

"Targeted Integration" and "Incremental Differentiation": Mechanisms, Lessons, and Governance Responses for Institutional Distance in Regional Integration

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Abstract: Since the Second World War, economic globalization and regional integration have advanced in parallel. Removing administrative and institutional barriers and deepening regional cooperation have consequently become central concerns of regional research. This paper introduces institutional distance into the study of regional integration and explains its meaning and regulatory mechanisms. Institutional distance has a dual effect: excessive distance raises transaction, management, and adaptation costs, whereas appropriate distance supports complementarity, knowledge exchange, and regional resilience. Effective adjustment therefore requires reducing key institutional distances, integrating regional institutions, selectively increasing or decreasing distance, and maintaining a dynamic yet stable institutional configuration. For China, the priorities are targeted removal of critical institutional barriers, gradual construction of a differentiated institutional pattern, and stronger policy coordination and transmission.

Keywords: regional integration; institutional distance; targeted integration; incremental differentiation; regional governance

Economic globalization and regional integration have developed in tandem since the Second World War [1]. Compressed space-time relations and the restructuring of global city-regions require cities to position themselves in global networks while organizing cooperation within metropolitan regions. Cross-boundary flows, territorial expansion, and urban transformation have generated institutional reform and adaptation across regions [2-5]. Institutional barriers and the complex coordination behind them are widely recognized as major constraints on deeper integration [6-7].

China has made clear progress since the launch of the unified national market. The provincial GDP Theil index declined from 0.099 in 2011 to 0.080 in 2021 [8], infrastructure accessibility has improved, new metropolitan regions have emerged in central and western China [9], and coordination mechanisms have continued to develop [10-11]. Persistent administrative-region economies, local competition, and protectionism nevertheless reflect the coexistence of administrative and economic territories [12], entrepreneurial governance [13], and fragmented incentives [14-17].

1 Institutional Distance and Its Role in Regional Integration

1.1 Global Evolution of Regional Integration and Its Institutional Turn

Postwar regional integration originated in the reconstruction of material space, economic and social reorganization, and the protection of national interests. It seeks to optimize resources, raise welfare, and strengthen regional cooperation [18-19]. Its practice evolved through three broad stages: project cooperation under regionalism, planning-led multidimensional cooperation under new regionalism, and multi-scalar institution building in a globalized city-region era. Political, social, and cultural cooperation

increasingly accompanied economic integration, producing an institutional turn in regional studies [20-22].

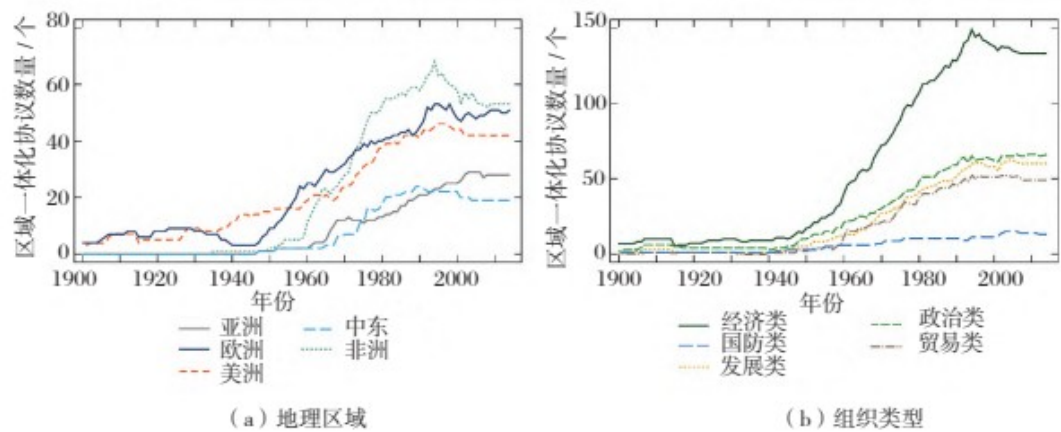


Fig. 1 Changes in regional integration agreements worldwide, 1900-2014

阶段划分	具体时期	发展背景	发展重点
区域主义影响下的项目驱动型经济合作	1940年代末—1970年代末	第二次世界大战后物质空间重建;国际政治竞争激烈;国际贸易推动	通过跨国项目合作及组织探索国家之间在经济领域的深度合作
新区域主义影响下的规划主导型多领域协作	1980年代初—1990年代末	滞胀危机影响;全球化及政治、经济竞争加剧;经济社会调节方式向新自由主义转变	突破狭义地理、制度相邻概念,探索跨洲、跨洋区域在政治、经济、社会、文化等方面的多维深度一体化
城市区域主义影响下的中微观区域一体化构建	2000年代初以来	全球城市—区域竞争格局重塑;信息化、网络化、去中心化趋势持续深化;逆全球化势头渐强	跨国多边合作与一国之内跨行政区划的协作并行,并对区域管理模式和制度安排提出了新的要求

Table 1 Overall development stages of global regional integration

1.2 Institutional Distance and Its Expression in Regional Integration

New institutional economics and organizational sociology established institutions as determinants of economic performance and organizational outcomes [23-24]. Kostova formalized institutional distance to describe differences between institutional environments and distinguished regulatory, cognitive, and normative dimensions [25]. The concept has since been used to explain barriers to trade and investment. Within a country, institutional distance refers to differences among places in institutional elements, spatial arrangements, implementation, and enforcement. It includes formal distance in political, legal, and economic rules and informal distance in cognition, culture, norms, and conventions. Integration succeeds when costs and benefits are balanced; neither zero distance nor unlimited distance maximizes regional welfare.

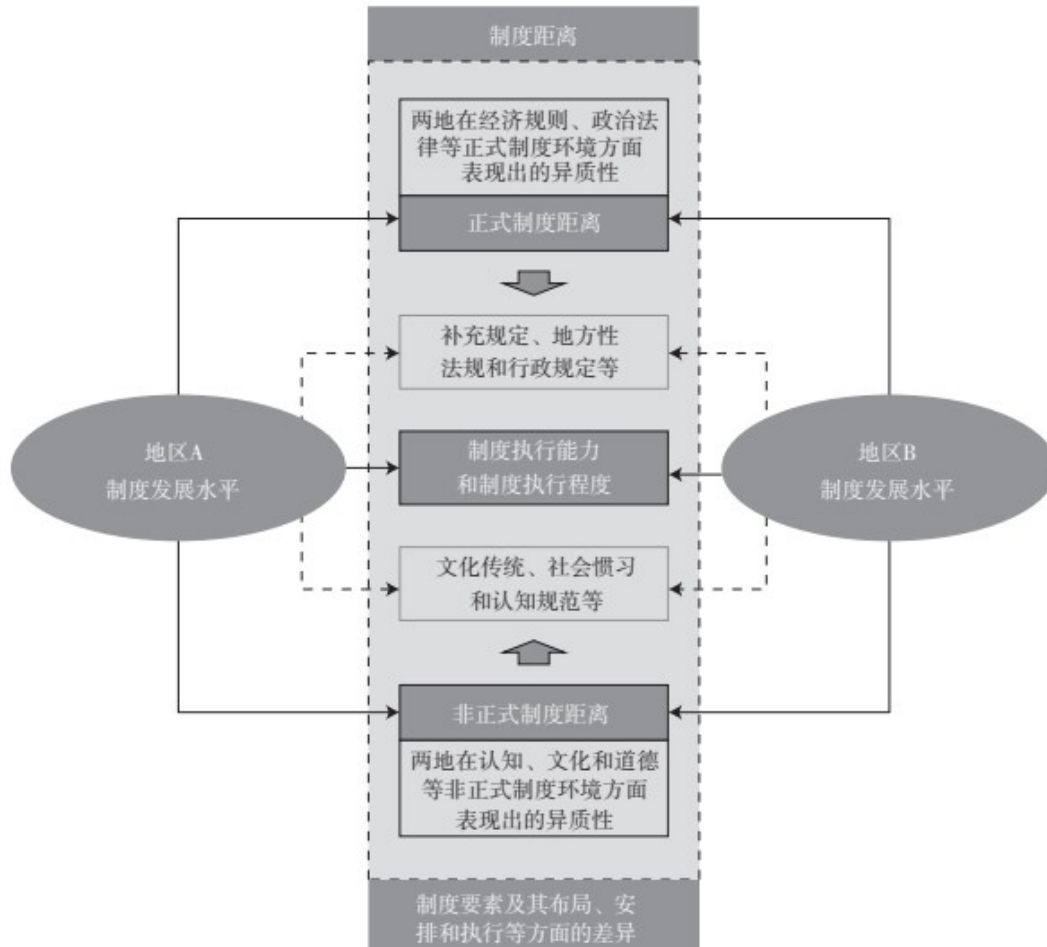


Fig. 2 Formation and dimensions of institutional distance in regional integration

1.3 Dual Regulatory Mechanism of Institutional Distance

Institutions create relatively stable expectations and operate as constraints, incentives, and protections [26]. Greater distance imposes transaction, management, legitimacy, and adaptation costs, but can also provide complementary resources, knowledge, and resilience. Smaller distance lowers coordination costs, yet excessive homogeneity weakens comparative advantage and the capacity to absorb shocks. Institutional distance therefore affects integration through simultaneous obstructive and enabling mechanisms.

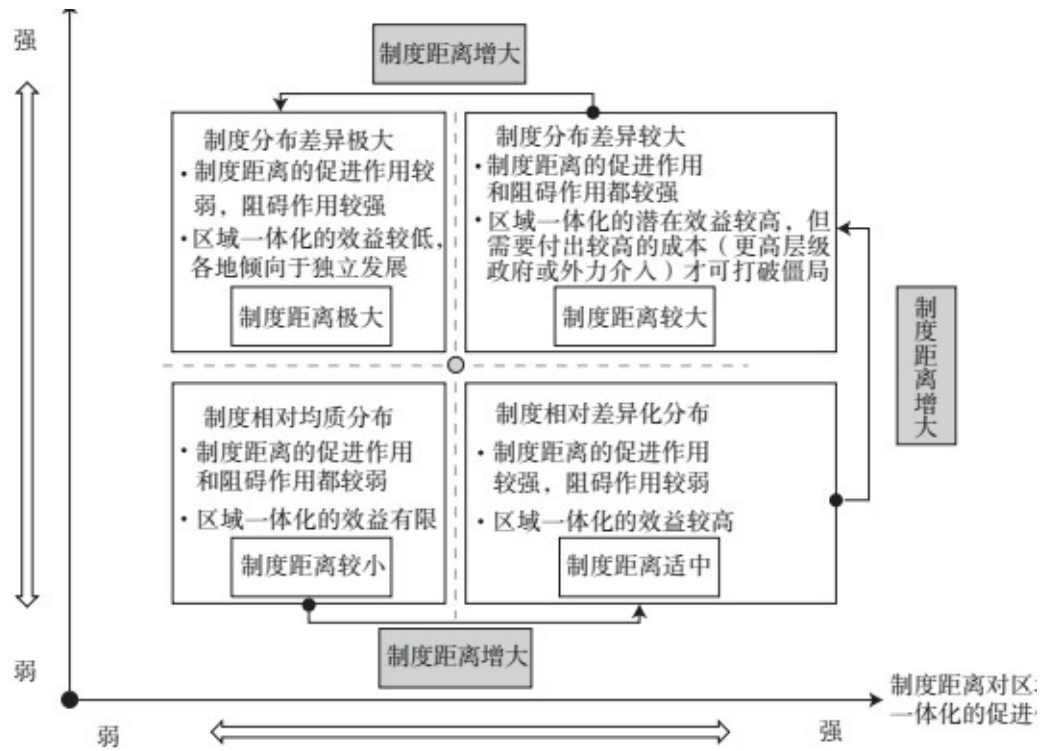


Fig. 3 Regional institutional configurations under the dual regulatory mechanism

The relationship between institutional distance D and the potential benefits R of integration is theoretically inverted U-shaped. As distance rises from a very low level, differentiated resources and wider markets can increase benefits faster than coordination costs. Benefits peak at an appropriate distance. Beyond that point, organizational, regulatory, and legitimacy costs dominate. At extreme distance, cooperation is unlikely without intervention by higher-level government or another external force.

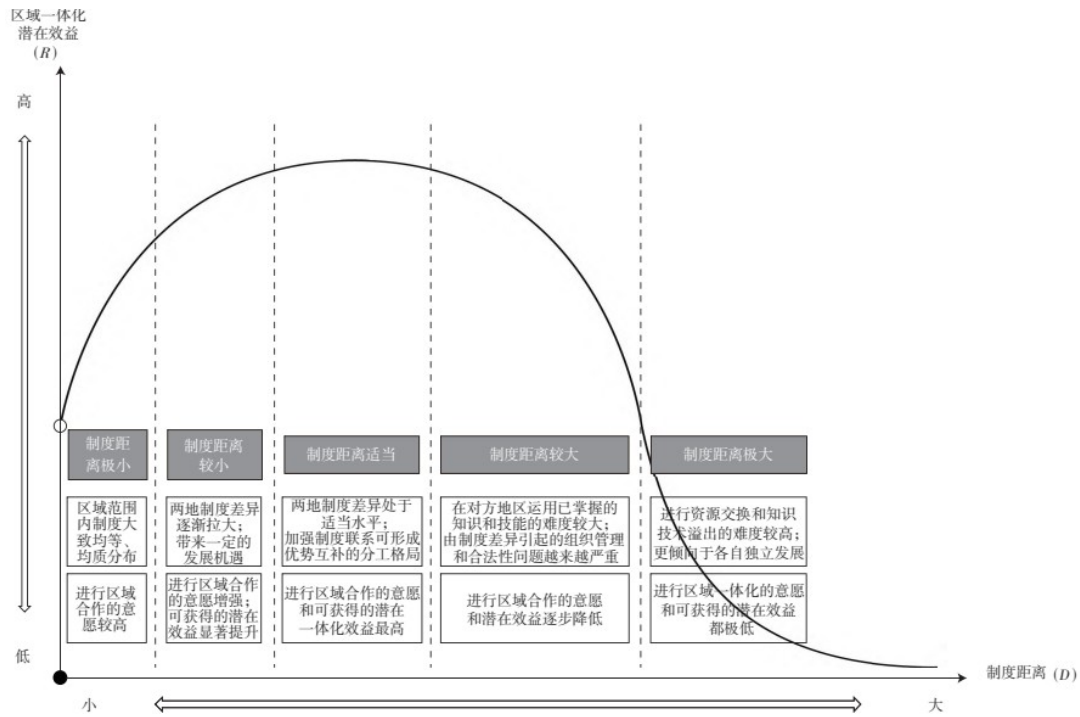


Fig. 4 Evolving relationship between institutional distance and potential benefits of regional integration

2 Lessons from Adjusting Institutional Distance in Regional Integration

Regional integration is grounded in broad agreement around specific objectives. International experience identifies four linked tasks: reducing key institutional distance, integrating regional institutions, selectively adjusting distance, and maintaining a dynamic but stable institutional configuration.

2.1 Reducing Key Institutional Distance

Institutional change recombines and revises institutional elements in response to external and internal pressures [27-30]. Existing arrangements are path dependent and self-reinforcing [31], so comprehensive restructuring at the initial stage can generate high social and political costs. Targeted project cooperation is more feasible. Cross-boundary infrastructure, economic cooperation, public services, and watershed management can reduce specific distances and create the conditions for deeper integration [32-33].

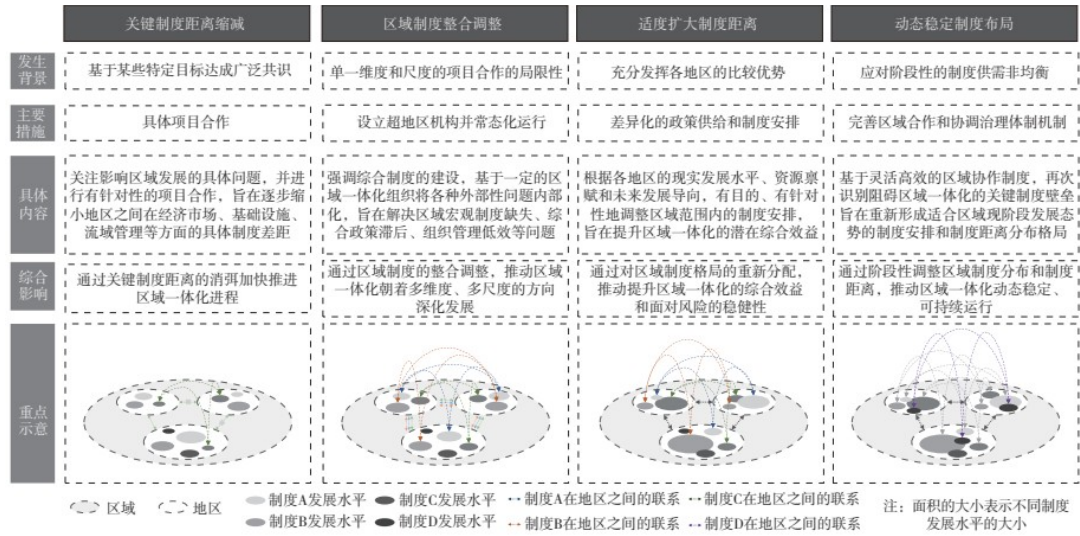


Fig. 5 Priorities for adjusting institutional distance in regional integration

典型区域	时间	主要领域	具体项目和政策举措
美国纽约大都市区	1920年代	流域组织管理和跨域交通运输	哈德孙河驳运费用协调和纽约港治理；建立跨州合作机构——纽约—新泽西港务局；推出跨州交通基础设施建设、运营和管理的统一方针
英国伦敦大都市区	1950年代	公共工程建设和维护	下水道、道路和桥梁等公共设施等的修建和维护；成立覆盖伦敦全城的管理机构——大都市公共事务委员会
日本东京大都市区	1960年代	交通基础设施联通和新城开发	交通基础设施支持下的新城镇建设项目；以轨道交通引导的模式进行土地开发，平衡基础设施高额投资与土地开发收益
德国莱茵—内卡大都市区	1950年代、1960年代	流域污水管理、跨域交通运输	成立“莱茵—内卡市政工作小组有限公司”开展相关探索；签订“州际协定”促进跨区域合作
中国粤港澳大湾区	1980年代、1990年代	经济贸易合作和基础设施建设	自下而上、民间自发，构建以功能性整合为主的产业空间；设置国务院港澳事务办公室；地方政府层面开始积极探索互动机制
中国长三角示范区	1990年代	经济贸易、旅游合作	启动长三角政府协商机制；以专题专项推动区域合作

Table 2 Reduction of key institutional distances in representative regional-integration practices

2.2 Integrating and Adjusting Regional Institutions

As cooperation deepens, states and governments remain central to regional integration [34-36]. Fragmented local authority can generate institutional gaps, policy lag, and weak management [37]. Regional institutions must therefore be coordinated and reorganized around shared interests [38-39]. Joint conferences, development alliances, dialogue platforms, and other supra-regional bodies can internalize externalities and address collective-action problems [40-41].

Rhine-Neckar gradually formed a public-private governance alliance and assigned regional planning, marketing, and strategy to specialized organizations [42-43]. The Guangdong-Hong Kong-Macao Greater Bay Area established joint-conference mechanisms [44], shifted from market-led informal cooperation toward coordinated institutional cooperation [45], and expanded collaboration into education, culture, environmental protection, and science and technology [46]. Such arrangements redistribute authority vertically and horizontally and broaden multi-actor, multi-dimensional governance [47].

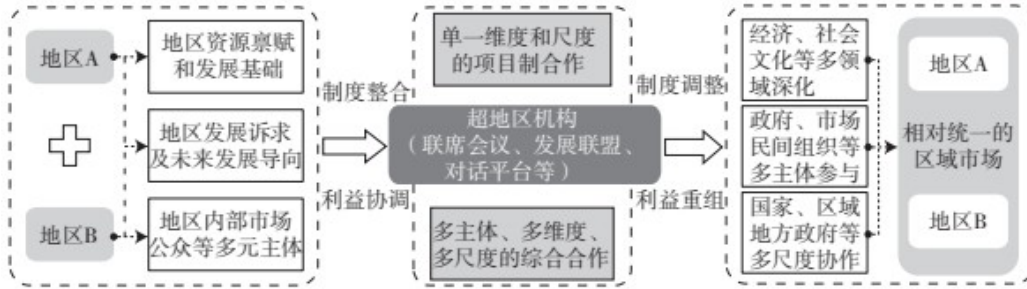


Fig. 6 Integrated adjustment of regional institutions through supra-regional organizations

2.3 Selective Increases and Decreases in Institutional Distance

Homogeneous, one-size-fits-all institutional arrangements cannot meet the requirements of high-quality regional development. Differentiated coordination based on comparative advantage supports factor mobility, industrial upgrading, economies of scale, and new productive forces [48]. Regional practice therefore uses differentiated policies to create a layered allocation of institutions. British enterprise zones, business-improvement districts, investment zones, freeports, and place-based funds illustrate this approach [49]. The Greater Bay Area draws additional advantages from the coexistence of distinct jurisdictions and customs territories [10,50], and planned institutional distribution reorganizes industrial, spatial, and governance structures [51]. Metropolitan regions have accordingly become strategic platforms for concentrating resources and improving governance [52].

2.4 A Dynamic and Stable Institutional Configuration

Balanced integration requires coordination by national and central governments, participation by local governments and non-governmental actors, and mediation by supra-regional organizations. Cross-boundary governance systems should identify institutional barriers, key resources, and opportunities [53], establish common coordination platforms, and move from single-field cooperation toward multi-field and multi-scalar collaboration. The objective is an institutional distance that matches each stage of regional development and supports resource circulation, knowledge transfer, market expansion, and deliberative governance.

表3 典型国家区域一体化中的制度调节机制
Tab.3 Institutional adjustment mechanisms in regional integration of typical countries

典型区域	具体机制
美国纽约 大都市区	依法设立特区,组织专业化管理机构; 私人为主、社会广泛参与的民间性区域规划模式:区域规划协会、大都市区规划组织等
英国伦敦 大都市区	以区域空间战略为引领;强调《伦敦规划》的目标引导作用; 创新地方协作模式:合作责任、告知和协商责任、地方企业团体等机制; 拓展公众参与渠道:指定“检查专员小组”组织“公众审查”、举办主题研讨会等
德国柏林— 勃兰登堡 大都市区	联邦层级:空间规划部长级会议机制、都市区示范项目机制等; 联邦州层级:区域性治理机构、联合规划机制与战略引导等; 地方政府及其他非政府组织:目的性联盟、邻里论坛、区域对话机制等
日本东京 大都市区	强调整体规划与中央决策:中央政府依据“首都圈整備计划”进行顶层管控,通过立法将特定权力下放至地方城市; 设立常态化跨域协议会:全国知事会议、九都县市首脑会议等; 明确咨询式管理制度:专家咨询会、恳谈会等

关键问题。区域一体化发展具有显著的地区特性，不同的发展阶段、本地资源禀赋和未来发展导向都会对区域一体化的具体路径造成影响。从我国国家层面来看，“一带一路”倡议和长江经济带建

期的城市与区域发展实践表明，“大而全”或“小而全”的要素分布格局无法充分发挥各地区的比较优势，容易造成资源的巨大浪费。因而，在突破关键制度壁垒的基础上，适度增减制度距离将

Table 3 Institutional adjustment mechanisms in representative countries

3 Governance Responses for Institutional Distance in China's Regional Integration

Appropriate institutional distance can support complementary specialization and flexible regional governance. China's current task is to adjust distance within suitable spatial and temporal ranges so that interdependent institutions form a coherent, stable, and adaptable system.

3.1 Targeted Integration: Removing Critical Institutional Barriers

Regional pathways differ by development stage, resource endowment, and strategic orientation. The Belt and Road Initiative, the Yangtze River Economic Belt, Beijing-Tianjin-Hebei coordination, the Greater Bay Area, and Yangtze River Delta integration embody distinct priorities [54]. At an early stage, policy should concentrate on practical barriers in infrastructure, trade, and social welfare. Taxation, fiscal instruments, policy finance, joint infrastructure, shared service standards, ecological protection, bilateral or multilateral agreements, and demonstration zones can narrow the institutional distances most directly associated with cooperation.

3.2 Incremental Differentiation: Building an Efficient Institutional Pattern

Uniform distribution cannot fully use local comparative advantages and often wastes resources. After key barriers are removed, distance should be adjusted incrementally to form specialized regional ecosystems whose sectors, locations, operating modes, and beneficiaries are coordinated. Policy should identify local constraints and priorities, guide transfers of resources and development rights, broaden diversified financing, and create benefit-sharing mechanisms.

Institutional distribution also requires dynamic guidance under globalization, technological change, climate risk, and geopolitical uncertainty. Regional consensus can reduce the costs of governance reform, while cross-regional organizations can coordinate complementary adjustments. Metropolitan areas and city clusters should serve as implementation platforms, and ecological institutions should strengthen resilience to natural hazards and major accidents.

3.3 Supporting Safeguards: Improving Policy Coordination and Transmission

China's regional planning has shifted across national, regional, and cross-jurisdictional levels. A territorial spatial planning system suited to evolving institutional distance should connect plans vertically and cover the entire territory. It should strengthen bottom-line constraints and top-level institutional design; establish multi-level and multi-actor coordination bodies involving public, private, and civil-society actors; create clear regional-local interest linkages for cross-boundary public affairs; and improve the compatibility, openness, sharing, and cost effectiveness of regional infrastructure and public services.

4 Conclusions and Reflections

Institutional distance entails transaction, management, and adaptation costs, yet it also carries complementary resources and knowledge. Its effect on regional integration is therefore nonlinear and dual. Integration commonly begins with agreement around specific objectives and project-based reduction of key distances, proceeds through institutional integration and selective adjustment, and eventually forms a dynamic and stable distribution. China should identify critical barriers, build a graded institutional pattern incrementally, and strengthen policy coordination and transmission. Effective adjustment requires strategic direction from above, practical innovation from below, and continued experimentation in locally grounded settings.

Notes

1. The Theil index measures income inequality between individuals or regions and is derived from the entropy concept in information theory. 2. New institutional economics, represented by Douglass C. North and Oliver E. Williamson, emphasizes institutions and economic performance; organizational sociology, represented by W. Richard Scott, emphasizes relations between organizations and their institutional environments. 3. North's binary classification distinguishes formal and informal institutions, while Scott's tripartite classification distinguishes regulatory, cognitive, and normative dimensions. 4. Greater institutional distance generally implies stronger barriers and higher cooperation costs; smaller distance implies fewer barriers and lower costs. 5. Formal distance concerns economic, political, and legal rules; informal distance concerns cognition, culture, and morality. 6. Institutional matrices exhibit inertia because of social recognition, fixed investment, sunk costs, and mutual dependence. 7.

Institutional collective-action problems include free riding among compound actors such as local governments. 8. Differentiated institutional demand arises from differences in development foundations, resource endowments, strategic directions, and stages of integration.

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