

## The Regulatory Double Bind: Digital Protectionism as Surveillance Capitalism's Institutional Hand

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The data economy points a key shift from traditional economic models centered on the production and exchange of tangible goods and services. Unlike classical capitalism, which prioritizes labor and physical capital, the data economy commodifies human behavior, social interactions, movements, and preferences as the resources [10]. At the core of this dynamic lies the big data process, which constructs digital twins of final consumers, individuals, through large-scale data aggregation [7, 10]. This transformation not only abstracts individual existence into data-driven profiles but also deepens power and information asymmetries between consumers and the supply side [1, 9, 10]. Moreover, this shift represents disruptive innovation [2], as data-driven platforms such as Amazon & Meta disrupt traditional industries by monetizing behavioral and relational surplus. However, this disruption also drives data colonialism, reducing individuals to mere “data points” harvested by transnational corporations [4, 8].

In response, governments have driven protectionist measures to reclaim control over data and safeguard national interests. Digital protectionism covers the policies such as data localization requirements, algorithmic transparency regulations, and restrictions on cross-border data transfers [1, 9]. At first glance, these measures may seem like official resistance against the dominance of global tech-giants, particularly serving as big-data companies. However, they primarily serve to institutionalize the data economy rather than hinder it [5, 9]. Instead of disrupting data-driven markets, digital protectionism restructures them by shaping their regulatory framework [1, 9]. These policy choices, when institutionalized at both the individual and national levels, contribute to the formation of center-periphery hierarchies within the global data economy, further reinforcing existing power imbalances [1, 4].

At this stage, the concept of data colonialism becomes particularly significant. Data colonialism describes how data has become a tool of economic exploitation, concentrating wealth and power in certain centers while rendering other regions dependent [4, 8]. Individuals and states in the data economy now function as data suppliers, while major corporations and powerful nations process this data to generate economic gains [4, 8, 10]. Rather than disrupting this center-periphery relationship, digital protectionism restructures and reinforces it in a new form [1, 4, 8]. Although national efforts to regulate data flows may shift power dynamics within the global data economy, they do not challenge the underlying mechanisms of data colonization [1, 6]. Instead, they contribute to its institutionalization by embedding it within national policies and legal frameworks, ensuring its continued expansion under different regulatory models [1, 3, 5, 9].

The efficacy of digital protectionism in ensuring data sovereignty within the data economy also contributes to the construction of the ‘*new normal*’ [3]. Surveillance capitalism normalizes continuous data extraction as a condition for participation in society [3, 10]. Also, it refers the institutionalization which can also be understood through the point of neo-institutionalist isomorphism. As states implement digital protectionist policies, they highly adopt similar

regulatory frameworks, a great example of mimetic isomorphism, often mirroring the very surveillance mechanisms they aim to resist [5].

In conclusion, digital protectionism embodies the regulatory paradox of surveillance capitalism: while it rhetorically opposes data colonialism, it ultimately reinforces its extractive framework. By framing data sovereignty as a national imperative, states legitimize surveillance as a fundamental mechanism of governance, shaping a new societal norm where data extraction becomes an inherent aspect of citizenship.

In my conference presentation, I will begin by highlighting the distinctive nature of the data economy and how it operates differently from traditional economies. Next, I will examine the interactions between stakeholders of data economy at both global and national levels, illustrating the emergence of digital protectionism as an institution. To support this analysis, I will draw on the concept of data colonialism in the context of global relations and the framework of surveillance capitalism at the domestic level.

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