T08P16 / Industry Regulation and Governance in the Age of Re-Emerging Industrial Policy: Self-Regulation, Co-Regulation, and Government Oversight

Topic : T08 / POLICY DESIGN, POLICY ANALYSIS, POLICY CAPACITY

Chair : Alberto Asquer (School of Oriental and African Studies, University of London)

Second Chair : Mehmet Kerem Coban (SOAS, University of London)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

This panel aims to explore the evolving relationship between industry regulation and governance in the context of the re-emergence of industrial policy. As state-driven industrial policy gains renewed prominence globally – exemplified by initiatives such as the European Union's state aid programs and the US CHIPS and Science Act – governments are increasingly shaping market outcomes through regulatory interventions. However, alongside this resurgence of regulatory interventions, there has also been a rise in self-regulation and hybrid co-regulatory frameworks, especially in sectors characterized by rapid technological change. This panel seeks to critically examine how self-regulation interacts with formal government interventions, and whether hybrid governance models can enhance regulatory effectiveness. The intent is to generate insights into how regulatory frameworks can be adapted to ensure both innovation and accountability in industries ranging from manufacturing to emerging technologies.

The panel will focus on these research questions:

1. What are the roles of self-regulation and co-regulation with respect to state-driven industrial policies?

2. How do targeted industrial policies, such as those seen in the EU and the US, influence the scope and effectiveness of industry self-regulation?

3. What are the most effective mechanisms for ensuring compliance within self-regulatory frameworks, particularly in industries experiencing rapid technological change?

4. What role do governments and regulatory agencies play in supporting or overseeing self-regulatory frameworks, and how does this vary across sectors and regions?

5. What challenges and risks arise from self-regulation in industries that also receive significant government support or state aid?

This panel's focus on the intersection of industrial policy, self-regulation, and co-regulation is of high scientific relevance for several reasons. While there is a copious literature on state-driven interventions and the regulatory state, comparatively less attention has been paid to how these policies interact with industry self-governance. This panel seeks to bridge that gap by offering a comprehensive analysis of self-regulation as a critical component of modern industrial governance. Moreover, the increasing complexity of industries, especially those driven by emerging technologies (e.g., AI, green energy, semiconductors, gene editing), calls for flexible regulatory approaches. Self-regulation has often been viewed as an efficient alternative to government-led frameworks, particularly in fast-moving sectors. However, the challenges of accountability, conflicts of interest, and regulatory capture remain key concerns. This panel will generate insights into the conditions under which self-regulation can serve as a viable tool for ensuring compliance, innovation, and ethical standards in highly dynamic industries. Finally, by examining the role of industrial policy in shaping regulatory outcomes, this panel contributes to a broader understanding of how states can use regulatory frameworks to support innovation and industrial growth.

CALL FOR PAPERS

We invite scholars to submit papers of theoretical, empirical, and comparative sort that examine the intersection of industrial policy, self-regulation, co-regulation, and regulatory governance across sectors and regions. Submissions should address one or more of the following research issues:

1. Industrial Policy and Industry Self-Regulation: Papers could examine the relationship between industrial policy and self-regulation, especially in sectors receiving significant government support. How do industrial

policies, such as state aid programs or investment incentives, influence the governance frameworks within industries? Can self-regulation mitigate concerns about regulatory capture in industries that benefit from industrial policy interventions?

2. Self-Regulation, Co-regulation, and Government Regulation: Papers in this area could explore the comparative effectiveness of self-regulation, co-regulation, and government regulation. For instance, How can co-regulatory governance frameworks be formulated for policy effectiveness? what conditions make self-regulation more effective than government oversight? What are the long-term impacts on competition, innovation, and market stability when industries primarily rely on self-regulation?

3. Challenges and Risks of Self-Regulation: This theme invites papers that critically analyze the limitations of self-regulation. What are the primary risks associated with self-regulation, particularly in industries that impact public safety or the environment? How can these risks be mitigated through hybrid models of co-regulation, where government oversight is paired with industry-led frameworks?

4. Regulation of Emerging Technologies: The regulation of new technologies – such as AI, green energy, semiconductors, gene editing – presents unique challenges for both government and industry actors. How do self-regulatory frameworks adapt to the fast-paced innovation cycles of emerging industries? What role does co-regulation play in balancing innovation with consumer protection in these sectors?

5. Global and Comparative Perspectives on Regulatory Governance: Papers in this category could explore how different countries approach the balance between industrial policy and industry regulation. What lessons can be learned from successful (or failed) instances of integrating self-regulation with industrial policy? How do cultural and institutional differences shape regulatory governance practices across regions?

We encourage submissions from a variety of disciplines, including political science, economics, public policy, public administration, law, and business studies. Papers should contribute to a deeper understanding of how industrial policy and regulatory frameworks can be designed to support innovation, competition, and accountability in industries that are critical to modern economies.

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Session 1

Thursday, July 3rd 10:15 to 12:15 (G3)

Industrial Policy and the Allocation of Capital: A Literature Review

Alberto Asquer (School of Oriental and African Studies, University of London)

This literature review examines how industrial policy influences capital allocation, particularly through financial markets. By promoting specific sectors, industrial policy can significantly shape corporate investment decisions, resource distribution, and innovation outcomes.

Research indicates that while industrial policy fosters economic growth, its impact on capital structure is often less direct than presumed. Some studies highlight that well-intentioned policies can inadvertently hinder effective capital reallocation, particularly when misallocated resources favor state-owned enterprises. These findings underscore the importance of differentiating among various forms of industrial policy—such as subsidies, tax incentives, and regulatory constraints—and considering the institutional context in which they are enacted.

Another body of work emphasizes the pivotal role of robust financial markets in directing resources from declining to expanding sectors. The effectiveness of these markets depends on factors such as the degree of state ownership, the availability of firm-specific information, and protections for minority shareholders. Additionally, social capital and industrial networks can facilitate the stable flow of investment and improve market performance.

Further research shows that changes in industrial policy can alter the internal allocation of financial resources among subsidiaries within enterprise groups, often giving targeted units a disproportionately large share of funding. Capital flow restrictions—another form of industrial policy—yield inconsistent efficiency outcomes across countries, highlighting the importance of context-specific institutions and market structures.

A final area of scholarship explores how industrial policy shapes investor sentiment, which in turn influences resource allocation. Supportive policies can prompt overinvestment when optimism runs high, while restrictive policies may induce underinvestment due to heightened risk aversion. Understanding how policy measures interact with market psychology is crucial for fostering balanced, innovation-driven growth rather than capital misallocation.

Overall, industrial policy directs financial and fiscal resources toward chosen sectors, influencing corporate investment decisions and altering patterns of resource distribution. In contexts where interventions align with market incentives and where financial systems are well developed, industrial policy can encourage capital to flow into industries poised for growth. However, if such policies subsidize uncompetitive firms or operate in environments with weak governance, they may exacerbate resource misallocation. Consequently, the impact of industrial policy on capital allocation depends on the interplay among government interventions, the maturity of domestic financial markets, and the prevailing institutional framework.

(Virtual) From Voluntary to Mandatory Corporate Climate-Related Disclosures: Insights from the 100 Largest U.S. Companies

Lili Li (Auburn University)

Corporate environmental information disclosure has been extensively studied in the literature, while

climate-related disclosures remain relatively underexplored. Voluntary corporate environmental disclosures serve as a form of self-regulation, enabling industrial companies to enhance transparency, address stakeholder expectations, and demonstrate environmental responsibility. As climate risks have gained broader recognition, many large U.S. companies have voluntarily disclosed climate-related information—such as Scope 1, 2, and 3 emissions—and committed to net-zero targets. While these disclosures enhance transparency in corporate future risks related to carbon, facilitating investors to make informed decisions. Nonetheless, the absence of standardized reporting frameworks limits comparability and reliability, raising concerns about selective reporting and greenwashing.
In response, policymakers have increasingly incorporated climate disclosure requirements into formal regulatory frameworks. In March 2024, the U.S. Securities and Exchange Commission (SEC) issued Final Rule, “The Enhancement and Standardization of Climate-Related Disclosures for Investors,” mandating enhanced corporate disclosures of climate-related risks and impacts. Compliance will begin with large companies, which must report 2025 climate-related data in SEC filings submitted in 2026, while smaller companies will have extended compliance timelines.
This study examines the voluntary climate-related disclosures of the 100 largest U.S. companies and explores the implications of transitioning to mandatory reporting. Through a qualitative analysis of corporate environmental reports, it identifies the status and variations in voluntary disclosures and commitments. Additionally, by analyzing SEC filings (where available), this study compares voluntary disclosures with information in existing SEC filings and the disclosures required under new regulations to assess differences in reporting rigor, completeness, and alignment with mandated standards. Companies are likely to continue disclosing environmental information through their websites and publicly available reports beyond SEC requirements. In this context, this research further discusses the role of hybrid regulatory approaches—where self-regulation and formal government oversight intersect—in enhancing corporate environmental and climate accountability.

Managing conflicts of interest in the Belgian healthcare sector: from self-regulation to legal obligation

Lucas Bechoux (Université de Liège)

Since the 1950s and the advent of modern medicine, the influence of the pharmaceutical industry has led to problematic public health situations (Lo & Field, 2009). Numerous health scandals have regularly broken out in the USA and Europe, highlighting the deleterious influence exerted by pharmaceutical companies on institutions supposed to control them and on doctors. Studies have also documented the negative impact of industrial influence on the quality of doctors' prescribing (increased costs, non-compliance with recommendations, over-consumption of drugs, etc. (HAI, 2016). The concept of conflict of interest has gradually gained currency, first in the United States and then worldwide, to describe the problematic relationships between drug manufacturers and healthcare professionals (Hauray, 2021).

In the early 2000s, in the wake of the Vioxx and Mediator scandals and repeated abuses, the need was felt for stricter regulation of the sector. Sensing the wind of regulation blowing through Europe, pharmaceutical companies took the lead. In 2013, the European Federation of Pharmaceutical Industries and Associations (EFPIA) adopted a Declaration Code based on the principle of self-regulation. This code makes it mandatory for association members to declare, on a publicly accessible platform, any direct or indirect transfer of value to healthcare professionals or institutions, as of January 1, 2015. This code has been integrated and adapted, at national level, by EFPIA member associations (Fabbri et al., 2018). In some countries, including France and Belgium, this self-regulatory code for the pharmaceutical industry has served as the basis for the introduction of binding legislation by public authorities.

While the introduction of these mechanisms has been a step towards greater transparency in the medical sector, their impact in limiting problematic interactions is more than questionable. In a way, they represent a plea for the status quo, to avoid truly binding and effective regulation. For example, a cap on value transfers or, more radically, a ban on companies providing hospitality to healthcare professionals. Researchers and journalists have been able to identify numerous shortcomings in the declarations: missing data, reporting errors, access difficulties, strategies put in place to circumvent the rules, and so on.

The Belgian model for limiting conflicts of interest is therefore a mix of self-regulation and effective control, which is supposed to be carried out by the administration. In fact, no such control is exercised. The institution responsible for centralizing data is an emanation of the pharmaceutical industry and has no power of control over declarations. On the public authorities' side, due to a lack of human resources, the control mission is not carried out. These failures on the part of the government agency to carry out its supervisory role undermine the system set up in Belgium to control conflicts of interest between doctors and industry players. This system, widespread in Europe, has enabled manufacturers to maintain practices deemed problematic, under the guise of transparency, by putting in place a minimalist form of regulation.

(Virtual) Regulating food sustainability: insights from a comparative study of greenwashing in ultra-processed foods

Roxana Tompea (Australian National University)

Greenwashing – the misleading portrayal of products or practices as environmentally sound – undermines efforts to achieve sustainable and equitable food systems. This is especially concerning in ultra-processed foods (UPFs), as transnational corporations (TNCs) are capturing sustainability narratives, leveraging self-regulation and voluntary environmental standards, to continue business-as-usual practices that exacerbate systemic inequities in the production, distribution, and consumption of foods. While public health literature has extensively covered the health and equity implications of UPFs, less is understood about their environmental impact and the power dynamics that enable greenwashing.

This paper aims to explore precisely this strand of green fraud, focusing on the intersection of government regulation, self-regulation, and co-regulation in the context of TNCs producing UPFs in the European Union (EU), a region shaping global sustainability trends. Drawing on ecological regulation, responsive regulation, and triple bottom line theories, it analyses how variance in regulatory models across selected EU member states impacts greenwashing tendencies in TNCs.

The results show that self-regulation promotes regulatory capture, conflicts of interest, and limited accountability. It is dominated by voluntary agreements, industry-led methods (pollution inventory, environmental reporting, and product labelling), and inadequate verification procedures. These restrictions matter since UPFs worsen health and social equity in addition to environmental degradation. Using a comparative analysis across selected EU member states with the largest and smallest UPFs markets, the paper examines how variations in in different EU regulatory frameworks affect the prevalence of greenwashing. With state regulators often acting as facilitators rather than enforcers, measuring compliance remains difficult. On the other hand, hybrid governance models—particularly co-regulation, where government oversight intersects with industry frameworks—offer a more effective model for balancing corporate flexibility and enforcement. This offers promising avenues to reduce the risks of greenwashing risks by enhancing compliance, transparency, and accountability.

By analysing three key power dynamics—visible power in public sustainability commitments, hidden power in selective transparency and agenda-setting, and invisible power in normalizing incremental change as significant progress—it specifically explores the institutional and structural mechanisms that support greenwashing. It then illustrates how greenwashing in UPFs impedes genuine sustainability efforts by mapping these power perspectives across levels, spaces, and forms. The paper contributes to our understanding of how hybrid regulatory frameworks might enhance compliance, prevent or reduce greenwashing, and promote environmental integrity by addressing the drawbacks of self-regulation in food sustainability.

Self-Regulation, Co-Regulation, and Government Oversight of Fire-Retardant Chemicals: Can Adaptive Governance Ensure Continued Innovation?

Sonja Walti (American University - School of Public Affairs)

During the 1970s, new chemicals that promised to slow materials from catching fire spread among industries producing textiles, furniture, carpeting, insulation, electronics, vehicles, and baby products. Following high-profile deaths, policies and practices were adopted at all levels of government to encourage and mandate the application of these fire-retardant chemicals to protect consumers, workers, students, and first responders. Places like California were at the forefront of these developments and ensuing regulatory practices. While, over the next few decades, the tables slowly turned against the use of a wide range of chemicals propelled by rapidly accumulating health concerns, changes in associated consumer behavior, and some industrial innovation, regulations struggled to keep pace with the needs of this complex socio-technical governance system.

This contribution examines the US' 1976 Toxic Substances Control Act (TSCA) as a combination of self-regulation and co-regulation amidst a complex and evolving governance system that sought to establish government oversight for the benefit of consumers and the environment. However, TSCA proved unable to establish that control, not in the face of the routine application of fire retardants to a rapidly widening range of products, not when confronted with the complex assessment of evolving custom-designed fire-retardant chemicals, and not in instances where socio-technical changes rendered fire retardants obsolete. Neither the ubiquitous detection of fire-retardant chemicals in endocrine systems nor their proven health risks led to increased regulatory scrutiny. The result was a techno-institutional lock-in across federal and state regulators impacting consumers and industries.

It took until the 2016 adoption of the Lautenberg Amendment to TSCA for a retooled governance format to emerge, which more explicitly accounts for the evolving complexity and uncertainty surrounding these chemicals by fostering continuous learning and innovation. The question remains whether the new regulatory regime supports the type of learning that is needed to innovate (disrupt and transform practices) beyond the ever more sophisticated use of chemicals to suppress flammability.

This contribution examines these two regulatory junctures with the goal of identifying opportunities to improve the adaptiveness of associated governance systems. Studying adaptive governance is significant because it may foster the development of governance systems within which innovation can thrive while keeping harmful developments and undue risks at bay. This contribution thereby addresses multiple research issues this panel seeks to investigate: Most notably, through a before-and-after approach, it identifies key regulatory developments to alleviate challenges and risks of self-regulation and assesses the suitability of adaptive (hybrid) co-regulation to mitigate them (#2). This study can also inform the regulation of emerging technologies, as responses to flammability problems seek to depart from chemical solutions (#4). Finally, this contribution affords a comparative perspective on regulatory governance, given the use of chemicals in consumer products is a global problem that is being met with comparable policy developments (#5).