Introduction
In spite of claims that the world has become a global village, the diversity of capitalist systems has remained enormous. At International Development Studies two research projects focus on the impact of economic institutions in order to explain regional diversity: one intra-national in the Philippines and one international on the Thailand/Malaysian border. This poster presents results of a comparative analysis of the impact of national capitalist institutions in Satun (Thailand) and Perlis (Malaysia).

Methods
Satun and Perlis were selected as research regions because they have much in common, but belong to two different countries. They have experienced remarkably different developmental trajectories: Satun’s economy has remained a resource frontier (seafood and natural rubber), whereas Perlis’ economy was transformed into an economy dominated by public services. Hence, national institutions matter and consequently, the Varieties of Capitalism approach is a suitable point of departure. Primary data were gathered by conducting 2 firm surveys, 2 social network surveys and semi-structured interviews with civil servants, bank managers, politicians and members of the regional press. In total, relevant information was obtained from 213 actors.

Research set-up
Varieties of Capitalism approach (Hall & Soskice, 2001): Patterns of economic activity are shaped by particular institutional complementarities: bundles of institutions that function in tandem

Embedded Mercantilism approach (Jayasuriya, 2004): Institutional and political economies in Southeast Asia:
- dual political economy
- overlapping and domestic coalitions
- side payments

Institutional research topics:
- inter-firm relations and access to private finance
- relations between the public and private sector
- access to national budgets and policies for regional development

Methodology
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Results
- inter-firm relations and access to private finance
  - results from firm surveys in 2004
  - inter-firm relations and access to private finance

- relations between the public and private sector

The public sector in Perlis is not only often a client of the private sector, but owns many firms, facilitates access to private finance for the Malays and has a great say in economic affairs. In fact, public sector intervention is seen to hamper private sector initiatives. In contrast, weak institutional relations between the public and private sector in Satun complement dense business networks with strong coordination and cooperation, for instance among competitors.

- access to national budgets and policies
  - results from interviews in 2006

Conclusions
Malaysian institutional complementarities have been responsible for Perlis’ transformation into a service oriented economy, although it has also led to oversized investments and disabling personal power networks evolving around the Perlis state government. Furthermore, it can be questioned whether this model is economically sustainable, because the volume of side payments might dry up in the future. Institutional complementarities in Thailand have enabled the exploitation of the resource frontier and development in Satun, but currently it has received insufficient development assistance and a closed network of Sino-Thai entrepreneurs has caused divergence of corporate and worker well-being. Overall, national capitalist institutions have a considerable impact on patterns of regional development, especially in Malaysia.

References: