welcomed, since they would surely extend commerce, material well-being, and implant liberal orders across an ever larger spatial reach. Rosenau’s optimism, however, was premised upon an understanding of governance mediated predominately by international governance organizations — organizations that were ultimately subject to democratic accountability. The accelerating rate at which private standards and regulation increasingly define the rules for trade, finance, and investment both across and within borders, however, raises questions about governance by whom, and for whom? Indeed, in a world dominated increasingly by private standards and regulation, this has competitive implications for what goods and services get to market and from where, who bears the risks, costs and rewards, and who ultimately captures the profits. More obviously, for developing countries, while trade barriers might have been reduced by multilateral and bilateral agreements, the ascendency of private standards and regulation introduces a whole new set of barriers to entry and compliance costs — costs that are mostly downloaded to producers and suppliers who, if they wish to enter into the procurement chains of multinational enterprise or get product to market, are forced to comply to a state of standards, certification, inspection, and regulatory codes.

Locating authority in the international political economy

As Claire Cutler (1999) notes, the emergence of private standards and regulation is not an apolitical process. It has implications for the changing location of authority in the international system, who generates and enforces international commercial rules and norms, and the resulting structure of markets, competition, and the regimes of accumulation that evolve. Commercial norms known as ‘law merchant’ (or private international trade law), for example, have become a ubiquitous series of norms that define global commercial — capitalist relations. The law merchant sets in place the ‘fundamental rules governing private property and contractual rights and obligations across the full range of international commercial activity, including international trade investment, finance, transportation and insurance’ (Cutler 1999, p. 61). More importantly, the law merchant has spread and been embedded in an ever increasing number of juridical spaces — a push-and-pull process furthered by the demands of domestic private actors keen to gain access to international markets and capital, and by international private actors keen to enter new markets and increase profits. The result, as Cutler notes, is a process of norm diffusion that both mirrors and structures developments in global capitalism, freeing ‘merchant laws and institutions from national controls’ and placing them within the control of a transnational elite — what
she terms a "a mercatoracy" that comprises corporate and government actors whose interests are associated more generally with the transnational expansion of capitalism' (Cutler 1999, p. 67). In essence, the law merchant rolls back the spatial politics of sovereignty as an obstacle to the spread of capitalist relations and 'expands the market opportunities for corporate capital' (Cutler 1999, pp. 60–61).

These norms are not value neutral or politically benign. They carry with them political strictures that require modes of compliance and enforcement in order to support market operation, capital, and exchange relations. The law merchant, in this sense, can be viewed as a series of norms that structure international commercial activities in a manner consistent with "disciplinary neoliberalism" (Cutler 1999, p. 61). In practical terms, they operate through market signals (rate spreads on sovereign and corporate bonds, the pricing – cost – of capital), and in a disciplinary sense through capital strikes or flight. Governments respond to these signals, meeting the demands for surety of payment on sovereign debt, disciplining non-compliant domestic corporations, standardizing financial accounting to international practices, assuming risk and liability in the case of contract repudiation, and through upholding the norms and international practices of the law merchant. These privately evolved norms, in other words, cascade downwards and are supported and extended by domestic actors that come to form a set of ideational values that support and structure markets and, ultimately, the values associated with market societies.

Ostensibly, there is nothing overtly political in this process, at least in terms of outright collusion or nefarious political activity. Indeed, in many (if not most) countries people expect governments to support such processes since they provide avenues for international investment, job creation, economic activity, and the generation of domestic taxes and welfare gains. What is political, of course, are the set of meta-values and ideational motifs that define the universe of policy frameworks that governments increasingly operate in – and this, overwhelmingly, is now dominated by the interests of capital and the relocation of authority away from government into private sector governance regimes.

Embedding private authority, standards, and regulation in Asia

The broad tomes of this shift in values and ideational attitudes have been addressed elsewhere (Harvey 1989). What has received scant attention, however, are detailed investigations into the manifestation of these changing governance regimes on societies and the organization of production at the sectoral level – especially in developing country contexts. Indeed, the downloading of private standards and regulatory codes into developing countries in Asia, the manner by which private authority constructs standards, compliance regimes, and the utilization of domestic agents and resources to engineer their adoption, are processes that have mostly remained hidden.

The set of papers in this special issue seek to explore these processes through a series of rich empirical studies that investigate the contours of private authority and its increasing impact on economic activity and organization at the grassroots level. As the papers in this special issue demonstrate, however, not all of that impact is necessarily negative. In the first contribution, for instance, Alexandra Guáqueta addresses the rise of voluntary principles through what Guáqueta terms the emergence of 'governance assemblages' involving domestic and multinational corporations, governments and NGOs, and which aim to address specific aspects of corporate conduct amid broader international standards on business and human rights (the UN Guiding Principles on Business and Human Rights). For Guáqueta, the advent of this assemblage of governance bodies can potentially
turn companies into sources of good influence as they comply with the basic obligation to respect rights.

The question Guáqueta poses is ‘is this happening? And if so, what might “good influence” look like? What type of new markets forms are taking shape?’ By exploring the empirical evidence from the Voluntary Principles on Security and Human Rights and its implementation in Colombia and Indonesia, Guáqueta seeks to map the changing governance parameters and how they are becoming both embedded in private actors (multinational corporations) and within country-specific contexts.

Similarly, in the second paper, Nadira Lamrad addresses the role of transnational corporations in the labour practices associated with their commercial sourcing, including the labour practices of suppliers. As Lamrad notes, transnational corporations have increasingly been the focus of demands by consumers and civil society groups for ethical business practices, including protection of worker rights. But in the case of developing countries, the activities of transnational corporations fall into what she terms a ‘regulatory gap’ that has often been exploited by some market actors in the interest of maximizing profits. Recognizing this regulatory gap and the lack of domestic governmental capacity in many developing countries in Asia, Lamrad traces how civil society groups have placed responsibility for addressing worker protections at the door of transnational corporations and, in turn, how such practices are being internalized to form a powerful private sector regulatory code that cascades down through the value chain – including into supplier companies. For Lamrad, the diffusion of these global business norms when they are internalized, particularly by powerful actors like TNCs, can provide formidable change agents that herald possible consequences for worker rights and protections.

In the third paper, Rebeka Tennet and Steward Lockie address the emergence of transnational private regulation in the food and agricultural sector, exploring the adoption and institutional instantiation of the GLOBAL G.A.P. standard for food quality and safety and its manifestation and impact on local farmers and the political economy of food production and market access. Tennet and Lockie do so from the perspective of a localized, emerging economy environment, using Vietnam as a case study. As one of Asia’s fastest growing economies, Vietnam’s entry into the international agricultural and food market has been a primary means for advancing growth, employment generation, and increasing export earnings. Yet, as the case of Vietnam demonstrates, its ability to engage in international trade in food and agricultural commodities is increasingly reliant on the standards set by private business actors, and the decisions taken by large private sector actors whose level of accountability is problematic.

In the fourth paper, Sabrina Zajak explores transnational regimes of regulation governing labour standards and how these impact and articulate in China. Unlike Guáqueta’s approach, Zajak explores how the role of domestic NGO’s in China communicate emergent regulatory norms and extend these into domestic domains, redefining how labour codes are developed and instantiated in local policy contexts and throughout globalized value chains. Specifically, Zajak explores how engagement by local NGOs with corporate social responsibility (CSR) norms helps domestic labour support organizations transform the regulatory environment and, in turn, the practices of business in China. Focusing on Guangdong Province, Zajak’s findings suggest that transnational private regulation supports the development of local NGO activity and in turn transmits norms, modes of conduct, and regulation that has a fundamental impact on how labour NGOs help transmit and construct private regulatory systems that govern domestic labour practices.

In the final paper, Karolina Zurek addresses the transmission of western – private regulatory norms and their implications for Asian food producers, market access, the
organization of food value chains, the costs imposed on food producers and farmers, and the sustainability of farming practices. As Zurek seeks to demonstrate, the imposition of such regulatory norms and standards (as well as western perceptions of risk) on Asian food producers may lead to the gradual ‘disembedding’ of Asian food markets, and cause problems for compliance, distributional justice, and social well-being. In a project that explores the sources of regulatory power both in terms of their emergence in private sector hands but also in terms of its cultural disposition to embrace western risk perceptions, Zurek alerts us to the ongoing implications of both processes for developing economies.

While these contributions are to be welcomed as part of an ongoing effort to understand the manifestation of private standards and regulation in developing countries, we also recognize that they are tentative and nascent observations. Much more critical work remains to be done, for example, in terms of theorizing how private standards, regulation, and private sector authority is reflexively constituted, and what political implications emerge from this in terms of the distribution of risks, costs, and the capture of economic benefits. We hope, however, that the collection of papers in this special issue has helped commence this process.

Notes

1. Indeed, even in China it is evident that the role of the state and of the state-led development is being subsumed as the sheer size of market activities and the success of state-owned enterprise alter state–market relations. Shaun Breslin, for example, goes so far to suggest that the moniker of ‘state-led development’ applied to the political economy of China’s development fails to capture the degree of policy experimentation, pragmatism, if not federalism, where ‘devolved state-led experimentation’ is perhaps more appropriate to understand the Chinese economic development vis-à-vis the role of the state (see Breslin 2011, pp. 1329–1331).

2. We differentiate between single party or authoritarian developmental states and authoritarian non-developmental states (such as Vietnam, Laos, Cambodia).

3. Arguments concerning global convergence are, of course, contested. See, for example, Hirst and Thompson (1996), Hall and Soskice (2001), Berger (1996).

References


