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State power, Global Production Networks, and underdevelopment: examining South Carolina's success in fostering strategic coupling

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Abstract: Under the notion of strategic coupling, GPN scholarship acknowledges the pivotal role of firms and non-firm actors in integrating regions into value chains and in regional development. However, the GPN 2.0 approach has focused largely on firms with limited attention to state managers' practices in coupling creation. This paper addresses this gap by engaging with Jessop's strategic-relational approach, Fred Block, and uneven and combined development theory to examine state managers' action in coupling creation. Examining South Carolina as a case study, the paper argues that its success in attracting foreign direct investments (FDIs) stems from the interplay of state power, a manufacturing fraction of capital, and underdevelopment. South Carolina leverages its underdevelopment to create policies that attract FDIs and promote strategic coupling. Three key dimensions of state action are identified: fluidity and flexibility, commitment to right-to-work status, and alignment of the education system with corporate interests. This research is based on qualitative methods. Thirty-one semi-structured interviews were conducted in South Carolina.

Keywords: Global Production Networks; state power; strategic coupling; uneven and combined development; South Carolina

1 Introduction

One key topic within the global production network (GPN) literature has been strategic coupling. Scholars have conceptualized different modes of strategic coupling such as functional, structural, and indigenous to examine how firm and non-firm actors mediate the integration of local firms and regional assets into global production (Coe and Yeung 2015; Mackinnon 2012). While GPN scholars describe firm and non-firm actors as relevant in processes of strategic coupling, firms have gained centrality in existing analyses, especially with the GPN 2.0 approach, which focuses on firms' strategies and value capture trajectories (Dawley et al. 2019; Rutherford et al. 2018; see Coe and Yeung 2015).

Due to the importance of the state in GPNs, especially in an era of multiple crises and geopolitical uncertainty, scholars have increasingly engaged in research examining the role of the state in strategic coupling (Kalvelage and Tups 2024; Scholvin and Atienza 2024). However, GPN scholars have pointed out that although there have been some advances in studies, there is still scope for development (Hess 2021; Lim 2018; Werner 2021). For example, scholars have pointed out the need for more research exploring not only the role of the state in coupling creation, but also the broader institutional and political dynamics involved in such a process (Dawley et al. 2019; Fu and Lim 2022; Rutherford et al. 2018; Teixeira 2024). One topic in need of further development concerns the agency of state managers, and more specifically, on how state managers work across multiple scales to create and maintain these strategic connections between local and global firms, such as regarding their practices to attract and embed lead firms and key suppliers as well as to establish and harness regional assets. To address this gap, this paper develops an analytical framework to examine the actions and practices of state managers in setting the conditions for and fostering coupling creation. To do so, it engages with two core theories: Uneven and combined development (UCD) and Jessop's strategic-relational approach along with Fred Block's work on the structural dependence of the state on capital. While the strategic-relational approach and Block's work are instrumental in exploring the agency of state managers and how their interactions with firms and non-firm actors shape strategic coupling policies and initiatives, UCD theory is important to illuminate how global dynamics influence state managers' actions and role in coupling processes.

Empirically, this paper addresses the following research question: How have state managers in the state of South Carolina been able to successfully attract foreign

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direct investment (FDIs)? South Carolina is a southeastern state located in the United States. The state is part of what is known as the Cotton Belt, a group of states from Virginia to East Texas that was rooted in slavery and cotton plantations until the 20th century (Schulman 1994). Despite being considered one of the poorest US states, recently, South Carolina has gained attention for its active role and constant success in fostering strategic coupling through the attraction of FDIs. For example, since the 1970s, the state has attracted several companies such as BMW, Mercedes-Benz, Michelin, Volvo, Schaeffler, and Boeing, becoming one manufacturing hub in the USA. In 2022 the state broke a record, announcing FDIs of $10.2 billion, a 371 % increase from 2021 (Warrayat 2023).

This paper shows that the successful attraction of FDIs in South Carolina is not merely due to cost factors or the presence of physical assets. It argues that the basis of strategic coupling in South Carolina relies on constitutive intertwined elements, such as state power, a manufacturing fraction of capital, and underdevelopment. More specifically, it demonstrates that the state of South Carolina capitalizes on its underdevelopment in a direct relationship with capital in order to establish strategies, policies, and initiatives to attract FDIs and foster strategic coupling. Three dimensions of state action are described as key factors for South Carolina to successfully foster strategic coupling: state flexibility and fluidity; state's commitment to a right-to-work status; and state's educational alignment with corporate interests.

The paper is divided into five sections. The second section provides a literature review on how the GPN literature has approached the state and examined its role in GPNs, especially regarding strategic coupling. This section also points out the need to expand the existing discussion, and develops the approach previously mentioned. The third section is the methodology. The fourth section examines why the state of South Carolina has been able to successfully foster strategic coupling through the attraction of FDIs. The last section is the conclusion.

2 Global Production Networks and the role of the state in strategic coupling

Firms' dispersion and fragmentation at a global production scale have led researchers to propose analytical frameworks to better understand this phenomenon, especially concerning regional development. Global Value Chains and Global Production Networks (GPNs) are some of these frameworks that have emerged in the last three decades (Naz and Bögenhold 2020).[1] One key element of the GPN framework is the notion of strategic coupling (Dawley et al. 2019). Strategic coupling refers to a dynamic through which regions are integrated into GPNs. Such a dynamic is marked by regional actors coordinating, mediating, and negotiating the conditions of coupling with global firms (Yeung 2015).

In GPN research, "regional development is seen as a product of the 'strategic coupling' between GPNs and [...] regional assets." as it can foster value creation, enhancement, and capture (Mackinnon 2012, p. 230). For example, when regions and their firms are coupled with global value chains, it can result in product, process, functional, or technological upgrading, create economic rents based on labor upskilling and branding, and result in value being captured locally (Horner 2014). While GPN scholars consider strategic coupling as a process mediated, coordinated, and negotiated by different actors at multiple scales, research has mostly "[...] adopted a firm-led approach, with the recent GPN 2.0 approach reducing regional development to the outcome of firm strategies and value capture trajectories." (Dawley et al. 2019, p. 853). As Aoyama et al. (2024, p. 3) stated, the GPN 2.0 "[...] emphasis on the 'cost-capability structure' suggests that the paradigm is inherently firm-centric [...], and firm strategies – in deploying regional assets (e.g., technical labor force) – continue to be the primary concern". Given this, there is a need for more studies examining the institutional and political processes through which actors at multiple scales work to foster strategic coupling and embeddedness (Dawley et al. 2019; Rutherford et al. 2018; Scholvin and Atienza 2024). This has resulted in some scholars exploring the role of the state in strategic coupling, although it is fair to say that such studies are still limited to a few.

On the one hand, scholars have explored the different roles of the state in GPNs influenced by Weberian accounts (Horner 2017). Four main state roles in strategic coupling have been stressed in the literature: regulator, producer, buyer, and facilitator (for detailed information on each role see Horner 2017; Mayer et al. 2017). On the other hand, scholars have theorized the role of the state in strategic coupling through neo-Marxist accounts (see Bridge and Faigen 2023; Dawley et al. 2019; Hess 2021; Rutherford et al. 2018; Smith 2015; Teixeira 2024). Mostly influenced by the Regulation theory, this second body of literature has explored how states adopt specific modes of regulation and accumulation strategies that facilitate or foster strategic coupling, and shape coupling developmental outcomes. Here, one

1 The emergence of these two approaches has been described in Coe and Yeung (2015) and therefore, it will not be described here in detail.

topic that has scope for further development is related to "coupling creation" (Bridge and Faigen 2023; Dawley et al. 2019; Fu and Lim 2022). Fu and Lim (2022), for example, claim that GPN studies often approach regional assets as given or ready-made, discussing the need for more studies exploring how regional actors such as the state, at multiple scales, actively (re)configure regional assets in coupling processes (Fu and Lim 2022). Dawley et al. (2019) have also highlighted the need for research to unpack the institutional political dynamics of strategic coupling, which includes examining how, from a host region perspective, "[…] regional and national actors work to attract and embed investment from lead firms and key suppliers […]", the actors that "[…] do the work of creating couplings […]" (p. 854). In this regard, the next section seeks to contribute to GPN studies by developing a framework that examines the key role of state managers and their practices in setting the conditions to foster strategic coupling.

2.1 Strategic coupling and state managers: integrating UCD theory and Jessop's strategic-relational approach

To analyze the role of state managers and their practices in processes of coupling creation, this paper proposes a framework based on UCD theory and Jessop's strategic-relational approach (see Rolf 2015) along with Fred Block's work on state-firm nexus. Different from the international business and strategy literature, where scholars such as Cantwell et al. (2010) have focused on firm's reactions to institutional structures (such as through avoidance, adaptation, and co-evolution) or on locational advantages (see Cantwell and Mudambi 2005; Huang and Cantwell 2017) that are attractive to FDIs, this paper explores how state managers work with firms across multiple scales to foster strategic coupling. Here, UCD theory is instrumental in illuminating how global dynamics influence state managers' actions and role in coupling creation, while Jessop's strategic relational approach and Block provide an analytical base to explore the agency of state managers and how their interactions with firms and non-firm actors shape policies and initiatives of coupling creation. Block's work in combination with Jessop's approach enriches UCD theory by providing a clearer understanding of the agency of state managers in navigating the global pressures of uneven development.

According to Rolf (2015), one challenge of relational theories of the state is to avoid approaching the state in the singular, as state power and exercise are also shaped by the global dynamics of uneven development or "a multiplicity of interacting states" (p. 134). In this regard, the author argues for the need to combine UCD theory with non-functionalist relational state theories such as Jessop's strategic-relational approach; a suggestion that this paper adopts to examine the role of the state and state managers in coupling creation.

As stated before, strategic coupling is a process through which regions are integrated into GPNs. In strategic coupling, the state is often directly involved, for example, by implementing policies and initiatives that are attractive to firms, creating state-owned firms, establishing and harnessing assets, participating in bargaining rounds, and providing incentives, among others (Horner 2014). To examine how state managers act and formulate policies, strategies, and initiatives to foster coupling creation, Jessop's strategic-relational approach and Block's work on state managers are useful. Jessop's (1990) strategic-relational approach sees the state as an institutional assembly embedded in social relations. According to the author, the state is marked by a strategic selectivity that favors or privilege certain actors, actions, and strategies over others. Moreover, agency is also important as Jessop (1990) considers how actors adopt strategic actions and tactics to influence state action such as its policies. Such actors' ability to shape the state, however, depends on their position within the balance of forces. Jessop (1990) also considers the importance of historical context as state selectivity and actors' strategic actions are embedded in specific moments and trajectories that influence state direction. These structure-agency relations guide the state in specific directions and culminate in hegemonic state accumulation strategies, i.e., in strategies adopted by states for the accumulation of capital. Such accumulation strategies are also marked by modes of regulation, of which one key component is state's mode of insertion into the global economy (Jessop 1990; Jessop and Sum 2006; Smith 2015).

Jessop's strategic-relational approach can be used to examine processes of strategic coupling in two ways. First, the strategic-relational approach can be employed to examine strategic coupling as part of wider accumulation strategies, which involves a set of state policies, regulations (including how the state seeks to be inserted in the global economy), initiatives, and actions (see Smith 2015). Second, it can be used to analyze how processes of strategic coupling and related state policies are formulated influenced by the existing power struggles (balance of forces) within and outside the state and at different scales, which shape which modes of coupling the state may privilege (structural, functional, and/or organic), their main elements, and developmental outcomes (Rutherford et al. 2018; Teixeira 2024). For example, Smith (2015) examines how Tunisia's and Morrocco's states employ exportist accumulation strategies to insert their economies into production networks that produce for export to European Union markets. Similarly, Bridge and Faigen (2023) explore the UK accumulation project to develop a national battery sector by establishing instances for strategic (onshoring) coupling. Rutherford et al. (2018) examine the balance of forces within two Canadian subnational states to demonstrate how certain fractions of capital are privileged and influence policy directions related to strategic coupling and their regional developmental outcomes, such as in terms of policies to maximize FDI spillovers. The work of Block (1987) can be useful here to further explore the agency of state managers and their practices in coupling creation.

According to Block (1987), state managers are not directly controlled by fractions of capital as they also act based on their own interests and interpretation of the balance of forces. However, Block (1987) understands that some state branches may favor and align with the interests of certain class fractions due to how some state managers are more aligned with the interests of certain class fractions due to their occupational background, historical links with specific class fractions, or because of the role that a particular state branch might have (Block 1987). This rationalization urges coupling analyses to identify and examine the state branches that are responsible for elaborating policies and initiatives for coupling, creating and harnessing assets, establishing incentive packages and infrastructure, among others. Additionally, this highlights the need to analyze how state managers in such departments interact and work with fractions of capital to foster coupling creation and the existing related policies/initiatives. Block (1987) indicates what are the mechanisms through which fractions of capital exert influence over state managers.For Block (1987), state managers tend to behave according to the interests of capitalists due to subsidiary mechanisms such as media, bribes, and lobbying. In strategic coupling studies, this paper suggests identifying the main subsidiary mechanisms that firms engage with in order to foster their interests. Coupling processes may rely on media to influence local communities' perceptions on state provision of public incentives packages, and state managers' perception on the size of these packages. Lobbying may also be key here as bargaining rounds and coupling policies/initiatives are often shaped by specific fractions of capital that work with chambers of commerce, developmental institutions, and site consultants to influence the state and foster their interests (LeRoy 2005; Markusen and Nesse 2007; Phelps and Wood 2006; Raines 2003). Other mechanisms of influence may also be essential such as firms providing political contributions, funding influential think tanks and their studies, revolving door, public-private partnerships, and threats to relocate.

Furthermore, Block (1987) shows that state managers prioritize the interests of certain capital fractions due to structural mechanisms such as their dependency on a healthy economy. State managers rely on the taxation of capitalists to finance themselves and state activities, and economic decline can erode public support and harm re-election prospects. Additionally, capitalists hold veto power over state policies, as their failure to invest can generate political problems for state managers. This dependency drives state managers to implement policies that boost business confidence, which is crucial for firms' decision around greenfield/brownfield investments or relocation. As international business and strategy scholars have pointed out, FDIs' locational decision is based not only on the maximization of future return on investments (resource, knowledge, competence, market and efficiency-seeking), but also on uncertainty avoidance (Cantwell and Mudambi 2005; Huang and Cantwell 2017).

The attraction of FDIs is also a particular concern of state managers at the regional scale, where local constituents are in a more direct contact with politicians, given how strategic coupling creates jobs and presents state managers as being successful, increasing their popularity and chance to be re-elected (Teixeira 2024). Consequently, in many regions, state managers establish a set of policies and initiatives to support coupling and increase business confidence which go beyond physical assets such as infrastructure, skills, and incentives. For example, as it will be highlighted in the next section, state managers in South Carolina adopt certain practices such as a flexible and fluid state form and a clear stand against labor unions to attend the interests of manufacturing corporations and establish business confidence – key to foster strategic coupling.

Besides adopting the strategic-relational approach with Block's work to examine the role of the state in strategic coupling, this paper also suggests engaging with UCD theory to consider how state behavior in the context of strategic coupling is shaped by global dynamics. While Block's and Jessop's work emphasize the mechanisms through which capital influences state policies, UCD theory helps contextualize these dynamics within broader global economic structures, being therefore, complimentary as UCD highlights how uneven development intensifies competition among states to attract capital, compelling state managers, especially in economically weaker regions, to adopt coupling policies that favor dominant fractions of capital. Additionally, as Rolf (2015) argued, one issue of Jessop's strategic-relational approach is how it treats the state in the singular overlooking the multiplicity of interactions among states, and how such interactions affect state form and action. Therefore, the author argues for the need to combine the strategic-relational approach with UCD theory. UCD theory emerged as a challenge to the assumptions that underdeveloped countries would develop through stages, following the pre-existing models of more developed states (Peck 2019). UCD theory understands that capitalism expansion is not a linear progression but instead marked by an uneven and combined development that results in the coexistence of different stages of historical evolution. Unevenness manifests itself in underdeveloped countries, which have been historically excluded from the trajectory of global development (Rioux 2014). Underdevelopment is seen not only across national states but also internal to such states, i.e. subnationally (Oliveira 2004). Due to underdevelopment and external influences, such as the competitive imperative to modernize (whip of external necessity), these states are compelled to speed up their development through leaps in a non-linear fashion. These underdeveloped states do so by adopting modern elements of more developed regions, where different stages of development are combined, resulting in an "amalgam of archaic with more contemporary forms" (Rolf 2015). UCD studies, therefore, transcend localism and methodologically nationalist theories (Peck 2019). The combined character of development shapes the interactions between states and their forms as states adapt to changing circumstances in the world economy and pursue their own development (Rolf 2015).

In this regard, this paper proposes examining the role of the state in strategic coupling not only according to state managers' dynamics in relation to their intra-national balance of forces, but also according to states' position in the spatial division of labor and interstate competition in the global economy (Mackinnon et al. 2019; Rolf 2015; Werner 2019). The ways that states engage with strategic coupling and their predominant practices to foster coupling are shaped by their need to compete internationally and regionally as they reflect the positionality of regions in the division of labor (Mackinnon et al. 2019). Strategic coupling and coupling creation, therefore, happen as part of a broader process: state managers establishing specific forms of state and accumulation strategies that attempt to deal with capital's global competitive strategy (Rolf 2015).

Following Rolf (2015), this paper, therefore, recommends examining states' strategies, policies and initiatives related to strategic coupling, first, according to how their regions are positioned in the global economy and broader division of labor; and how the state adopts and combines new elements from more developed states, taking a new state formin order to compete in the global economy.[2] Second, this paper recommends combining such analysis with Jessop's strategic-relational approach and Block's work to examine how state managers strategically work with capital to establish strategies, policies and initiatives to foster strategic coupling. Employing this approach in the three following subsections, this paper explores three dimensions of state action as key elements of strategic coupling in South Carolina: fluidity and flexibility, commitment to a right-to-work status, and alignment of its educational system with corporate interests. By doing so, this paper shows that South Carolina's success in attracting FDIs goes beyond the presence of static capabilities and localized resources such as human capital to encompass state-firm interactions and state action (see Buchholz and Bathelt 2021).

3 Methodology

This paper is based on a qualitative methodology. Qualitative methods are effective to obtain in-depth information based on participants' experiences, perspectives and values, and to understand the factors driving their behavior and actions (Rosenthal 2016; Yin 2009). Thirty-one semi-structured interviews were conducted in South Carolina with state managers and representatives from educational institutions, firms, chambers of commerce, unions, development agencies, and research institutes. Semi-structured interviews are a useful format to foster dialogue with participants, allowing follow-up queries, and to collect in-depth information (Adams 2015). Most interviews were in person between 2016 and 2019, with some in 2022, and mostly lasted one-hour. Two interviews were conducted through phone calls. Two interviews were repeated with representatives from educational institutions. All participants were chosen on purpose given their involvement and role in the topic under study. A consent document was provided to participants, who were anonymized. All ethical procedures were followed based on the Institutional Review Board's guidelines and approval. Interviews were recorded and fieldnotes taken.

In addition to the interviews, secondary data was collected from online sources, such as reports, newspaper articles, governmental documents and secondary census data. Using open coding, all the collected data was coded and categorized. Based on existing patterns and connections,

2 Rolf (2015) and Werner (2019) also suggests exploring the uneven impact of this combination such as regarding devaluation, disinvestment, and (constitutive) exclusion. Although important; this paper will not delve into it due to limited space.

categories were grouped together, which were later analyzed and summarized. All these data were crossed through triangulation (Yeung 1997) to foster the consistency and validation of the claims provided in the interviews.

4 Leveraging underdevelopment: how South Carolina fosters strategic coupling through FDIs

In this section, this paper demonstrates how the state of South Carolina has been able to foster strategic coupling through the attraction of FDIs. As stated in the introduction, this paper argues that the basis of strategic coupling in South Carolina relies on constitutive intertwined elements such as state power, a manufacturing fraction of capital, and underdevelopment. Here this paper discloses how the state of South Carolina capitalizes on its underdevelopment in a direct relationship with capital in order to establish coupling strategies, policies, and initiatives to successfully attract FDIs. Each of the following subsections will discuss a key dimension of South Carolina's state action in fostering strategic coupling successfully.

4.1 South Carolina: state power, fluidity and flexibility

South Carolina is a subnational state within the United States of America, a country with the highest net wealth and GDP in the world. South Carolina exemplifies a more pronounced version of the neoliberal formation seen at the national level (Peck and Theodore 2019). Historically it was excluded from the trajectory of global development, and therefore, development lagged behind when compared to most US states (Schulman 1994). Until recently, South Carolina presented (and presents) striking resemblances to some late-developing countries described in UCD studies. The state of South Carolina had an economy based on agriculture and textile production with low skills (Ford and Stone 2007). Grouped with other southern states as part of the Cotton Belt, from Virginia to East Texas, South Carolina's economy was rooted in slavery and cotton plantations until the 20th Century (Schulman 1994), which reflects on its current social structure characterized by strong class hierarchies and limited social mobility (Semuels 2017). Moreover, the state has a strong dependency on FDIs. In 2021, FDIs created nearly 10 % of the jobs. In manufacturing alone, FDIs are responsible for half of the 86,200 existing jobs, with FDIs' presence in the state drastically increasing in the last two decades (Global Business Alliance 2021). Yet, South Carolina today is considered one the poorest states in the United States. The state is in the bottom 15 of the lowest states (out of 50) in median household income, average salary, educational attainment, and poverty rate (Statista 2023).

South Carolina has been in the spotlight in the last years, given how successful the state has been in fostering strategic coupling via the attraction of FDIs, becoming a hub for manufacturing companies – something that started in the 1970s but has gained more traction in the last two decades. The predominant type of strategic coupling in South Carolina can be described as functional coupling as the state seeks to become part of value chains through the attraction of transnational corporations in the manufacturing sector (an outside-in process) and has an explicit role in upgrading labor and infrastructure. Nonetheless, some elements of structural coupling are also present such as state's heavy reliance on the provision of public subsidies and presence of weakly embedded TNCs subsidiaries (Coe and Yeung 2015). For example, the state has attracted several companies such as BMW, Mercedes-Benz, Michelin, Volvo, Schaeffler, and Boeing, among many others. In 2022, the state broke a record, announcing FDI investments of $10.2 billion, a 371 % increase from 2021 (Warrayat 2023). One key aspect of South Carolina's success in fostering strategic coupling is its strategy, which emerged after the Second World War when a manufacturing fraction of capital started to hold a hegemonic position in the state.

The uneven process of industrialization in the US was primarily significant during the late 19th Century, when some northern states, such as New York, Pennsylvania, and Illinois, developed their manufacturing industries while several southern states such as South Carolina lagged behind. During this time, South Carolina maintained its agricultural economy and specialized in textiles and apparel, based on a low-wage and low-skill nonunionized labor force (Rees 2016). Nonetheless, after the Second World War, South Carolina adopted an accumulation strategy based on attracting mature US industries interested in relocating to lower operating-cost regions as an attempt to break its dependence on agricultural, textiles, and apparel production (Ford and Stone 2007; Porter 2005). Here, the balance of forces influencing the state shifts from agricultural aristocrats to manufacturing firms.

As part of this strategy, since the 1950s, South Carolina state managers have established pro-business mechanisms and initiatives such as low taxes, land donation, training incentives, minimum government regulation, and heavy subsidies and financial incentives to privilege, and thus, attract manufacturing corporations (Ford and Stone 2007; Porter 2005; Vila 2010). Such initiatives to foster strategic coupling laid central in its accumulation strategy. One interviewee from a South Carolina county Chamber of Commerce declared:

> […] South Carolina was a poor state, so what they did is that they put their money in what they think would get the best outcome […]. We did not have any industry until … our first industry was in 1973. Part of that was the lobby. They state decided "that is all we got, we need to get the most for this", and doing that we can try to bring big industries to bring jobs and get rural South Carolinians up. So, we have already been growing since 1950. It is a short time especially compared to other areas. But before that very poor.

This strategy, while still in place, has evolved since the 1980s in terms of sophistication and mechanisms for fostering strategic coupling. Additionally, its focus shifted from attracting mature US companies to global FDIs. Such changes are related to the US neoliberalizing process started in the 1980s, which shaped interactions between subnational state managers and manufacturing FDIs (Harvey 2005). Initiated by Reagan, neoliberalism led to statehood denationalization, "destatization" (with the private sector gaining influence), and policy internationalization (Glassman 1999; Jessop 1997). Due to this policy regime internationalization, competition from low-wage offshore countries increased, leading South Carolina to incorporate new elements into its strategy, especially in the 2000s, in order to compete within this new spatial division of labor. The state became more aggressive and embraced a developmental project that could competitively situate the state in the new knowledge-based global economy (Ford and Stone 2007; Porter 2005; Vila 2010). The state maintained its reliance on subsidies and incentives but adopted more sophisticated mechanisms to attract and retain firms. To be more specific, one key dimension of state action that South Carolina has established to foster strategic coupling is a state form that is fluid and flexible in attending to the interests of FDIs.

By doing so, the state has not only made the provision of fixed assets such as infrastructure, low taxes, and incentives an important instrument to foster strategic coupling but has also developed an institutional apparatus that commits to "in-the-making" necessities and possibilities, on-demand. State flexibility here refers to the willingness and ability of the state to adapt and address the specific needs and requirements of firms, who in turn, have access to the state as soon as needed or requested. Additionally, it relates to how state managers are committed to develop initiatives that do not exist for FDIs, that may be needed in the future, requiring new processes of institutionalization or not. Such state flexibility increases business confidence, as Block would put it, and reduces uncertainty for potential investors as FDIs base their decisions not only on fixed assets when examining where to invest but also on their evaluation of the general political and economic environment of localities (Block 1987; Huang and Cantwell 2017). Three main characteristics demonstrate South Carolina's state form as fluid and flexible, which this paper describes as a key dimension of state action in fostering strategic coupling.

First, South Carolina's state managers have developed a strong inter-scale ability to interact and coordinate actions. This strong interaction allows the state to be flexible by adapting and changing according to the interests of firms and, therefore, to attract such firms to their regions. At the 2016 South Carolina Manufacturing Conference, Philip Morgan, a senior project manager at the South Carolina Department of Commerce, publicly asserted that the state has successfully recruited manufacturing firms due to the state's flexibility:

> We are a team; you can reach out to any one of us. So, we partner with regional representatives, with county representatives, we partner with them all, with private partners and utilities. Any company that wants to talk to us, please come and talk and we will put the right people in front of you. One of our skills is the ability to be flexible. (South Carolina Aerospace Conference 2016).

Second, South Carolina's state managers engage in complex collective efforts involving various actors at different scales, especially when elaborating and proposing multiscale incentive packages to FDIs during bargaining events. As one South Carolina Department of Commerce representative stated, "We make ourselves available to listen to firms and to work collaboratively as a team to attend to their needs." Another governmental participant asserted, "[…] recruiting multinationals requires the South Carolina Department of Commerce to work closely with local states to develop attractive benefits packages and to offer corporations various potential sites." (Interviewee 10). Interviewee 9, a representative from the Trident Apprenticeship Program, also attributed the success of South Carolina in attracting companies, such as Mercedes Benz, Volvo, and Boeing, to state managers' ability to work collectively to accommodate corporate needs. According to Interviewee 9, "Charleston has grown to manufacture more than any place in the United States … " and this is because:

> […] (the state) gets people involved, when you get leadership, companies, high schools together, you get the college, technical schools, whatever, together, you see results and that is something else.

Third, South Carolina has clear channels of state-firm interaction through which state managers select and foster the interest of FDIs, which can be described here (as the other two factors above mentioned) as a key subsidiary mechanism based on Block's work (1987). The state has developed inter-scale channels through which local state managers and business representatives can lobby upper-state politicians to advance their interests. For example, counties such as Charleston have built strong forms of governance with the capacity to compete for investments and to represent their interests and goals to state managers at the subnational scale. Interviewee 10, a Charleston Metro Chamber of Commerce representative, professed:

> We go together and try to be one-on-one with many legislators from our area and educate them. Here is what is on our agenda. Here is why it is on our agenda. Here is why it is important. Here is how it impacts the business. That is what needs to be done to fix this issue. Will you help us? […] So, with building lobbying, it is all relationships. It is building that relationship with that particular elected official, so they know when you call […].

Therefore, the success of the state of South Carolina in fostering strategic coupling via the attraction of FDIs does not only reside in having regional assets that match the strategic needs of firms but also in its ability and commitment to meet present and future FDI needs, necessities and possibilities "in-the-making" and on-demand, which in turn increases business confidence. Accommodating the immediate and future FDI interests requires constant change, adaptation, and experimentation of state institutional capacities and arrangements, i.e., a high degree of inter-scale flexibility and cooperation.

In the following subsection, this paper explores how South Carolina's underdevelopment is key for modern relations of capitalist production to appropriate surplus value through a process of uneven and combined development, and therefore, essential to further understand South Carolina state's role and success in fostering strategic coupling via FDI attraction.

4.2 The labor factor: how South Carolina's commitment to the right-to-work status drives FDI attraction

Currently, one of the primary factors contributing to South Carolina's success in attracting FDIs is its extremely low wage level and the lack of union power. South Carolina adheres to the federal minimum wage of $7.25 per hour, which has not increased since 2009. Unlike many other US states that have established higher wage floors, South Carolina does not have its own state-mandated minimum wage, leaving it among the lowest wage levels in the country along with Tennessee, Alabama, Louisiana, and Mississippi. Additionally, South Carolina's unionization rate was 1.7 % in 2023 (compared to New York's 21.9 %), placing the state with the lowest unionization rate in the country (Bureau of Labor Statistics 2023). In this regard, the state of South Carolina has capitalized on its underdevelopment to successfully insert itself in the global economy through strategic coupling. The term underdevelopment here is used, first, to refer to how South Carolina was until recently based on an agricultural economy and marked by racial inequalities that have resulted in the state lagging behind compared to the US northern states in terms of labor power, wages, and skills (Coclanis and Kyriakoudes 2023; Day 2018; Ford and Stone 2007; Rees 2016). Such features, it is argued, are currently exploited by the state of South Carolina to foster strategic coupling via the attraction of FDIs. Here it is claimed, therefore, that underdevelopment has served as an opportunity for capital development rather than an obstruction, i.e., the combination between the archaic and the modern relations of production (as classical UCD theories would describe) has been vital for the attraction of FDIs and capital accumulation in the state. South Carolina's late or delayed agricultural mechanization became widespread only in the 1950s. Such a process of mechanization expelled labor from rural areas. Additionally, with the end of the Second World War, the textile industry declined, leading farmers to shift to other crops, such as corn, which could be easily mechanized (Ford and Stone 2007; Rees 2016). Due to agricultural production and the textile industry being based on low-wage and low-skill workers, these changes led to not only a rural-to-urban migration but also abundant cheap labor available in the market for manufacturing firms, and therefore, an opportunity for capital accumulation (Coclanis and Kyriakoudes 2023).

Another aspect of South Carolina's underdevelopment concerns how the state has a history of slavery and racial discrimination, which has resulted in anti-unionism – a phenomenon that the state uses as an asset to attract FDIs successfully. Since the post-Civil War, white landlords in South Carolina came to see unions as a threat to the low wages of black workers (Day 2018). Moreover, South Carolina state managers have historically considered labor organizations as a threat and, therefore, allowed industrialists to exploit racial tensions to impede unions' presence in the state. Capitalists, for example, used racial divisions to stop workers from unionizing by replacing white workers on strikes with black workers who were desperate for a job (Day 2018). In this direction, the state of South Carolina adopted right-to-work legislation in 1954. As a consequence, South Carolina today, as previously mentioned, has the lowest union rate and one of the lowest wages in the USA (Bureau of Labor Statistics 2023).

In this regard, the state of South Carolina further exploits this underdevelopment to foster an attractive environment for FDIs. More specifically, another key dimension of South Carolina state action in fostering strategic coupling is the state's strong commitment to maintaining its right-to-work[3] status. Although such a commitment is not new, South Carolina state managers have increased their efforts to discourage workers' attempts to unionize. This plays an important role in its strategy, given that such efforts enhance business confidence in the state, encouraging potential investors like FDIs to come to the state. To explain South Carolina's success in attracting FDIs, one state manager contended: "We are a right-to-work state. We have the lowest unionization labor rate. The employees here don't want to be unionized. It is a culture within the workforce" (South Carolina Aerospace Conference 2016). State managers' commitment has been relayed mostly through speeches, news statements, and online platforms like Twitter (now X). At an automobile conference in Greenville, Nikki Haley,[4] a former South Carolina governor, spoke out about the state's view regarding unions:

> We discourage any companies that have unions from wanting to come to South Carolina because we don't want to taint the water. […] You've heard me say many times I wear heels. It's not for a fashion statement. It's because we're kicking them every day, and we'll continue to kick them. (Bell 2014).

The current governor of South Carolina, Henry McMaster (a Republican as well), has also opposed attempts at unionization in the state. Due to the International Association of Machinists's unionization victory[5] in 2018 at Charleston's Boeing plant, the governor contended, "Their presence in North Charleston is about as welcome as a Category 5 hurricane. […] we aren't going to let out-of-state labor unions ruin the wonderful working environment in our state." (Twitter, May 21st, 2018). As a labor organization representative claimed, state managers' anti-union commitment has remained a principal part of South Carolina's strategy to foster strategic coupling:

> They (state managers in South Carolina) lend their face to the anti-campaign (unionization campaign). […] She (Nikki Haley) chooses to try to make South Carolina look more attractive to companies to move here so she will help to keep the workers oppressed. (Interviewee 2).

As detailed before, the state prioritizes certain actors and their strategic needs and demands. Regarding South Carolina's state, the strategic needs and demands of the manufacturing fraction of capital have remained privileged. At the same time, labor's representational power has encountered difficulties. The lack of workers' representation has resulted in uneven outcomes that radically affect the working class in terms of wages. For South Carolina, this is key to its success in attracting FDIs.

4.3 Firm-education nexus: how South Carolina's educational underdevelopment drives FDI attraction

In 2022, the state of South Carolina was ranked as having the sixth worst school system in the USA (Mcreless 2022). The state also lags behind in innovation and patents and the presence of tier-one research universities when compared to more developed subnational states in the USA such as California (Ford and Stone 2007; Porter 2005). Moreover, its historical dependence on low-skill and low-wage jobs, which were described before, has led the state to face significant skill gaps in the manufacturing sector, where most roles require post-high school training but not a 4-year degree. This lack of technical degrees for manufacturing jobs is a general problem that many US states have faced (Johnson 2018). In this regard, the state of South Carolina has capitalized on its underdeveloped educational system to successfully attract FDIs.

Since the US adoption of neoliberalism, topics such as human capital and science, technology, engineering and mathematics (STEM), innovation, and research have become central in South Carolina's political agenda (Ford and Stone 2007; Porter 2005). Neoliberalism has also led the state to align its educational system with corporate interests as a way to modernize or improve its education based on free-market policies and economic rationality (Saunders 2010). This reorientation has resulted in trustee members at educational institutions increasingly coming from the private sector, bringing their corporate logic to decision-making (Saunders 2010). By combining the underdeveloped aspects of its educational systems with this new rationality, the state has fostered a dual training system with a vocational side mainly designed to attract manufacturing FDIs to the state as part of its strategy – another key dimension of state action in fostering strategic coupling in South Carolina. Three initiatives reveal this further alignment and strategy

3 The term right-to-work state refers to states that have passed a law which guarantees that no person can be compelled to join or not join or to pay dues to labor unions (Niznik 2018).

4 Nikki Haley was the governor of South Carolina from 2011 to 2017 under the Republican Party. In 2017, Haley resigned to become an US ambassador to the United Nations under Trump's administration.

5 In June 2018, flight line workers at the Boeing South Carolina plant voted in favor of organizing into a union with the International Association of Machinists (Moxley 2018).

to foment strategic coupling: Career Academies, Apprenticeship Carolina, and ReadySC.

In South Carolina, this reorientation gained strength in 2005 and was influenced by firms' representatives such as the South Carolina State Chamber of Commerce and the Charleston Metro Chamber of Commerce (CMCC). One key aspect of this reorientation was Michael Porter's 2005 plan entitled "South Carolina Competitiveness Initiatives: A Strategic Plan for South Carolina", which can be considered as a subsidiary mechanism. One recommendation was to "align and link the educational system and local business so that education meets the workforce requirements of business, and business appropriately supports the educational system" (Porter 2005, p. 62). One of the participants from a not-for-profit organization claimed:

> [...] it really started when Michael Porter from Harvard came down and did a study ... They generated a report that had some co-foundational things that they need to do to help the industry grow and evolve here, and the reason the Department of Commerce did that was that the secretary (Bob Hyatt) had worked for BMW. (Interviewee 18).

In the same year, the South Carolina General Assembly, influenced by corporate interests, passed the 2005 Education and Economic Development Act (EEDA), a document establishing requirements for schools, colleges, and universities to work collectively with businesses in the state. One representative from the Trident Youth Apprenticeship Program observed:

> The 2005 Education and Economic Development Act was driven into existence by the State Chamber of Commerce, because the Chamber recognized a shortage of people with particular skill sets, the baby boom that has the skill sets is retiring, and there are not enough students getting trained in these skills to fill these positions let alone to expand what is happening in the region and across the state. So, the State Chamber of Commerce pushed into existence this piece of legislation. (Interviewee 12).

The 2005 EEDA required schools to design a curriculum around a career cluster system, and students to take career-focused courses, mostly vocational and STEM-related courses. The 2005 EEDA also determined the credits acquired in career courses at secondary schools could be transferable to four- and two-year courses at state colleges and universities. This further alignment sought to support different fractions of capital in the state, attending to their skill needs. It has also been framed as an important component of South Carolina's strategy to foster strategic coupling. One state representative voiced:

> I think a lot of times, what a business looks at a location to go to, they want to know how serious is the commitment [...] of the state, from the education system [...] making sure that we are going to have a workforce, not just for today, not just 5 years from now, but 20 years from now, well trained and well educated to handle our needs. (Interviewee 15).

The reorientation of South Carolina's educational agenda can also be seen with the establishment of Apprenticeship Carolina and ReadySC. Apprenticeship Carolina was founded in 2008 (Interviewee 13). As in the case of Career Academies, the South Carolina State Chamber of Commerce influenced this program's establishment and structure. One participant stated:

> The history of that takes us back to 2003 when our State Chamber of Commerce made a report on workforce needs [...] asking for a better apprenticeship system for South Carolina. So, it was staffed in 2008 at the Technical College System. [...] The state Chamber of Commerce was instrumental in driving the initial conversations. The industry responded to their report, saying "that is something we would support", and here we are today. (Interviewee 13).

To encourage firms' participation in Apprenticeship Carolina, state managers support businesses in designing their apprenticeship program, structuring on-the-job training, and completing bureaucratic paperwork such as filling in forms, completing federal registration paperwork, and obtaining related state and federal tax credits (Interviewee 13; 12; and 9).

Another program showing how South Carolina's has aligned its educational system with corporate interests is ReadySC. Since the 2000s, ReadySC serves as a technical tool to recruit FDIs by providing highly customized training and recruiting services for firms interested in moving to South Carolina or planning to expand, all free of cost (Interviewee 29). Therefore, ReadySC is intrinsically related to South Carolina's strategy to foster strategic coupling. Many participants consider ReadySC the major "trump" in their assets when bargaining with FDIs. A representative from the Trident Apprenticeship Program declared:

> ReadySC is the carrot that gets them in the door, gets things going ... We are very attractable to foreign companies. It started with the leadership of the state. Leadership realizing that apprenticeships, ReadySC, getting companies up and going is the most important issue. In these cases, skilled labor. We are going to be really popular. (Interviewee 9).

To conclude, South Carolina state managers have aligned their educational system with manufacturing firms and established educational initiatives intended to attract FDIs to their regions. It does so on three fronts: Career Academies, which are designed for high schoolers; Apprenticeship Carolina, which is focused on young adults; and ReadySC, which is used to attract firms by providing customized training.

5 Conclusions

In the GPN literature, the importance of multiple actors in fostering strategic coupling is acknowledged (Coe and Yeung 2015). However, mainstream GPN studies on strategic coupling have mainly been based on a firm-led approach, especially under the GPN 2.0, which has placed emphasis on firms and their strategies (Dawley et al. 2019; Rutherford et al. 2018). This focus on firms' strategies has led scholars to discuss the need for more studies to unpack the institutional political dynamics of strategic coupling and explore the role of the state. One potential topic of development discussed in this paper regards the role that state managers play in coupling creation, for example, regarding their practices to foster coupling, how they elaborate policies and initiatives as well as establish and harness regional assets in order to meet the strategic needs of firms (Bridge and Faigen 2023; Dawley et al. 2019; Fu and Lim 2022).

In this regard, the paper sought to establish a theoretical approach to examine the actions and practices of state managers in fostering strategic coupling. To do so, on the one hand, it engaged with Jessop's strategic-relational approach and Fred Block's work to examine the agency of state managers in coupling creation as well as how their interactions with firms result not only in broader accumulation strategies and modes of regulation but also in strategic coupling policies and initiatives. On the other hand, this paper engaged with UCD theory to include in its analysis how global dynamics influence the state and its actions, including policies and initiatives of coupling creation due to intra- and inter-state competitive dynamics and state's position within the existing division of labor, which shape state form and practices. Based on this approach, this paper analyzed why the state of South Carolina has been successful in fostering strategic coupling through the attraction of FDIs. The argument developed here was that the state of South Carolina capitalizes on its underdevelopment to successfully foster strategic coupling. By underdevelopment, this paper explored the peripheral position of South Carolina within the United States as a subnational state lagging behind in developmental terms related to labor power, wages, and skills. Three dimensions of state action were described as key elements for South Carolina's success in fostering strategic coupling. First, this paper explored the relevance of its state form as fluid and flexible in fostering strategic coupling. Emphasis was given to state-firm relations, the insertion of South Carolina into the new neoliberal global order, and the impact on its state form and strategy. Second, this paper revealed how South Carolina state managers exploit its underdevelopment, i.e., an abundant low-wage workforce with weak labor power and rights (linked to its past rural structure and racial tensions) to successfully foster strategic coupling. The state's active role in fighting labor organizations was also highlighted as key in attracting FDIs. Third, this paper demonstrated how South Carolina's education system and initiatives can be depicted as lagging behind or underdeveloped and how, by being combined with "modern" neoliberal education views, the state has aligned education with the interests of firms by establishing programs such as Career Academies, Apprenticeship Carolina, and ReadySC as tools to successfully attract FDIs, for example, through the provision of highly customized training initiatives at no cost.

To conclude, this paper has potential to contribute to the GPN literature in three ways. By engaging with UCD and neo-Marxist state theories, this paper reveals the importance of considering internal state-capital interactions as well as global interactions when it comes to understanding the dynamics of strategic coupling, especially regarding how state managers work with firms in order to design strategies, policies, and initiatives intended to foster strategic coupling through the attraction of FDIs. Second, while many studies analyze strategic coupling with a focus on the moment of coupling, the bargaining event, and isolated state initiatives as given, including the harnessing of assets to meet the strategic interests of single firms (Fu and Lim 2022), this paper brings a more encompassing view of how strategic coupling involves historical state-capital-labor relations that culminate not only in specific state strategies, policies, and initiatives prone to firms but also in elements (weak labor power, low wages and rates of unionization, and educational initiatives) that the state can capitalize to successfully attract FDIs. Finally, while mainstream GPN studies have focused on firms and their strategies when it comes to strategic coupling (Dawley et al. 2019), this paper sought to advance an under-explored topic, i.e., to disclose the practices of state managers in coupling creation.

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