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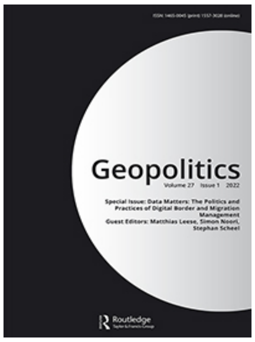

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Geopolitics and the 'New' State Capitalism

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ABSTRACT
We may be witnessing the emergence of a new 'state capitalist' normal, a term this Forum proposes to problematise in its geopolitical dimensions. The growing prevalence of state-sponsored entities (encompassing state enterprises, policy banks, and sovereign wealth funds) as leading vehicles of economic activity is a defining feature of our times. This reassertion of state authority is altering configurations of state and corporate power across the world economy while generating a multiplicity of geopolitical tensions. This Forum reflects upon what it means, theoretically, methodologically, and politically, to articulate a geopolitics of contemporary state capitalism. It brings together interventions which draw on various theoretical approaches, including critical political geography, historical materialism, geographical political economy, and power structure research, in order to probe into the multiple spatialities at the core of contemporary state capitalism. The contributions aim to destabilise the assumptions and taken-for-granted ideas which have largely framed the debate thus far, including problematic binaries such as liberal/illiberal, state/market, commercial/geopolitical logics, and realist narratives of interstate power-maximising behaviour. Studying the (geo)political reorganisation of global capitalism requires moving beyond the castigation of a 'rogue' state capitalism as well as narratives of a clash between rival political-economic models, and disassembling the category state capitalism.

Introduction and Insights from the Forum

Ilias Alami and Adam D. Dixon

State capitalism broadly refers to configurations of capitalism where the state plays a strong role in supervising and administering capital accumulation, or in directly owning and controlling capital. Taking this definition, state capitalism is alive and well. State-owned enterprises (SOEs), policy banks, sovereign wealth funds (SWFs), and other state-sponsored entities have become leading vehicles of global economic activity since the early 2000s. Various forms of state activism have proliferated across the world economy,

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from models of post-developmentalism and resource-nationalism in developing economies to new modalities of industrial and mercantilist policies in advanced capitalist economies (Alami and Dixon 2020a; Bremmer 2010; Kurlantzick 2016; Nölke 2014). These new global landscapes of state intervention have gradually emerged at the turn of the millennium and consolidated in the post-2008 global financial crisis environment. What is new about them is not only their sheer scale (the share of SOEs in the world's 2000 largest firms doubled to 20% in the last two decades) but also the growing presence and integration of state-controlled capital into global networks of production, finance, infrastructure, and corporate ownership (Babic, Garcia-Bernardo, and Heemskerk 2020; IMF 2020). We may be witnessing the emergence of a 'new' *state capitalist* normal, a term this Forum proposes to problematise in its geopolitical dimensions.

Indeed, this reassertion of state authority, given its breadth and scope, is altering configurations of state and corporate power across the world economy while generating a multiplicity of geopolitical tensions. For some commentators, these state capitalist transformations are deeply implicated in the transition to a new 'geo-economic' world order, characterised by the 'securitisation of economic policy' and a renewal of economic nationalism in the realms of trade, industrial, technology, and investment policy (Roberts, Choer Moraes, and Ferguson 2019). The open confrontation between the United States and China looms large, with the COVID-19 crisis providing an opportunity to further 'weaponise' the interdependent U.S.-China economic relations (Farrell and Newman 2019).

We argue, however, that the geopolitical implications of the ongoing state capitalist transformations reach beyond this 'new Cold War'. Notwithstanding the importance of the latter, and the very real risks of inter-capitalist competition between a hegemon and its key contender escalating into full-blown confrontation, this prism is necessarily limiting. Indeed, contemporary state capitalism may have geopolitical implications that do not neatly fit into the realist narrative of interstate power-maximising behaviour. Put differently, the China-U.S. relationship is fundamental (as acknowledged by many contributors to this Forum), but must be studied within the context of the *(geo)political re-organisation of global capitalism*, particularly since the 2000s. We specifically refer to the emerging geographical pattern of global capital accumulation, characterised by a secular shift in the centre of gravity of the world economy from the North Atlantic to the Pacific rim. The turbulent geoeconomic and geopolitical reordering which accompany this shift is imbricated into a wide set of outstanding developments, including, *inter alia*, the changing role of state power in the territorial organisation of the planetary circuits of capital, mutations in the construction and expression of political authority in and through capitalist markets, the organisation of political and economic domination via transnational networks of state and business elites, a destabilisation of the global North/South axis, and questions related to the legitimate scope of state intervention.

Developing conceptual tools to render the geopolitical implications of contemporary state capitalism amenable to analysis and critique is a pressing task. Yet, it is also arduous for two reasons, related to the use of the category state capitalism itself. First, setting aside the question of the analytical value of the category (discussed throughout the Forum), we are concerned with the ways in which the category is increasingly mobilised in *public policy discourse* by commentators often close to Western corporate and policy-making circles. There is a tendency to portray the rise of state capitalism as a new 'global drama' in world politics: we are told that state capitalism is a fast-emerging alternative economic model, constituting a monolithic threat to Western powers and the Western-dominated liberal world order, in a sort of grand strategic stand-off which constitutes the defining issue of our time (see Bremmer 2010). This discursive frame is extremely limited in its capacity to grasp the extent of current state transformations. It also reproduces questionable Eurocentric geographical imaginaries: a vile, authoritarian state capitalism, largely a product of the East, threatening a more virtuous liberal-democratic form of free-market capitalism allegedly prevailing in the West.

It is, nonetheless, playing a useful political role. Castigating a 'rogue' state capitalism discursively enables Western business and state actors to justify tougher policy stances in areas such as foreign policy; trade, technology, and investment regulation; and international development (Alami and Dixon 2020b). This straightforward message exists in some form in the current proliferation of business press op-eds, think-tank reports, national industrial strategies, monopolies commission statements, foreign policy documents, and so on. It allows simultaneously casting doubt on the legitimacy of non-Western actors while legitimating renewed state action by advanced capitalist states. As such, scrutinising the geopolitics of the 'new' state capitalism requires moving away from alarmist and anxiogenic narratives of global confrontation, exposing their underlying power relations, and problematising the rhetorical weaponisation of state capitalism as a form of geopolitical discourse. It also requires questioning the common sense that is currently being forged by Western economic and political elites as to what counts (and does not) as state capitalist, and the political motivations and normative views about state/markets that undergird this power-laden epistemic act.

The second reason is related to the scholarly use of the category. While state capitalism is an extremely lively academic field of enquiry,[1] in our view, geopolitical reflections have so far been impaired by a set of problematic binaries, such as liberal/illiberal, state/market, democratic/authoritarian, and commercial/geopolitical logics. While these binaries may have some analytical value, the issue here is that their rigid deployment has led to a rather narrow framing of the debate on the geopolitics of contemporary state capitalism.

Consider a few examples, starting with the (geo)politics/commercial binary. Much scholarship tends to view the latter as a clear-cut dichotomy that traps the debate in the following question: is the emergence of the 'new' state capitalism driven by commercial or (geo)political logics? This forecloses the possibility that state capitalist transformations may be the result of the contradictory fusion of these imperatives (see Hameiri, Jones, and Heathershaw 2019). Another example is the national/international binary, where the 'new' state capitalism is conceived as a national and relatively coherent model of capitalism which is then globally exported (under the form of SWFs or internationalised SOEs), and as a unitary actor in world politics. Both assumptions downplay the multi-scalar character of state capitalism (an issue we come back to below), and the numerous forms of conflict and cooperation between state agencies and capital at play in processes of state capitalist transnationalisation.

This Forum tackles these difficulties head-on by bringing together interventions which draw on various theoretical approaches, including critical political geography, historical materialism, geographical political economy, and power structure research. The six contributions destabilise the aforementioned assumptions, binaries, and taken-for-granted ideas, with the objective of generating fresh insights and fostering a constructive interdisciplinary dialogue. As a whole, they probe into the multiple spatialities at the core of the contemporary rise of state capitalism in order to engage with the following overarching theme: how would a geographic perspective allow us to conceive of the geopolitics of state capitalism in a new and fertile way.

Babic shows that transnational state capitalist investment creates spatial ties between distant nation-states, which may give rise to intense geo-economic competition. Importantly, these geographical patterns are not neatly demarcated along North/South lines. This complicates our understanding of state capitalism in developing and emerging economies, which has mostly been interpreted as an attempt at 'catch-up' development. Lee explicitly challenges this argument. For him, a number of state capitalist practices and strategies in East Asian post-developmental states are less about catching-up than actually leading and dominating in strategic sectors associated with the 'Fourth Industrial Revolution'. By scrutinising technologies of flexible and experimental production of territory such as 'zoning', Lee also highlights the inherently spatial character of state capitalism. A sole focus on national and global levels is poorly adapted to grasping these practices. This resonates with Medby's intervention, which draws attention to 'smaller' scales that have so far been neglected in state capitalism studies (the personal, individual, and embodied), and with Alami and Dixon, who articulate a new research agenda called 'uneven and combined *state capitalism*'. This research agenda aims at capturing the dialectical and cumulative unfolding of various forms of state capitalism across space, time, and at various scales, beyond methodological nationalist imaginaries.

A focus on spatial relations also allows disassembling and problematising the category state capitalism. Medby suggests seeing state capitalism as an assemblage of people and performances enacted in its name. This allows moving away from a conception of state capitalism as a unitary, bounded actor, while also opening up space for considering the convictions, embodied experiences, and shared understandings of state personnel, civil servants, and other people 'performing' state capitalism. De Graaff's focus on elite networks allows, in turn, the questioning of the public/private binary that shapes so much state capitalism scholarship. She shows that what constitutes private, public, and state-owned capital is often difficult to determine. Her contribution also highlights the increasing transnationalisation and embedding of Chinese state-business elites into wider corporate and political networks, resulting in the emergence of what she calls 'Sino-Western corporate elite networks'. These networks may provide scope for growing cooperation, if not convergence, between Chinese elites and Western business communities. Gonzalez-Vicente also argues that we are not witnessing a clash between rival capitalisms, but rather a form of intra-capitalist class struggle: the power of emerging capitalist classes in developing economies is increasingly formalised in new institutional complexes, which challenges the more established fractions of transnational capital. These intra-elite tensions notwithstanding, he too points at the potential for a large transnational elite consensus to emerge, perhaps through a global reorganisation of capitalist power. Babic proposes an empirically oriented approach to disaggregate transnational state capitalist investment, which is often portrayed as a monolithic practice motivated by geopolitics. He argues that only a small share of these investments actually follows a clear geopolitical logic. The vast majority have much more variegated aims and impacts, depending on the structure of competition and market power in their target sectors, industries, and geographies.

In sum, the Forum proposes to reflect upon what it means, theoretically, methodologically, and politically, to articulate a geopolitics of contemporary state capitalism beyond liberal/illiberal, state/market, democratic/authoritarian, and commercial/geopolitical binaries. Our hope is that this collective effort will be a modest albeit meaningful step in this direction.

The Visible Hand of the Market: emerging Economies, State Capitalism and the Global Realignment of Capitalist Political Power

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Liberal scholars and the business media are showing increased concern over the rise of state capitalism and the threat that it poses to the global liberal order. State capitalism takes different forms. Some of these appear to be innocuous from a liberal standpoint. Among them, SWFs that channel public wealth into stock markets are not perceived as a threat 'if a government operates a fund transparently and on normal commercial lines (...), as does Norway' (Wolf 2007). State capitalism takes a more frightening shape (for liberals) when SOEs, public banks and SWFs entertain motives beyond profit and refuse to harmoniously align with 'free market' precepts. For some, the latter occurs more frequently in emerging economies, where 'political factors still matter at least as much as economic fundamentals for the performance of markets' (Bremmer 2010, 37). Thus, a schism has opened between liberal theorists that repudiate state capitalism as a threat to global wealth creation, and neo-Listian political economists that hail state capitalism as an apt response to the discredited Washington Consensus.

Contrary to these propositions, this brief contribution suggests that state capitalism is by no means a phenomenon limited to emerging economies. If we appraise the state and capitalism as social relations (Jessop 2002), and if we see past liberal ontologies devoted to depoliticising capitalism, we will conclude that state capitalism (i.e. the direct involvement of state-based institutions in profit-making enterprises) is more pervasive than is often recognised. The political hand of the market only *appears* to be more visible in the developing world because it challenges pre-established hierarchies and introduces new powerful capitalist actors into the competitive world market. In other words, state capitalism in the developing world converges in important ways with emerging and prevailing forms of state capitalism in the 'North', yet in doing so it successfully creates new poles of competitiveness and accumulation that could prompt a global realignment of capitalism's political power and culture.

A proper assessment of state capitalism needs to start from the recognition that all capitalism is statist. State intervention is not limited to mercantilist protectionism, but it is instead more crucially characterised by efforts to marketise, or what could be understood as class protectionism. For example, the rise of capitalism in England necessitated a process of 'original expropriation' that dissolved communal forms of landholding, instituted private agricultural property, 'divorc[ed] the producer from the means of production', and created an industrial labour force out of the emerging masses of landless peasants (Marx 1976, 875). While initiated as (often violent) 'individual acts of appropriation', original expropriation was enshrined through acts of Parliament during the eighteenth century – demonstrating an active state role in laying the grounds for capitalism (Lazonick 1974, 14). Rather than representing just capitalism's original sin, 'accumulation by dispossession' is still enforced by states across the world through the granting of rights to exploit nature, recurrent privatisations, or predatory claims of intellectual property rights (Harvey 2005).

States should in principle be seen as having extensive and sometimes contradictory functions, acting as something more than mere echo chambers for the interests of the capitalist class. Yet, the gradual consolidation of the world market has brewed increasingly capitalist states devoted to craft 'enabling environments' that lure mobile flows of capital (Carroll, Gonzalez-Vicente, and Jarvis 2019). Two logics are at play. A market logic foments productive competition within a market economy with defined class roles, while a state logic operates behind market mechanisms, canvassing a social order that lays the grounds for market-based competition in the first place while often favouring the interests of particular fractions of capital. On a global scale, the state plays a crucial role in the quest for new markets for capital accumulation – whether in a military and imperialist fashion or through national and multilateral regulatory and financial mechanisms that facilitate international business mobility. In our neoliberal heyday, the state logic has become increasingly linked to its market counterpart: flexible regulations for capital, market competition for the poor, and 'socialism for the rich', with taxpayer money deviated to subsidise and protect capital. Thereby, rather than a negation of markets, state capitalism represents perhaps a last 'logical' step in the coupling of the two preponderant political-economic logics under capitalism.

Once the inextricable link between capitalism and the state system is more or less clear, two important questions on contemporary state capitalism remain: have countries at the liberal epicentre of contemporary capitalism eschewed state capitalism altogether? If not, what is so different – and frightening, for some – about the type of state capitalism expounded by emerging economies like China?

The answer to the first question is a qualified no. Vast waves of privatisation in Western Europe have since the end of the 1970s reduced the number of market vehicles under the direct control of national states. However, the process has not been one of state retreat but one of re-scaling and recalibrating the commercial role of the state. Capitalist political power has been often scaled up (but not always, as the example of SWFs or development banks shows) to state-based multilateral institutions such as the OECD, the World Bank, the IMF or the WTO. These institutions play a prominent role bolstering competition to 'assure the hegemony of capital over labour', relentlessly working to 'include' the latter into formal labour markets so that it becomes increasingly amenable to the needs of capital (Cammack 2019, 804). Crucially, some of these institutions have also a commercial mandate to channel public funds towards market endeavours. For example, the World Bank's International Finance Corporation is 'commercially involved (. . .) as an investor, advisor and risk mitigator' in various 'development' projects throughout the globe (Carroll 2015, 156). Besides investing in business projects and insuring enterprises against social risk, multilateral development efforts and foreign aid are also increasingly concentrated in commercial finance (graciously dubbed 'development financing') (Mawdsley et al. 2018). This is state capitalism of a different form, operating in spheres that escape national democratic deliberation (Slobodian 2018), but state capitalism after all.

My answer to the second question, focusing on the case of China, is that the main source of liberal concern about state capitalism in emerging economies seems to be the way in which it formalises economic power in new institutional complexes. These institutional complexes are to an extent unamenable to the control of established fractions of transnational capital and are also not entirely 'legible' in the globalist ideology espoused by neoliberal orthodoxy. From this perspective, when emerging economies participate in the abovementioned multilateral institutions, they are understood as exercising a responsible market-enabling role. When they develop institutional complexes with similar functions but at the disposal of domestic fractions of capital, they are deemed 'political'. In other words, the Chinese state becomes more visible not when it is more active in its non-market functions (e.g. some forms of welfare provision), but when it threatens the hegemony of traditional actors within the market. We may note here that the range of state intervention present in the internationalisation of Chinese capital is fairly limited to a market-based function. Whereas in the past and today US interventionism entertained a broad range of vehicles (e.g. military invasion, neo-colonialism, and conditionality), the Chinese state instead focuses on subsidising and protecting capital, with only timid attempts at drafting new multilateral rules.

If we place our focus on the features that are usually highlighted as unique to Chinese state capitalism, we realise that these are differences of format rather than something more profound. Take, for example, the dominance of SOEs, perhaps the most distinctive feature of state capitalism in China. These are companies that now follow a profit motive, are partly floated in stock markets, and are controlled by state elites that act as a corporate managerial class in their relation to the labouring classes (Selwyn 2016). While some authors have shed light on the differences between Chinese SOEs and global private capital, for example in relation to their capacity to entertain accumulation rationales that do not depend on short-term profit maximisation (Kaplan 2016), there is little doubt that they act as capital in their relation to the commodification of labour and nature. Chinese policy banks are another remarkable state-owned instrument that enables the internationalisation of Chinese capital. The goals of these institutions are, however, overwhelmingly commercial (Gallagher and Irwin 2015), while playing a role that is similar to the one played by the World Bank or regional development banks in the promotion of public-private partnerships (Gonzalez-Vicente 2019). In fact, even the AIIB, which initially sparked much debate on China's challenge to global finance rules, has increasingly entered into co-financing deals with other multilateral institutions and adapted to many of their standards (De Jonge 2017).

In short, the comfortable arrangements that had allowed Western (but not only) elites to scale up state functions to multilateral institutions protected from the influence of national democratic processes (Slobodian 2018) are now challenged by new assemblages of market and political power in the developing world. These assemblages are less accessible for global capital, and more at the disposal of the emerging capitalist classes in places like China. Accordingly, a geopolitical reorganisation of capitalism's political cultures may be occurring in light of the economic 'rise of the South'. However, while new forms of institutionalising economic power may strengthen emerging fractions of capital, overall, these transformations have not upset the expansion of capitalist social relations or the large elite consensus on the sanctity of capital and the need to devote public resources to advance business interests. The state capitalism of emerging economies such as China threatens not to chart an entirely different course for capitalism. Yet, it could potentially realign capitalist political power and see new agents joining at the helm.

Beyond Geopolitics? the Value of Systemic Approaches to the 'New' State Capitalism

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The rise of the 'new' state capitalism over the last two decades has been closely intertwined with the return of the geopolitical question. Many (Western) states are concerned that different types of state-owned vehicles investing cross-border – SWFs, SOEs, national development banks, or others – could be Trojan Horses, quietly carrying not only state money, but also foreign influence into the host state (Cohen 2009). Other observers have been rather sceptical about the real extent of such a geopolitical threat (Drezner 2008). Research on domestic drivers of foreign state investment has added empirical substance to this discussion by shifting the attention from the international dimension back to the state level. Researchers asked how domestic structures influence the rise of state investment in the global economy. However, this left out the international dimension and the question of the geopolitical consequences of foreign state investment. I argue that the globalised nature of foreign state investment necessitates a move 'back' to the international level, which is crucial to understanding the systemic ramifications of foreign state investment beyond the reduction to state-level factors.

The geopolitical question accompanying foreign state investment originates from the fact that state-owned investment vehicles combine two aspects: they are market actors with ownership stakes which afford certain rights and powers (e.g. corporate voting rights), but they are also owned by sovereign states and hence different from most other market actors. If such ownership stakes do not cross borders, their relevance for international politics and geopolitics are limited. This was the case for most of the twentieth century.

The last two decades, by contrast, are an historical anomaly: states established themselves as transnational owners and became a major force in a globalised economy. State-led cross-border M&As indicate a strong presence of state-owned capital in the world economy (the state shares in Figure 1 are yearly outflows, which are assumed to be long-term cross-border investments). To understand their political effects, political economy research has analysed the embedding of globally active SOEs and SWFs within domestic state-business relations. Harking back to Waltz (1959), Nölke et al. (2015) describe this research programme as a 'second image perspective': domestic structures govern a state's foreign (economic) policy preferences, including the decision to internationalise state-owned capital.[2] The international (geo)political effects of this are consequently largely determined by national factors.

While this perspective has articulated domestic relations as an explanatory factor for some of the (geo-)political consequences of the rise of state capitalism, its explanatory logic remains at the same time unidirectional. Understanding state capital(ism) in the international system means understanding its global implications arising out of the 'domestic economic architecture' (ibid., 539) of state capitalist economies. The remaining blind spot of this second-image perspective is thus how state capital *itself* behaves in the international sphere, acting within and against constraining and enabling factors of the global political economy.

Staying in Waltzian terminology, these systemic aspects of the rise of state capital(ism) call for 'third image' explanations. The third image concerns

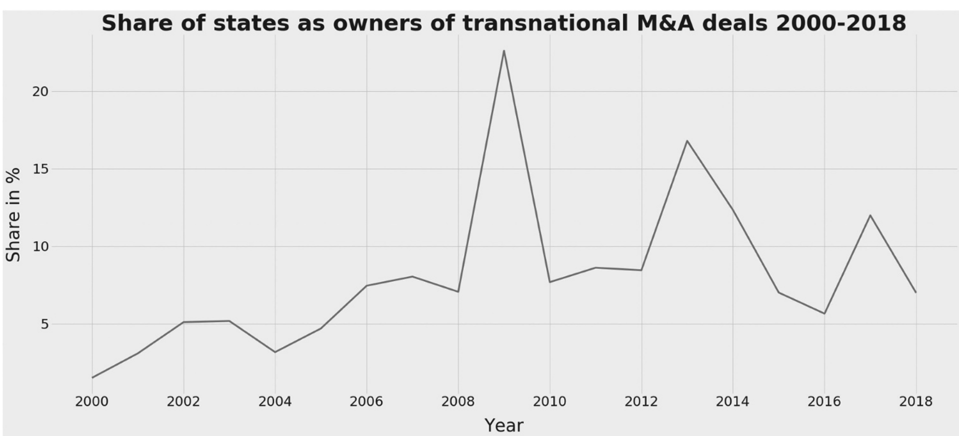

Figure 1. The share of state-owned firms of the value (in USD) of all cross-border mergers and acquisitions (M&As) per year. Only completed deals are counted. Source: own calculation on basis of Bureau van Dijk's ORBIS Zephyr data (February 2020).

structural features of the global political economy that enable and constrain developments in international politics. As global actors, most (cross-border) state-owned investment vehicles interact directly within and against the structures of this international system. In practical terms, this means that domestic factors influence the *ability* of those entities to rise as global owners. Yet, their actual *agency* takes place within global structures, such as high capital mobility, trade and investment protection agreements, and so on. It also implies that these actors produce effects for international politics that cannot be directly derived from the domestic circumstances these actors arise from. To do so would reduce system-level phenomena to state-level explanations. A focus on the actual behaviour of state investment and its embedding within different structures of the global political economy allows for a more nuanced assessment of its wider reverberations for international politics. The second-image perspective explains mainly the domestic drivers of transnationalisation, while the third-image, systemic perspective explains how these drivers translate into agency and how this agency creates effects for international politics. Adding this complementary third-image perspective helps us to both re-focus on and go beyond the original geopolitical question.

To illustrate, consider the ties that states as owners create in the global political economy when they invest cross-border. Existing studies often understand those as state-to-state ties between investing and invested state, asking how host governments perceive such foreign state investment, especially when they stem from emerging economies. Those ties are often portrayed as geopolitical instruments in the sense that foreign state investment is used to project state power abroad. One example is Gazprom's role in the Nord Stream 2 pipeline, in which SOEs are employed for geostrategic goals (Goldthau 2016). While this geopolitical suspicion may be accurate in some instances, it does not reflect most foreign state investment. Cases like Gazprom are idiosyncratic and receive attention as they are part of existing geopolitical disputes. Most foreign state investment receives scant attention precisely because its 'geopolitical' nature is not obvious. The employment of companies and investment vehicles for geopolitical goals requires a high degree of control and ability for targeted investment on the side of the investing state. In reality, the nature of cross-border state investment is often fragmented and only rarely part of a grand geopolitical strategy (Jones and Zou 2017).

If traditional geopolitics is weakly relevant, how can we think about foreign state investment from a systemic perspective? An alternative is to understand the *patterns* states create when they invest cross-border. Beyond studying state motivations to invest, the analysis of global investment patterns reveals important dynamics arising directly out of this investment. Globalised state investment patterns are usually more complex than a traditional geopolitical reading suggests. State investment often does not target other states, but rather firms, industries, and regions. Think about the strong presence of the Kuwaiti

SWF in London real estate, or about recent takeovers of German high-tech manufacturers by Chinese SOEs. Both are aimed at specific industrial/regional targets and are not per se geopolitical moves aimed at these countries. The majority of foreign state investment follows this pattern of economic rationality. The acquired high-profile assets or technological know how may be important tools to extend state power, but they are not necessarily solely driven by a traditional geopolitical logic of projecting state power into foreign jurisdictions.

Practically, these patterns can be studied by clustering investment ties. As an example, we can identify a transportation and storage cluster in Northern Europe, in which different states as owners are invested (Figure 2)

Transportation and storage firms are, in a globalised world economy, important nodes for controlling and navigating goods and other trade flows. Figure 2 illustrates, how German-French competition for the (mainly British) railway market, as well as the bid from Dubai's SWF to control important ports and terminals in the United Kingdom, creates potentially competitive dynamics in this cluster. Some of those dynamics are already visible in the recent controversies about foreign state ownership dominating the liberalised UK railway market. From a systemic perspective, these dynamics are an important empirical reference points that can help us in better understanding possible geopolitical consequences of foreign state investment. In this example, these consequences resemble geo-economic competition for market shares and control of important logistical nodes in the global economy, rather than a traditional geopolitical employment of state investment. Neither of the mentioned states as investors did create an investment tie to this specific

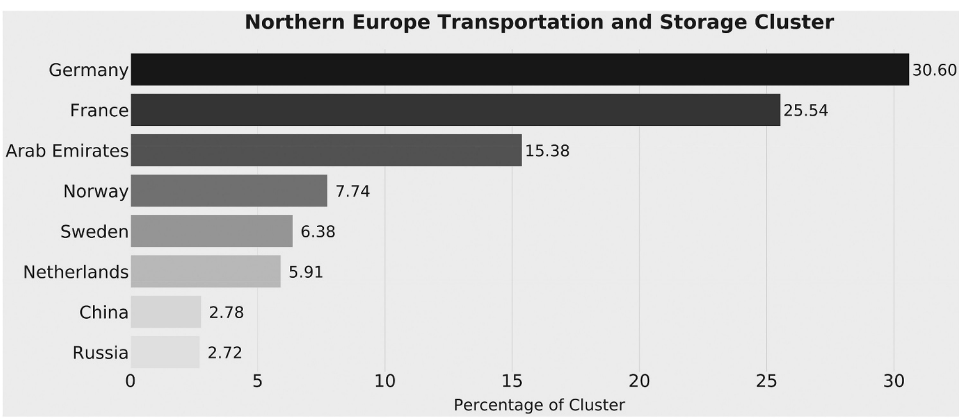

Figure 2. North European transportation and storage cluster. The invested states are on the left side. The percentage relates to the total foreign state investment into this cluster by the largest 20 sovereign investors. Investment data is based on Bureau van Dijk's ORBIS database (December 2017). For the calculation of the investment size see Babic, Garcia-Bernardo, and Heemskerk (2020) (appendix).

cluster to project state power in a narrow geopolitical sense. Notwithstanding, the resulting investment patterns illustrate how independent decisions by different states as owners to reap the economic benefits from cross-border investment can bring them together to compete for similar geographical and industrial targets. The potential effects could be intensified competition or the instrumentalisation of these investment ties in future conflicts. Case-oriented research can scrutinise these potential geopolitical conflicts and interests by closely analysing the internal dynamics and investment strategies within the clusters identified by a systemic perspective.

Towards a Geopolitical Economy of Contemporary State Capitalism

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The rich literature on state capitalism and its geopolitical implications has produced valuable analyses of ongoing state transformations. Yet, some of the more promising insights as to the basic principles and properties of contemporary state capitalism have remained somewhat underdeveloped. We propose to start from a number of widely accepted propositions concerning these properties, which we bring together and counterpoise to what we see as surprising silences and omissions. Our ambition is to gesture towards a geopolitical economy of contemporary state capitalism. By the latter, we mean an understanding of (geo)political processes of state capitalism as inseparable from dynamics of capitalist restructuring and uneven geographical development. Given space limits, fully fleshing out what such a geopolitical economic understanding looks like, we focus here on one key objective: highlighting the productive potential (from an epistemological and methodological perspective) of bringing the concept of uneven and combined development (UCD) front and centre to studies of state capitalism.

UCD provides an antidote to methodological nationalism and other forms of territorial traps that pervade studies of state capitalism. Moreover, it allows developing a relational perspective to grasp the inner nature of contemporary state capitalism as a variegated, world-historical phenomenon. We call this re-orientation in the study of state capitalism and its geopolitics 'uneven and combined *state capitalism*.' Importantly, we see the latter as a research agenda and methodological predisposition, rather than a unified theory or approach.

There are three simple yet fundamental propositions as to the properties of contemporary state capitalism: (1) it is a global phenomenon; (2) it is characterised by remarkable diversity; (3) it involves flows, ties, and networks that are transnational. All three claims are accepted in the literature. The first one, in our view, has been most powerfully articulated by Van Apeldoorn, De Graaff, and Overbeek (2012), who argue that we are currently witnessing a reconfiguration of the 'global state-capital nexus'. The second proposition has been discussed at length in the Comparative Capitalism literature, and the third by international political economy and geography scholarship on the changing role of states in global networks of production, finance, infrastructure, and corporate ownership (for a critical review, see Alami and Dixon 2020a). Yet, somewhat surprisingly, there have been very few attempts at providing *relational* explanations for these three propositions. If these are indeed identified as essential properties of contemporary state capitalism, scholarly efforts to understand the latter should be directed at unpacking how these properties are related and mutually constitute the whole.

The lack of a relational account of these properties may be due to explicit methodological choices. However, there may be deeper reasons for this, such as the absence of a conceptual framework allowing tackling these properties relationally and as part of a totality. For example, taking seriously the second property – that is, acknowledging that state capitalism often has highly differentiated causal factors and impacts across the world economy, and is associated with a multiplicity of political economic and class projects (e.g. rentier states, post-developmental states, various forms of *dirigisme étatique*) – seems to have led students of state capitalism to eschew systemic explanations of the global character of state capitalism, that is, the first property.

Yet, evidence abounds pointing at generative processes and relations that connect all three properties. Consider how the huge appetite for raw materials associated with fast-paced *state-led* industrialisation and urbanisation in China, and vast capital flows fuelled by massive *state-support* to financial systems in the advanced capitalist world have provided the material basis for various forms of *state activism* in peripheral economies (Alami 2019; Jepson 2019). Consider also the China-US 'co-dependence' and *state attempts* on both sides at weaponising it, and the deployment of investment screening mechanisms in many European countries in direct response to the rise of state-sponsored investment funds from East Asia and the Middle East. Interestingly, these examples also suggest that the reciprocal relations between the three properties are imbricated in processes of uneven geographical development and are a major *source of geopolitical tensions*.

Of course, these relational developments have not gone unnoticed by state capitalism scholars. They are the object of much commentary in political and business punditry. But we argue that their theoretical and methodological implications for the study of state capitalism have not been fully drawn out. Indeed, state capitalism remains primarily defined in much of the literature as a national model/variant of capitalism or as a specific organisational form (i.e. SOEs and SWFs). These definitions may be useful, but we doubt that they are particularly adapted to capture the relations between the basic properties previously outlined, which may impair theorisations of state capitalism and associated geopolitical reordering. Our argument is simple: we need conceptual tools and methodological predispositions which allow actively grasping the properties of state capitalism relationally and locating them within broader dynamics of capitalist development.

Let us return to the three propositions with which we started, in order to reformulate and tie them together. First, we propose to see state capitalism not as simply global, but as a *world-historical* phenomenon. This allows: (1) emphasising that while there may be a multiplicity of state capitalist projects globally, their current expansion is *not* coincidental; rather, they are underpinned by determinate processes and relations pertaining to the historical development of capitalism; (2) reinvigorating systemic explanations for its rise across the spaces of the global economy, and opening up avenues for engagement with other essential questions of 'macroeconomic geography' thus far neglected in state capitalism studies, such as the unfolding of a new international division of labour and the remarkable centralisation and concentration of capital (Alami 2021; Alami, Dixon, and Mawdsley 2021; Charnock and Starosta 2016; Peck 2016). Second, we propose that state capitalism is not merely heterogenous (in its ideological and institutional modalities of expression across space); it is *variegated*, meaning that differentiation is systemically produced and constitutive of state capitalism as a historical totality. This heterogeneity is relational and dialectical. Hence our third proposition: we see this heterogeneity as the continual outcome of multi-scalar processes of UCD. Beyond metaphors of core-periphery and 'catch-up' development (which have been employed in state capitalism studies), UCD points at the unstable geographical remaking of capitalism, involving both universalisation-cum-equalisation and differentiation-cum-fragmentation tendencies, and a multiplicity of asymmetrical relations, interdependencies and unequal articulations across scale and territory (Peck 2019).

'Uneven and combined state capitalism' reorients the study of state capitalism and its geopolitics in three important ways. First, it redefines the nature of comparative work away from an exercise in identifying the institutional contours of neatly demarcated territories categorised as state capitalist (as per the Comparative Capitalism literature), and towards relational-comparative work consisting in tracing difference in connection and co-evolution between different instantiations of state capitalism. Second, this geographical sensitivity eschews notions of convergence and divergence (which have been central lenses in state capitalism studies and discussions of changing world orders) and privileges inquiry into the 'polycentric restructuring' (Peck 2019) of the uneven landscapes of state capitalism. Third, in excavating this restructuring, we bring the notion of 'combination' (the C in UCD) front and centre. As Peck (2019, 54) perceptively argues, combination 'presents as a potentially boundless source of "multiplier" effects in both socioeconomic and explanatory terms'. For our purpose, this means that various modalities of state capitalism develop in dynamic, inter-referential, combinatorial forms, resulting in cumulative effects and producing further state capitalist modalities. We argue that this combinatory, 'multiplier' effect is a particularly potent dynamic in contemporary state capitalism, and its *tendency to develop in a spiral* that both shape and is shaped by world capitalist development. We can illustrate this abstract point by examining two examples of this combinatory, 'multiplier' effect.

The position of advanced capitalist states with respect to inward state capitalist investments (from SWFs to SOES and private capital with links to state power) has been contentious. They have welcomed (and made efforts to further attract) a much-needed source of capital, which helped recapitalise distressed firms and banking systems in the post-2008 crisis environment. Some, like France and Italy, created their own state-sponsored investment fund for that purpose (Dixon 2017). Yet, advanced economies have been concerned that these state capitalist investments are (geo)politically motivated, aiming to acquire strategic firms, assets, infrastructures, and technologies. In response, a number of states, with the United States leading, are resorting to aggressive forms of techno-nationalism, encompassing key questions of technology and innovation, but also of intellectual property rights, inward investment screening, and new mercantilist trade policy, to make sure 'their' national champions retain exclusive control of key technologies and knowhow within their national territory and along global value chains. China is, in turn, re-adjusting its own techno-industrial strategy, scaling-up plans to support key sectors at home (such as the semiconductor industry) and boosting Sino-centric value chains.

Another example where combinatorial dynamics play a key role in uneven processes of state capitalist transformation is the so-called 'infrastructure race', where states compete to enhance infrastructure-led connectivity and integrate territories of resource extraction, value chains, and global markets in ways that benefit their capitalist firms (Schindler and Kanai 2019). This state-led race does not only concern China and the United States (and their respective Belt and Road Initiative and International Development Finance Corporation), but also EU member states, the United Kingdom, Japan, and Australia. Multilateral capitalist organisations such as the IMF and the World Bank are also involved, via their 'Maximising Finance for Development' initiative which aims at promoting state-supported development finance, or the use of public money and state guarantees to 'catalyse', 'leverage', 'crowd-in' and 'de-risk' private investment in developing countries. In a key policy document, this initiative is framed explicitly as a response to emerging pools of liquidity such as SWFs and other official financing from emerging economies, and the growing role that they play in funding infrastructure globally.[3]

What we see in these two examples is a sort of competitive (but not convergent) emulation, where *state capitalism begets state capitalism*, via recombinant and contradictory pathways ridden with geopolitical tensions.

'New' State Capitalism in East Asia? Post-Developmental States, Zoning Technology, and the Fourth Industrial Revolution

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The relative success of South Korea, Taiwan, and Hong Kong in containing the recent pandemic crisis has drawn renewed attention to the so-called East Asian 'developmental state' model. Under the worldwide sway of neoliberalism, especially after the 1997–98 Asian financial crisis, the state-led model of East Asia was considered as 'crony capitalism', which should be fixed and normalised by free-market mechanisms (Kim and Im 2001). This negative vision of state-led development is also found in the anxious discussions about the return of state capitalism. Yet, as Alami and Dixon (2020b) sharply criticise, this narrow and normative claim blinds us to the variegated nature of contemporary capitalist economies; it reduces a useful academic notion to a highly politicised and ideological term which naturalises state capitalism as a threat to the Western-led geopolitical-economic order. Moreover, it discounts the workings of various state-led development models even under the global hegemony of neoliberalism.

I advance our understanding of state intervention into capitalist economies by shedding light on the changing role of states in capital accumulation and territorial restructuring in East Asia, focusing on recent adjustments to zoning practices for the so-called 'The Fourth Industrial Revolution Era.' This is widely employed *not to catch-up but to lead a new era of the digital economy*. This testifies that understanding the geopolitics of 'new' state capitalism should entail the consideration of how states reconfigure their territorial arrangements through adopting various territorial technologies for development imperatives.

A central controversy of East Asian political economy is how to understand the destiny of developmental states. Some claim the demise of the developmental-state model. Pirie (2018) declares, for instance, that the South Korean developmental state has made a clear-cut transition into a neoliberal state. By contrast, another group of scholars (mostly neo-Weberian) have appreciated the former's resilience and argue that these states have not completely eroded but actually evolved (Thurbon 2016). Wade (2018, 522) for example, claims that 'the developmental state – although it has adapted and evolved – is far from dead'. However, his claim fails to account sufficiently for the far-reaching socio-economic changes under neoliberal restructuring in terms of labour-capital relations or the role of the state. Instead, the concept of the post-development state 'can provide a useful prism through which to consider how neo-liberal reform has interacted with and been shaped by the political and economic legacies of the developmental state' (Pirie 2018, 141).

The post-developmental state still retains its regulatory and budgetary power over industrial policy and selectively and strategically intervenes in some key industries like the case of South Korea's Presidential Committee on the Fourth Industrial Revolution. Here, the post-development state seems closer to *roll-out neoliberalism* with reregulation or renewed state intervention rather than *roll-back neoliberalism* with deregulation or dismantling state regulatory systems (Peck and Tickell 2002). Yet, it never becomes a pure neoliberal state (Pirie 2018, 141) because the developmental legacies still strongly affect the role, capacity, and will of the state. For example, one of the key projects that has continued from the developmental era to the post-developmental-state era is the policy of special economic zones (SEZs).

East Asian states had to go through not only decolonisation but also Cold War antagonism and faced two critical national projects: nation building and economic growth. While the former required territorial cohesion and unity, the latter demanded a deeper integration into the global circuits of capital (Park, Lee, and Cho 2017). The establishment of SEZs as spaces of exception served to resolve these territorial contradictions. In China, SEZs under Deng Xiaoping are widely known as a signature policy of its gradualist reform and opening-up. However, zoning policy was not China's own invention but a popular development approach among other East Asian development states such as Taiwan's Kaohsiung Export Processing Zone and South Korea's Masan Free Trade Zone. Later, even North Korea established a SEZ, in 1991, the Rajin-Sonbong Free Economic and Trade Zone (Lee 2014).

The next phase of SEZs in East Asia was facilitated by the spread of neoliberal globalisation particularly, with the Asian financial crisis providing momentum. Neoliberal restructuring was imposed and promoted as an inevitable choice by post-developmental states. For instance, the South Korean government aggressively supported economic globalisation after the financial crisis, deploying the discourse of 'opening is the only way to survive' (Lee 2017, 574). However, institutional and regulatory arrangements of developmental states as well as strong socio-political contestations over neoliberal reform prevented the state from making a full-scale neoliberal transition. Instead, the state adopted the strategy of spatially selective liberalisation, which liberalised regulatory frameworks only for selected spaces by designating a variety of zones such as economic free zones and free international cities to attract transnational capital and skilled labour (Park 2005). In other words, zoning at this round derived from the tensions in territorial politics between fixity and mobility in post-developmental states.

SEZs under both developmental and post-developmental states share some common characteristics: first, the state's provision of preferential treatment and relaxation of regulatory controls and second, the state's strong developmentalist imperative to 'catch up with the developed economies' (Fine 2013, 14). The current zoning of East Asian post-developmental states, zoning 3.0, retains preferential treatment but not the developmentalist imperative; zoning as the spatial legacy of developmental states is no longer implemented for catching-up. Instead, this territorial technology is newly promoted and justified for 'leading' in a new economic environment, 'the Fourth Industrial Revolution Era'.

As South Korean president Moon Jae-in proclaimed in a recent speech, 'this new era is a golden opportunity to transform the South Korean economy from a follower-type to a pace-setting one, where government, instead of controlling and administering, renders encouragement and support'.[4] Put simply, instead of directly intervening and controlling the economy like developmental states, post-developmental states limit their role to supporting and facilitating some strategic industries. Nevertheless, we can sense the state's strong developmental ambition to lead this new era, 'from fast follower to first mover'. This counters another view to reduce state-led capitalism to simply a catching-up strategy of latecomers in industrialisation (Nölke 2014; Van Apeldoorn, De Graaff, and Overbeek 2012).

One of the keys to realising this goal lies in how the state uses its regulatory capacity. To do so, the East Asian states again adopt flexible territorial arrangements. Zoning 3.0 exhibits a more experimental and deregulatory form in the new digital economy. Moreover, contemporary zones targeting the digital economy assume that deregulation is decisive for dominating the new industry first: 'We must create an environment in which new technologies can be developed and utilised here in Korea first. . . . deregulation is a matter of survival in the era of the Fourth Industrial Revolution.'[5]

In this respect, zoning 3.0 testifies to Ong's (2006, 113) claim that 'Zoning technologies seem the best technical mechanism for creating controlled spaces of economic and political experimentation'. The Fourth Industrial Revolution makes East Asian states more flexible in their territorial and regulatory regimes, setting up a variety of zones such as 'Special Regulation-Free Zones' (South Korea), 'AI Innovative Development Pilot Zones' (China), 'AI Business Park' (Taiwan), and upgrading existing zones such as 'National Strategic Special Zones' (Japan). While the role of the state as a regulator becomes more critical in the new socio-economic environment created by technological developments such as big data and Internet of Things, these spatial practices of East Asian states facilitate profit-making of private capital rather than controlling or disciplining it.

Zoning technology has consistently served developmental and post-developmental states and has been critical to sustaining capital accumulation in East Asia. Furthermore, it demonstrates that 'a deeper sensitivity to the multi-scalar relations that contribute to the reconfiguration of economic territory and sovereignty via diverse state capitalist strategies and practices' (Alami and Dixon 2020a, 89) is required not only to comprehend the complex transformations of East Asian states but also to question simplified narratives of 'new' state capitalism.

Performing the State, Performing Capitalism

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There has been increasing analytical interest recently in the evolving relationship between geopolitics and geo-economics – and more broadly, a critical questioning of what is included under the umbrella of the 'geopolitical' (Moisio and Paasi 2013). Among the topics of attention is what some consider to be a resurgence of state capitalism, or the reassertion of state authority in the world economy and societies. However, as Alami and Dixon (2020a) have highlighted, there is a lack of clarity around the conceptual basis of these discussions. They argue that in order for useful discussions to take place across disciplines, there is a need to clarify what we mean by 'the state', what is 'new' about state capitalism, and how this plays in different ways and contexts. I explore the first of these, namely what, who, and how we may consider the state to perform capitalism, to start directing attention to not only the noun but also the adjective: 'state' as descriptor and modifier, and what makes this a different *type* of capitalism.

Both in political geography and the political sciences more broadly, 'the state' has been and remains a fundamental concept of analysis. Yet, in the last two decades, political geographers have shifted attention from the macro-structural and institutional to other and smaller scales. This is not least due to the crucial insights from feminist geographers who have argued for a broadening of what is considered 'the political' (Amoore 2020), and for analyses that appreciate the scale of the local, personal, individual, and embodied (e.g. Jackman et al. 2020). This has implications also for how the state is and should be approached. Literatures on the state, statecraft, and indeed state capitalism can gain from a sustained conversation with these recent developments.

One implication of approaching the state from a critical geographical standpoint is the acknowledgement of the state as less of a bounded 'actor' in and of itself, and rather an assemblage of people, practices, and the more-than-human (see Dittmer 2017). Following Abrams (1988), the state can instead be conceptualised as an effect: something that materialises only through the many actions and performances enacted in its name. Drawing on Butler (2011), this opens up for exploring how discourses become taken-for-granted, normalised, and how they come to structure realities and world orders. Applying this to discussions of state capitalism entails asking through what performances, how, and by whom it comes to be constituted as real. In other words, not what state capitalism 'is', but how it continually 'becomes' such – here, through the specific practices and performances under the banner of the state.

Acknowledging that the state does not exist independently in the world raises questions of processes, practices, and performances through which it is made and remade – among these, practices of capitalism. Following Jones (2012) and Kuus (2013), this highlights the need to consider the many and diverse subjects enacting these performances: in other words, to 'people' geopolitical analyses (Medby 2018; Woon 2015). None of the aforementioned bodies of literature suggests that looking only at individuals is enough, but rather that their interactions have important consequences for the political world.

A 'peopled' account of the state is one that demonstrates how multiple actors come to perform the state into being. For example, it includes asking how state personnel conceptualise their own role and how this intersects with other identities, knowledges, and positionalities they may inhabit. As shown in Medby (2018), politicians and civil servants bring wider societal discourses with them to the job. In the sphere of Arctic geopolitics, stories from their own childhood, family backgrounds, and educational trajectories all shape how they articulate their own approach to the task of representing the state. One of these Arctic states is Norway, which is also often labelled as partaking in state capitalism with its formidable SWF. The way that this persists through decades and governmental shifts is in part due to discourses and formalised mechanisms that permeate within the institution (Neumann 2005). Put simply, it does so through the actions and convictions of those employed to do so. Not only is the state an outcome of institutional dynamics, but also those that exceed traditional geopolitical analyses, including emotions, embodied experiences and composures, and inter-subjective affects (McConnell 2018).

Bringing this to discussions of state capitalism highlights that it is not sufficient to look at state capitalism in isolation, but instead how it is entangled with wider-held beliefs and knowledge systems. This is a point that dovetails the aforementioned wider scholarly discussions about the changing relationship between geopolitics and geo-economics. While some analysts have argued that the latter is superseding the former (Vihma 2018), others have demonstrated how both are discourses that constitute and modify each other (see, e.g., Moisio and Paasi 2013). In light of the latter, it is clear that in order to understand how states – or state actors – are increasingly (or at least in changing ways) interacting also in economic rather than very narrowly defined political modes, an appropriate question to ask includes how state actors and personnel conceptualise and perform their own role.

Returning to Arctic geopolitics, a state's role in the region might be performed not only geographically, through articulations of northernness and proximity, but also economically, including increased investments to demonstrate ability, activity, and 'stewardship' of the region. This is not to suggest (only) a state-led politicisation of the economy for strategic ends, but rather more fundamentally that state actors conceptualise their role as extending also to one that can play out through capitalist modes of production and profit-making. While some authors would consider this a threat to a neoliberal system that seemingly separates the market from government, it may be more fruitful to consider the arbitrariness of such a separation. Indeed, it might well be that it is the reductionist view of 'the state' as an actor, singular and with coherent agency, that presents it as threateningly different and unknowable in capitalist logics. As demonstrated throughout this forum, the state is and always has been intimately intertwined with economic rationalities, both spatially and temporally; and so-called state capitalism is but one example of how this relationship manifests. And indeed, it does so through the practices and performances by multiple actors, in multiple contexts, and with multiple outcomes – irrespective of whether they use the term 'state capitalism' or not.

In the end then, if a clarification of what is meant by state capitalism is to be useful across disciplinary discussions (Alami and Dixon 2020a), there is a prior step to be taken: Scaling back or, perhaps more appropriately, scaling down analyses to think of state capitalism as ongoing and continual, albeit changing, performed by a range of diverse and interacting actors; and then, asking how, why, and by whom this takes place. I have sought to offer some starting points for what this might entail, but there is clearly much more to be said and written on the role, performances, and understandings of state personnel in this regard. And perhaps most importantly, recognising the materialisation of any discourse – such as that of state capitalism – as performative is also what allows a view of change and a reinsertion of potential agency. It allows us not just to ask what state capitalism is or even how it becomes, but also how it could be otherwise (Gibson-Graham 2006). This is once more where the role of critical geography comes in: seeking not only to describe an ostensible 'new' state capitalism, but to take pause, step back, and to allow for more nuanced, multiple, and contextualised accounts of an ever-evolving political world.

Unpacking the Geopolitics of Chinese State Capitalism: the Transnationalisation of Chinese State-capital Nexus

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China is seen as one of the primary examples of the 'new' state capitalism. The Chinese economy's increasing weight in the global economy and the influx of Chinese capital across large swaths of the developing world but also into the United States and Europe (see, e.g., Meunier 2019), is raising considerable unrest and anxiety on the part of the leading powers in the core of the capitalist order (Pieke 2020). This has invoked what may be coined a 'geo-politicisation' of Sino-Western relations, or simply the perception and framing of economic international relations in geopolitical terms. This is illustrated particularly by the confrontational approach of the United States towards China in terms of trade and technology. Although Europe is internally divided, there has been likewise a 'geo-politicisation' of the relations with China and Chinese investment, from the adoption of more stringent screening mechanisms to the European Commission's (EC) identification of China as a systemic rival and the EC as a 'geopolitical Commission'.[6]

The literature on the transnationalisation of Chinese state capitalism has so far predominantly investigated so-called *South-South* relations, producing rich studies on Chinese investments in Africa (e.g. Brautigam 2009), as well as in the Latin American and Asian region (e.g. Jepson 2019). China's engagements with the industrialised world, the so-called Global North, arguably constitutes a novel kind of development relationship, which has been coined a *South-North* relation (De Graaff 2020). To be sure, there are previous historical examples of such *South-North* relations. An Asian example is the rise of Japan in the 1980s, which generated initial concern and alarmism amongst Western powers, a phenomenon also known as the 'liability of foreignness' (Zaheer 1995). Although such a comparison generates important insights (Fung et al. 2020), there are arguably distinctive aspects pertaining to contemporary Sino-Western relations. First, China is the first rising non-Western and Asian power that has the potential to become an economic world leader (in purchasing power China already is the world's largest economy). Second, China is militarily independent from the United States; a stark contrast with Japan in the previous example. Finally, there is China's distinctive political economy, as indeed much of the contestation focuses on the purported state capitalist nature of Chinese overseas foreign direct investment (OFDI), which is portrayed as a monolithic, state-dominated black-box and is argued to lead to unwanted state interference and state-support by the Chinese party state, generating security threats (such as espionage, political pressure), and unfair competition.

What I highlight, however, is that the image of Chinese state capitalism as a unitary and monolithic threat is complicated by the fact that transnationalising Chinese state capital is increasingly entangled with and partly supported by Western elite networks. Building on literature focusing on global networks of corporate ownership and control in which board directors are an analytical focal point (e.g. Carroll et al. 2010; Heemskerk and Takes 2016), I assessed in a recent study the way in which Chinese transnationalising corporate elites are relating to these existing global corporate networks, as shaped and dominated by Western business elites and interests (De Graaff 2020). The study found that major Chinese TNCs across a diversity of sectors (e.g. finance, infrastructure, technology, energy) through their directors were embedded in extensive and hybrid corporate networks in terms of ownership types and with a substantive transnational component. Only a small share of the Chinese firms connected to this network consisted of state-owned enterprises (SOEs) proper. The vast majority consisted of a hybrid mixture of private, listed and listed SOE-subsidiaries. In addition, a substantive portion of the directors of China Inc. established expansive and diverse corporate career patterns, and almost a third of these ties were transnational, of which a majority to core countries in the global North. Another indication of such transnational convergence was the finding that the boards of Chinese TNCs were considerably internationalised, with 14% non-Chinese directors, of which half were Westerners.

Expanding these findings to a much bigger sample of Chinese TNCs and an even wider set of boards, with a focus on firms investing in Europe, a follow-up study found an emerging Sino-European network of 141 interlocking directors that were simultaneously seated at Chinese and European corporate boards, with 60% Chinese and 35% non-Chinese directors (many of them Westerners) (De Graaff and Valeeva Forthcoming). From the literature on (Western) transnational corporate elite networks (Carroll et al. 2010) we know that such interlocks provide elites not only with strategic and allocative power across firms – in this case across Chinese and European firms – but also serve to build solidarity and trust, facilitating a common worldview, and integrate contradictory interests based on ownership. This finding indicates that there is a substantive base for intra-elite consensus building within the Sino-European corporate elite that directs China's largest firms expanding into Europe. These directorships moreover arguably provide Western elites access to the top of China's corporate elite, and in turn form potential gateways for China Inc. towards the Western corporate, political and policy-elite networks, in which many of these foreign directors are also embedded (De Graaff 2020).

While correcting for the myth of SOE dominance in Chinese transnationalising capital, it is equally important to stress that the notion of private should be placed in the Chinese political economic context where the boundaries between what constitutes private, public and state-owned capital are porous and complex (Ten Brink 2019). Lack of state ownership does not imply lack of state direction or control (Van Apeldoorn, De Graaff, and Overbeek 2012), larger outward investments need state approval, and Chinese private enterprises above a certain size always have a party secretary and a party commission included in the organisational structure of the company. For the Chinese business elites this implies an increasingly intricate juggling between their 'two faces' (De Graaff 2020); on the one hand they are judged by their performance of managing commercial entities abroad and thus required to adhere to those associated values (e.g. shareholder values, profitmaking, 'good governance', efficiency), yet at the same time they have to show adherence with the party line and its concomitant values (such as social stability and employment). This balancing is arguably further cemented by the configuration of the personal state-business ties of many of the directors of Chinese globalising TNCs. While SOEs are thus gradually transforming into more hybrid entities, operating according to commercial and capitalist logics, and although private capital is substantively increasing its share in the economy and in Chinese OFDI, the party-state retains, and in some ways even increases, its control.

These findings hold potential implications for our understanding of Chinese state capitalism and geopolitics. Rather than a linear trend of SOE dominance and state control it may well be that an increasing share of private capital and market-driven dynamics co-exists with increased state control in variegated and hybrid ways. Unpacking Chinese state capitalism by zooming in on those actors (firms and people) at the frontline of China's transnationalising capital, shows us that the latter is driven by a diverse mix of state-owned, listed, and private firms, with a much more diverse and internationalised (Westernised) composition of the director networks, which are moreover extensively networked with Western firms through their board directors; yet also linked to the party-state in both direct and indirect ways revealing the 'two faces' of Chinese transnationalising state capital.

In spite of the geopolitical contestation and rivalry that surrounds Chinese OFDI in the Global North, these findings reveal a domain of cooperation and potential consensus and integration. Conversely, it also points to a yet underexposed potential area of Chinese influence and power within Europe, since the inter-organisational ties of Chinese and non-Chinese corporate elites situated at the top of both Chinese and European firms may yield influence on corporate and economic decision-making that reaches beyond the boardrooms of the individual Chinese TNCs (De Graaff and Valeeva Forthcoming). Yet, neither of these new fault lines of cooperation and conflict in the wake of China's transnationalising state capitalism can be captured by a simple geopolitical framing.

Notes

1. See, for example, the #StateCapitalism debate series hosted by *Developing Economics* https://developingeconomics.org/2019/11/20/new-blog-series-state-capitalisms-interrogating-the-return-of-the-state-in-development/.
2. Each of Waltz's three images offers a different explanation for outcomes in the international system: the first focuses on the role of individual behaviour, while the second emphasises domestic state-level structures. The third considers the international system itself to explain outcomes at this level (e.g. the presence or absence of enabling/constraining structures that influence this outcome).
3. 'From Billions to Trillions: Transforming Development Finance Post-2015 Financing for Development: Multilateral Development Finance', Available at: http://pubdocs.worldbank.org/en/622841485963735448/DC2015-0002-E-FinancingforDevelopment.pdf [Last Accessed 17 August 2020].

4. See, https://english1.president.go.kr/BriefingSpeeches/Speeches/113 [Last Accessed 17 August 2020].
5. See https://english1.president.go.kr/BriefingSpeeches/Speeches/631 [Last Accessed 17 August 2020].
6. See, https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5542) [last Accessed 3 September 2020]

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