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Special issue introduction: what is the new state capitalism?

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ABSTRACT

This article introduces and lays the groundwork for this Contemporary Politics special issue on the ‘new’ state capitalism. We start by noting that the rubric state capitalism tends to elicit paradoxical responses, from uncritically embracing the term and overstretching its realms of application, to rejecting its validity altogether. We argue that the source of such ambivalence resides in issues of conceptual definition, which have led to a number of analytical impasses. We propose instead to construe state capitalism as a set of critical interrogations concerning the changing role of the state, thereby introducing a degree of plasticity in the use of the category. We call this the problématique of state capitalism. We subsequently identify three major themes that are explored in this dedicated issue, and that warrant further research in light of the COVID-19 pandemic, namely (1) its class underpinnings, (2) its global nature, and (3) its relational character.

KEYWORDS

State capitalism; statism; comparative capitalism; state-owned enterprises; state-led investment

Introduction

What is the new state capitalism? We ask this question in order to draw attention to the debates that run through this special issue, and which concern the more visible role of the state across the global economy as promoter, supervisor, regulator, and owner of capital. State-owned enterprises, sovereign wealth funds, and other models of state-controlled corporate entities are growing in size and number, and are becoming increasingly integrated into global circuits of production, finance, infrastructure, and corporate ownership (Babic et al., 2020; Haberly & Wójcik, 2017; Werner, 2021). We are also witnessing a renewal of neo-mercantilism and other forms of economic nationalism in the realms of trade, industrial, and investment policy (Gertz & Evers, 2020); the expansion of national and regional development banks (Mertens et al., 2021; Stephen & Skidmore, 2019); a renewed focus on state-directed investment in international development (Kim, 2020); and, the increasing attractiveness of various forms of state-led development models in China and elsewhere, particularly since the 2000s (Alami, Dixon, and Mawdsley, 2021). Furthermore, the ongoing coronavirus pandemic may well be hastening these state transformations, with states around the globe delivering massive bail-out packages and debt relief to big business, nationalising key economic sectors, but also cementing the ‘mass surveillance’ state and restricting the mobility of their citizens.

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These aforementioned transformations are increasingly aggregated, taxonomised, and theorised under the rubric of the ‘new’ state capitalism (Bremmer, 2010; Kurlantzick, 2016; Musacchio & Lazzarini, 2014; Wright et al., 2021). A dynamic field of enquiry and scientific discussions have coalesced around this term, with debates spanning several disciplinary boundaries (from comparative and international political economy to political sociology, international business, development studies, and economic geography). Debates focus on the following key questions. How can we conceptualise state capitalism? How can we explain its contemporary rise, notably with respect to deep-rooted capitalist trends such as neoliberalisation, financialisation, and the internationalisation of production? What distinguishes the ‘new’ state capitalism from older variants? What are its implications? How can we invoke the category state capitalism in concrete empirical research?

This special issue of Contemporary Politics aims to foster critical engagements with the new state capitalism in its manifold forms. It brings together various ways of engaging with the term and testing its theoretical and empirical boundaries as well as its explanatory power, with the aim of developing solid analytical tools to render state capitalist diversity amenable to analysis and critique.

In this introductory article, our objective is to lay the groundwork for the special issue. This is a conceptual task, which engages with issues of definition, problematisation, as well as positioning within broader scholarly discussions concerning the role of the state and its relationship to capital, mutations of global capitalism, and transformations in the modalities of state ownership, state-directed development, and their class underpinnings. To be clear, this is not an attempt at providing comprehensive and definitive answers to the questions raised earlier. We also do not see the following reflections as an exercise in rigid boundary-making. Indeed, we do not want to foreclose the lively conversations that animate the field of state capitalism studies. However, it is necessary to provide some clarity and a conceptual basis for such dialogues to happen on productive terms.

Vicissitudes and ambivalences in state capitalism studies

A paradox of the term state capitalism is that its capaciousness has limited its analytical usefulness (see Alami & Dixon, 2020a). In our experience presenting our work, organising conference panels, issuing call for papers, submitting articles for peer-review, and editing a blog series, state capitalism tends to elicit two types of response.

On the one hand, the category state capitalism (and the associated research agenda) is rejected completely, in an almost knee-jerk reaction, on the basis that the term is often used as a buzzword with little (if any) explanatory or analytical power. It is also rejected as conceptually misleading insofar as it tends to obfuscate the historical fact that capitalism is always ‘statist’ to some extent, or that the state is always there in capitalism. In short, all capitalism is state capitalism to some extent (see Whiteside, 2022). While we agree in general with this statement, we contend that this need not lead to a dismissal of the category. Acknowledging the pervasive and extensive role of the state throughout the history of capitalism does not necessarily imply rejecting a programme of research into contemporary configurations in which the extent of such a role is particularly substantial. Similarly, one may argue that studies of state capitalism have been underpinned by a set of questionable dichotomies, such as state versus market, commercial versus
(geo)political logics, liberal versus illiberal, and democratic versus authoritarian (Alami, Dixon, Babic, et al., 2021; Hameiri et al., 2019). Again, we would not disagree with this, but brushing off state capitalism on these grounds would be tantamount to throwing out the baby with the bathwater. Indeed, the contributions to this special issue demonstrate that it is both possible, and highly generative, to grapple with these rigid binary constructions by challenging and problematising them.

On the other hand, there is a tendency (which really is the flipside of the knee-jerk rejection) to uncritically embrace state capitalism as an umbrella term and apply it to an extremely wide range of social phenomena, whose sole common ground is that they somehow involve the state. Anything related to the state’s role in economy and society then becomes a case of state capitalism. As we argue below, we see this largesse (or generosity), ubiquity, and flexibility of state capitalism as a potential source of generative tension, one that can lead to creative uses of the term and innovative cross-disciplinary research. Nevertheless, this productive ambiguity must not lead to an inflation of meanings, otherwise state capitalism may lose its substance and analytical purchase. There is also the risk that state capitalism research becomes a mere exercise in labelling any discernible modality of state intervention as state capitalist, rather than a coherent and structured field of social scientific inquiry aimed at theory-building. Hence, we argue that if state capitalism is to be useful as a representational category, it must be clear from the outset that state capitalism is not synonymous with the capitalist state.

This simple distinction may sound trivial. Yet, it is a crucial theoretical question, which may well be at the core of many analytical challenges, difficulties, and impasses that the field of state capitalism studies has experienced so far. If state capitalism (as a heuristic device) 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, then how do we define strong? How do we rigorously measure (quantitatively) or characterise (qualitatively) strong, and against the backdrop of what criteria or standard of comparison? With some creative exceptions (e.g. Kim, 2022), it is fair to say that state capitalism studies as a whole have lacked a thorough and self-reflexive engagement with these fundamental questions. This has resulted in a number of problematic analytical implications. We briefly mention four.

First, it has become commonplace to label particular institutions (e.g. strong ties between states and capital markets) (Petry, 2020), modalities of state intervention (e.g. direct state support to ‘national champions’) (Lin & Milhaupt, 2011), and organisational forms (e.g. state-owned enterprises or sovereign wealth funds) (Clark et al., 2013) as state capitalist. This is not to say that these things do not deserve to be categorised as state capitalist. Rather, we want to point to the need for deeper reflection as to why certain repertoires of state intervention are unproblematically accepted as state capitalist, while others (perhaps equally significant) are rarely characterised as such.

Second, and relatedly, state capitalism research has tended to exhibit a bias for the study of particular forms of intervention (such as state-owned enterprises, sovereign wealth funds, and development banks) at the expense of others. The American military-industrial complex, for example, is rarely referred to as an instantiation of state capitalism, despite its extraordinary significance for both the trajectories of American capitalism and international political economy (see Baltz, this special issue). Quantitative easing is a case in point. This form of state action is currently instrumental in maintaining
global capitalism on life support. Yet quantitative easing does not seem to qualify as state capitalist. Our argument is not necessarily that phenomena like quantitative easing or military-industrial complexes would necessarily deserve to be labelled as state capitalist. Rather, it is that the field of state capitalism studies would benefit from greater self-reflexivity with respect to such methodological and theoretical choices, which are heavy with implications.

Third, there has been a tendency in the field to construct (discursively and analytically) state capitalism as an abnormal form of capitalism. This suggests two things, both of which are highly disputable. One is that the state is relatively absent or passive in normal configurations of capitalism, and the other is that state capitalism is an extraordinary or exceptional phenomenon. The former is an untenable position, as we already discussed in this introduction. As for the latter, the historical record would suggest otherwise. State capitalism seems to be the historical norm more than an exception. Consider, for example, the sixteenth century company-state (Sharman & Phillips, 2020), the Hamiltonian state-led capitalist development in the late nineteenth century United States (Parenti, 2020), the stabilisation funds of the 1930s (Braunstein, 2014), the large state sectors in post-1945 Western Europe (Aharoni, 2018), postwar French dirigisme d’état (Schmidt, 1996), and the classical East Asian developmental state (Wylde, 2017). If state capitalism could be the norm, what does this mean for theorising state capitalism in its current modalities?

Fourth, this abnormality or exceptionalism of state capitalism is particularly dubious when it is located outside of the western core of the world economy and when it is constructed in reference to a presumed template of capitalist organisation which dominates in the West. This not only reproduces orientalist tropes of a deviant, impure, and authoritarian form of capitalism, threatening western capitalist democracies and the liberal world order (Alami & Dixon, 2020b). It also contributes to the relative incapacity in the study of state capitalism to even see state capitalism in advanced capitalist economies. This is a missed opportunity. As we will see below and throughout this special issue, there are indeed plenty of instances of state capitalism in the West, and studying these cases is key to understanding the current dynamics of state capitalism as a truly global phenomenon (see Kim, and see van Apeldoorn and de Graaff, this special issue).

Given these limitations and conceptual ambiguities, should we abandon state capitalism? Our answer is no. We refuse to do away with it as a rubric and research programme. Our wager is that it can designate something specific and important about the trajectories of international politics and global capitalism. Our objective in the remainder of this introductory article is to demonstrate that there are more productive ways to use state capitalism as a representational category and enhance its explanatory usefulness and analytical rigour. This requires wrestling with the concept and seeing it as a puzzle more than a turnkey category ready to be uncritically deployed in empirical research. We do so by expounding on what we call the problématique of state capitalism, which suggests a pathway for researchers to productively employ the category in conceptual and empirical research.

The problématique of the new state capitalism and its productive ‘plasticity’

We start from the idea that there is virtue in the multiple questions raised by the concept and its many meanings. Tackling these questions head on is key to unleashing the general
potential of state capitalism as both a social scientific category and a lens for analysis. Yet, engaging with these questions does not require answering them in rigid and dichotomous terms. We want to go beyond such static categorical constructions. State capitalism is notoriously difficult to define, and attempting to answer these questions by setting up rigid models and binary categories will necessarily give rise to many of the issues we have pointed at earlier. We suggest instead that state capitalism be construed ‘as a site of reflections on the relations entertained by the state with capitalist forms’ (Sperber, 2019a, p. 111).

We draw upon the work of economic geographer Jamie Peck, and in particular, his reflections on thinking through (and with) categories such as neoliberalism (2013) and capitalism (2019). Reflecting on the utility of the category capitalism and responding to one prominent recent critique, Peck makes the case for:

mobiliz[ing] relatively plastic categories of analysis, not rigid ones that beg binary answers (capitalism, yes or no); plastic categories held in constant dialogue (and tension) with empirical inquiries that call upon them as sensitizing devices (or maps) and not as a source of foreclosed conclusions. Awkward, orthogonal, and contradictory cases, like “capitalism(s),” consequently become especially attractive, and potentially productive, as theory-shaping sites. (Peck, 2019, p. 1194)

Accordingly, we propose to introduce some level of ‘plasticity’ in our use of the category state capitalism. This does not need to imply sacrificing academic rigour. On the contrary, as we argue below, this plasticity is crucial if we want the concept to gain analytical and empirical clout. We treat state capitalism as a flexible category that eschews simple binaries (e.g. state capitalism versus liberal capitalism or geopolitics versus profit motives) and their resulting dichotomous answers. In other words, we do not reduce state capitalism to the question ‘state capitalism, yes or no’. Similarly, we do not reduce state capitalism to a box-ticking exercise (or the idea that the presence of a certain type of state institution or instrument would signal the presence of state capitalism). We also do not engage in the construction of ‘ideal types’ (cf. as commonly used in the Varieties of Capitalism tradition), wherein state capitalism is set in contradistinction to other varieties of capitalism (e.g. Nölke et al., 2019). Ultimately, we propose a way of using state capitalism as a rubric which registers a problématique more than a fully formed concept or model.

This problématique encompasses five dimensions, which can serve as a touchstone for studying concrete instances or cases of state capitalism (Figure 1). Such study can be qualitative or quantitative, and it can entail comparative elements or other types of empirical strategies. Furthermore, the presented problématique is intended to be read as a set of interconnected propositions that, when held in dialogue with the empirical cases under study, produce conceptualisations of state capitalism as a ‘theory-shaping site’ that is greater than the sum of its propositions. We understand the following as an open set of questions out of which researchers may pick and choose what is relevant for their specific analytical interest. By mapping this problématique, we hope to provide a sounding board in a field riddled with conceptual ambiguities as laid out above.

First, we construe state capitalism as a site of critical reflection on the (geo)political reorganisation of global capitalism. This means that researchers should interrogate in relation to global capitalism the specific relations between state and capital and the particular configurations of political and economic power in the concrete instantiations of
capitalism under investigation. In particular, this involves studying the specific organisational, institutional, legal, and spatial forms that politically mediate these relationships, but also the various agents, groups, and class fractions who reproduce or aim to challenge these relationships. This also, where relevant, involves an attention to questions of temporality (e.g. the evolution of such relations and their political forms over time), and to questions of space and scale (e.g. the geographical political economic terrain which both shapes and is shaped by these relations) (Alami & Dixon, 2020a). We discuss in more detail below the fundamental question of class, class fractions, and class power, and we make the case for centring struggles over capitalist reproduction and the relative power of social forces in studies of state capitalism. For now, our argument is that an analytical focus on the concrete configurations of political and economic power allows us to move past some of the problematic binary oppositions previous discussed (such as state versus market), and assumptions that state logics necessarily prevail over private interests in political economies commonly considered statist (e.g. China, Singapore). For instance, the fundamental role played by the practitioners and professionals of global finance (investment bankers, corporate lawyers, accountancy firms, and so on) in structuring and providing legitimacy for the transnational investment practices of sovereign wealth funds exemplify the complex interplay between global financial capital and the transnationalisation of state-owned capital (Liu & Dixon, 2021). Furthermore, as the 1MDB corruption scandal in Malaysia has made abundantly clear, state-
owned investment vehicles can be sites of accumulation strategies which straddle public/
private boundaries and which implicate individuals who embody various class positions. In this case, this involved fraud and the syphoning of public funds by former prime min-
ister Najib Razak, the Malaysian financier Jho Low and their clique, as well as the direct participation of Wall Street firms such as Goldman Sachs. These examples demonstrate
the need for plasticity in handling conceptual categories in studying concrete instances
of state capitalism.

Our second point is that no state institution, form of intervention, or pattern of devel-
opment should be assumed to be state capitalist by default. In each case under research, the use of the state capitalism label requires adequate characterisation, analysis, and specific explanation. This must involve some robust engagement with the various theore-
etical issues discussed in the previous section. For instance, scholars would need to
explain why a focus on sovereign wealth funds would warrant the moniker state capital-
ism, and what exactly would be the added value of studying sovereign wealth funds as an
instance of state capitalism. This is to avoid the various forms of taken-for-grantedness
which have resulted in the nebulous usages of the term in the past and in some of the
analytical impasses surveyed earlier. In this issue, Kim redeploys corporate ownership
of the state as an empirical lens to demonstrate state capitalism’s geographical plasticity
and to upend the North/South, advanced/underdeveloped divide such use usually
connotes.

Third, the problématique of state capitalism as we define it encourages us to explore
the case under study in a comparative perspective with one or more other cases which
would typically not be considered state capitalist. It is by confronting the two (or more)
cases, by rubbing them together, that we can both justify the application of the label
state capitalism to the particular case of enquiry, and explicate what is specifically state
capitalist about it. An obvious example here is the comparison between the United
States and China as seemingly polar opposites. Notably, the contributions by Baltz and
by van Apeldoorn and de Graaff in this issue seek to transcend the conceptual straight-
jackets of a liberal United States and a state capitalist China. This is also possible at the
institutional level, for example by comparing different types of state-owned investment
vehicles and the extent to which they can be considered state capitalist.

Fourth, the problématique encourages us to use the category state capitalism as an
epistemic angle. Put simply, it offers a position from which to reflect on (what passes as)
the ordinary role of the state in economy and society. It encourages us to reflect on
(and historicise) the assumptions of what is considered the normal separation between
the state, as the public, and the private sphere of economic activity. Researchers can
look back critically on the forms of state action in spaces rarely characterised as state capi-
talist (see the contributions of van Apeldoorn and de Graaff and by Kim in this issue). This
exercise can for example be applied to the question of why some modalities of state inter-
vention are often called state capitalist, when others are not, even in the case where they
perform very similar functions. Compare and contrast, for instance, subsidised credit
and tax breaks. Both are often used to provide direct support to ‘national champions’
(i.e. both modalities of state intervention can perform similar functions), yet only the
former is often considered a case of state capitalism. This question is of course tightly
related to that of the political legitimacy of these modalities of state intervention in the
current context.
Finally, and linking back to our first point, the problématique of state capitalism encourages researchers to reflect on the implications of the particular case of state capitalism under scrutiny for theorising the historically specific role that the state plays in the reproduction of global capitalism at the current historical juncture. Indeed, much existing research in recent state capitalism studies fails to discuss implications beyond the case at stake, which hampers cumulative and collective theory building efforts. This is manifest in the relative ignorance of the field towards previous rounds of debate, for instance concerning the treatment of class, which was fundamental to earlier conceptualisations, but is largely absent from more contemporary debates (Sperber, 2019a).

To conclude, our problématique of the new state capitalism, summarised visually in Figure 1, proposes a set of five interrelated propositions, which, when held in dialogue with the empirical cases under study, may help researchers avoid some of the pitfalls associated with the rigid uses of the category, self-reflectively leverage its generative potential, and productively turn their cases into theory-shaping sites.

Contributions to this special issue

The contributions to this special issue cover a variety of issue-areas and geographies, and in their own way provide an exploration of the plasticity of the rubric state capitalism and a testing of its boundaries, both from theoretical and empirical perspectives. We identify three transversal themes which we see as particularly important: (1) the need for reinvigorating class analysis in the study of state capitalism, (2) the importance of approaching the new state capitalism as a global phenomenon, and (3) the significance of shedding light on its relational character. In what follows, we discuss the findings of the papers in relation to these themes, as well as avenues for future research.

(1) Reinvigorating class analysis in state capitalism studies

The relative absence of class analysis in studies on the new state capitalism is a curious case (Sperber, 2019b). After all, the often-emphasised distinct character of state capitalist regimes is built on the idea that state elites or class factions control the major means of production in ‘statist’ economies (see e.g. Bremmer, 2010; Kurlantzicz, 2016). According to this argument, this feature distinguishes those regimes from those in the liberal West, where the economy is not controlled by state elites. This would warrant a privileged analytical focus on these elites or class factions in state capitalism research. One of the reasons for the relative scarcity of such analyses in the recent literature is that a focus on geopolitics has tended to displace issues of class. Questions such as who controls state capital, how state capital is invested, and who profits from this configuration, have been addressed largely from a geopolitical perspective, primarily using notions of interstate competition, ‘East versus West’, liberal-democratic versus authoritarian state capitalism, and similar notions. The role of specific elite and class configurations and conflicts in the reproduction of state capitalism has therefore largely slipped into the background.

An important exception concerns scholarship on the transnational integration of (state) elites, which has gone a long way in describing the distinct socio-economic groups governing the rise of the new state capitalism. Drawing on a long tradition of
power structure research (e.g. Domhoff, 2006; Useem, 1984), this literature focuses on the integration of Chinese state-business elites into global corporate elite networks (de Graaff, 2020; de Graaff & van Apeldoorn, 2017). This research empirically shows how this gradual embedding increases scope for cooperation and consensus between Chinese and Western elite communities. It demonstrates how an elite-centered perspective can shed new light on the question of state capitalism, beyond imaginaries of simple geopolitical confrontation and binary categories.

Contributions in this special issue point to at least two other ways in which the field of state capitalism studies can deepen its understanding of class and elites. First, scholars can study power relations between governmental and business factions in different sectors and policy domains, and how conflicts and coalitions between these factions influence the emergence and design of state capitalist policies. For instance, Baltz (2022) examines how in the United States conflicts between particular elite factions have shaped the developmental trajectory of state capacities in three policy areas, namely inward foreign direct investment (FDI), regulations governing government procurement, and state projects to promote new technologies and domestic productive capabilities, under the Trump administration. Baltz notably shows that where the ‘militarist’ faction managed to carve out a niche for state intervention in the realm of inward FDI screening, initiatives to enhance the role of the state in order to limit technology transfer abroad were blocked by organised business interests, high-level appointees, and elected officials. By adopting an organisational focus that disaggregates US state power into different capacities and functions, where different government factions historically dominate and thus shape the trajectory of specific state apparatuses, Baltz is able to look beyond labels like ‘liberal’ or ‘statist’ economies into the social organisation of (in this case US) capitalism.

Second, future research on the class dimensions of state capitalism could adopt a more sociological understanding of the various elite groups who oversee, control, and allocate state capital. The challenge here is to capture the dual role of state capitalist elites which are embedded in both state bureaucracies and state-owned enterprises or state investment funds. In this special issue, Sperber offers a novel theoretical framework for understanding how managers and overseers of state-owned capital embody both ‘political hierarchy’ and ‘capitalist power’. His framework creatively combines the Bourdieusian theory of ‘social fields of practice’ and Charles Bettelheim’s distinction between ‘possession’ and ‘economic ownership’ of the means of production, which allows disaggregating state elites and identifying various class fractions with different prerogatives with regard to state-owned capital. Sperber then demonstrates the usefulness of his framework by applying it to a case study of China’s central-level state-owned enterprises. He sheds light on the uneven distribution of economic and political authority between various fractions of the state class, which is largely obfuscated by analyses which tend to see China as a monolithic state capitalist actor.

Overall, class analysis can hence serve as a productive tool to wrestle with the problématique of the new state capitalism outlined in the previous section.4 For instance, as the contributions in this special issue show, critically interrogating the specific articulations of political and economic power often requires scrutinising the various forms of power relations between elite factions, within and across territorial borders. We note, however, that class analysis does not simply consist in studying (state) capitalist elites.
In particular, labour has been remarkably absent from the contemporary field of state capitalism studies. Future research could examine the role which labour and subaltern forces play in shaping state capitalist trajectories, via practices of resistance to political domination and economic exploitation or other forms of political discontent, but also the strategies put in place by state capitalist elites to contain and moderate such conflicts. In this respect, the field of state capitalism studies may benefit from explicitly exploring the following questions: what are the class forces which benefit from the current rise of state capitalism? What social struggles develop in, within, and against state capitalism?

Addressing these questions may require that the field of contemporary state capitalism studies firmly locates itself within long lasting scholarly debates concerning the nature and class character of the state. As noted elsewhere, the field has suffered from a lack of robust engagement with state theory (perhaps ironically, given its self-defined object of study), resulting in conceptual difficulties (cf. Alami & Dixon, 2020a). We would add here that there has also been a tendency in the literature to rely on neo-Weberian assumptions that states are anchored exclusively in the social forces deemed to lie within their national territories (see Glassman, 1999 for a powerful critique). This is because much of the field is either explicitly grounded in – or, at the very least, takes inspiration from – developmental state scholarship, which is itself rooted in such neo-Weberian assumptions (Song, 2019). Given the transnational dimensions of contemporary state capitalism (consider, as mentioned earlier, its participation in global circuits of production, finance, infrastructure, and corporate ownership, and the transnational integration of state capitalist elites), such assumptions are up for debate. One fruitful avenue for this debate could be engagement with materialist state theory, and particularly with approaches which analyze emerging forms of state spatiality in light of the transnationalisation of social class forces and transformations in global capital accumulation. We foresee productive engagements with this rich literature and its many strands, from Gramscian-Poulantzasian perspectives (e.g. Bieler & Morton, 2018) and Jessop’s ‘strategic relational’ approach (2015), to the ‘Murdoch School’ (e.g. Chacko & Jayasuriya, 2018; Hameiri et al., 2019) and perspectives grounded in the critique of political economy (e.g. Alami, 2021; Copley & Giraudo, 2019). Our contention is not only that these various strands of state theory have much to bring to state capitalism studies, it is also a call for using the problématique of state capitalism as a means to further develop and refine theories of the nature and class character of the capitalist state.

(2) State capitalism as a global phenomenon

Much of the academic literature and popular discourse tends to locate the new state capitalism outside the liberal core, notably in China, Russia, Turkey, Indonesia, and other emerging economies (Kurlantzick, 2016; Öniş, 2019; Schedelik et al., 2021). Yet, this is easily challenged by a simple definitional exercise. Kim’s contribution to the special issue is a case in point. His study focuses on state ownership, operationalised as government financial holdings in equity and investment fund shares. With a geographical focus on advanced economies, Kim shows considerable diversity in state ownership across the advanced capitalist societies. Between the extremes of persistent expansion of state ownership in Norway over the past two decades, and persistent withdrawal in
the United States, sit a plethora of advanced economies that have in the same time period expanded the state’s ownership of financial assets, including the Scandinavian bloc and the Anglo-American economies of Canada and Australia. Interestingly, Russia, which is often considered a paragon of rentier, predatory state capitalism (e.g. Waldner & Smith, 2015), exhibits a lower ownership ratio than 31 other advanced economies.

Moreover, limited (and persistently withdrawing) state ownership in the United States must not be interpreted as evidence confirming that it is antithetical to state capitalism and further moving in the direction of a liberal ideal-type variety of capitalism. In contrast, several contributions to this special issue show that state capacities in the United States have actually been strengthened in the recent period (see van Apeldoorn & de Graaff, 2022). This in fact underscores how state capitalism cannot be located on a single continuum of measurement, whether it be ownership, ideology, or geopolitical interest. Compared to Norway, which is a large corporate owner, the new state capitalism takes a different form in the United States case. Where the former may demonstrate a greater role of the state in direct state ownership, the latter exhibits a strong rationale to control the allocation of capital when it is deemed a threat to US geopolitical and economic security.

These findings indicate that locating the new state capitalism in simple dichotomies as in the ‘illiberal East’ versus a ‘liberal West’ does not do justice to empirical realities. The contributions to this special issue show how such dichotomies can be scrutinised by challenging the conceptual burden placed on the two countries that have come to symbolise the antithetical binaries of a liberal core and a state capitalist challenger: the United States and China. For instance, Baltz argues that ‘though the United States has often been categorised as neoliberal or a ‘liberal market economy’ within the ‘Varieties of Capitalism’ typology, it is actually quite ‘statist’ in certain spheres, with capacities that have been expanding in certain policy areas over the past several decades’ (see Baltz, 2022). However, Baltz also emphasises that ‘more overt forms of strategic state intervention associated with ‘developmental’ or ‘state-capitalist’ states have historically been resisted’ (see Baltz, 2022). This encourages us to further reflect on the various roles and modalities of state intervention, and how this may vary across political, geographical, and ideological contexts.

Van Apeldoorn and de Graaff’s contribution (2022) is helpful in this regard. Their comparative study of the United States and China since the 2008 global financial crisis and up to the current COVID-19 crisis underlines the re-configuration of the various roles that the state plays, including particular combinations of what they call ‘market-creation’, ‘market-correction’ ‘market-intervention’ and ‘market-direction’. State capacities have expanded in both nation states, in the context of increasing geopolitical and geoeconomic competition. Nonetheless, this has not led to a pattern of convergence, contra the propagation of the developmental state in the late twentieth century, which some have characterised as mimetic (Caldentey, 2008). Trump’s war against Chinese tech companies – evidenced in the neomercantilism of sanctions and executive orders targeting Chinese tech firms to prevent technology transfer – looks quite different than the Made in China 2025 industrial policy wherein the tech industry is a priority recipient of government financing, coordination and preferential policies. Where China has sought to create new markets abroad in the mould of capitalist social relations within its own borders via the Belt and Road Initiative, the United States under Trump has reacted by withdrawing from the Trans-Pacific Partnership, signalling a retreat from the creation of new markets (van Apeldoorn and de Graaff, this issue). This analysis of the Chinese and American trajectories
demonstrates the generative potential of the third element of our problématique, that is, the use of comparison to challenge conventional boundaries of state capitalism.

The contributions to this special issue attest to the global scope of the current round of reorganisation of the state in capitalism, characterised by an expansion of the state’s role as promoter, supervisor, regulator, and owner of capital. As such, they prompt us to reflect on what the historical political economic forces catalysing this process of state restructuring are, and what its relationship with contemporary capitalist development is. In thinking of state capitalism as a global phenomenon, two capitalist tendencies in particular are worthy of our attention here: neoliberalisation and the global reorganisation of production. As is well known, the two processes have been intimately linked since the early 1970s, with neoliberal state restructuring making way for and facilitating the internationalisation of production. This has involved structural adjustment, welfare retrenchment, and other forms of state ‘roll-back’, but also a number of ‘roll-out’ moments, such as the ‘good governance’ agenda, the isolation of key political and economic institutions from democratic pressure, and reregulation (Cahill et al., 2018; Peck, 2013; Slobdian, 2018). What is interesting is that the more visible role of the state across the global economy since the mid-2000s, and especially after the 2008 global financial crisis, has coincided with a renewed phase of global economic integration (Alami & Dixon, 2021).

We argue that it would be a mistake to conceive of the rise of state capitalism as signalling the end of neoliberal hegemony, or as a threat to neoliberalism, not least because it has developed alongside mutations in neoliberal experimental statecraft. However, this raises a number of questions concerning the relationship between contemporary state capitalism and neoliberalism, which future research should address: does the rise of state capitalism signal a sort of third moment of neoliberalisation (complementing, but not replacing, the ‘roll-back’ and ‘roll-out’ moments), in order to facilitate the current phase of reorganisation of global production? If yes, this begs the question of the sort of tensions that may develop between these three moments of neoliberal restructuring. Alternatively, is state capitalism about the development of forms of statecraft which are distinct from neoliberalism, if not necessarily incompatible with it? In which case, what are the terms upon which the two interact and shape each other is an important question worth posing. A more sustained conversation between studies of state capitalism and neoliberalism, then, would not only help specify the extent to which state-directed development, and its place in the global organisation of production are being reconfigured at the current historical juncture, it would also help outline the contours of contemporary neoliberal mutations (see e.g. South Atlantic Quarterly’s 2019 special issue Neoliberalism’s Authoritarian (Re)Turns).

(3) State capitalism as a relational phenomenon

The third theme that emerges out of the contributions of this special issue is that of the importance of understanding the new state capitalism as a relational phenomenon. By relational, we mean that the various modalities or instantiations of state capitalism are often related and mutually constitutive. For instance, two papers shed light on how the ‘geopoliticisation’ of Sino-Western relations is shaping state capitalist trajectories in China and the United States (van Apeldoorn and de Graaff, and Baltz, this issue). Another paper examines the relations between so-called illiberal democracies in

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Central and Eastern Europe, particularly Serbia, and Chinese state capitalism (Rogers, 2022). These papers collectively not only show that these interrelations fundamentally shape the form and outcome of state capitalist modalities. They also demonstrate that the polymorphism of contemporary state capitalism is not only the product of context-specific factors such as domestic class configurations, local interest group coalitions, and idiosyncratic political economic strategies, but also constituted by the multiple forms of interconnection, overlap, and co-evolution between existing and emerging modalities of state capitalism. An analytical focus on these relations is hence particularly useful for understanding the current rise of state capitalism as well as its variegated character.

These relations may be constituted and driven by various political economic motives and rationalities. For example, they can be based on emulation. Singapore’s and Malaysia’s strategic investment funds, Temasek and Khazanah (respectively), have been models for the creation of funds in other developing countries, such as Kazakhstan’s Samruk-Kazyna (Dixon, 2020). More recently, witnessing the expansion of East Asian and Middle Eastern sovereign wealth funds, many states across the developing world, including across the African continent, have created their own state-sponsored funds, leading commentators to argue that ‘the spread of [sovereign wealth funds] best resembles the diffusion of a fashion or fad’ (Chwieroth, 2014, p. 752). As these examples show, making sense of these interrelated patterns of diffusion based on emulation is central to understanding both individual instances of state capitalism as well as the resurgence of state capitalism as a whole, an aggregate phenomenon, for which the geographical horizon is global.

Relations between instances of state capitalism can also be based on more confrontational rationalities, and can be more explicitly driven by geopolitical-economic rivalry. Baltz (this issue) shows how Sino-American competition has recently been a driving force of the uneven developmental trajectory of state capacities in the United States. Indeed, relations between two instantiations of state capitalism may involve more than two nation-states, and/or may unfold in distant regions. For instance, in what Kanai and Schindler call the ‘infrastructure scramble’ (2019), the United States, China, but also European powers and Japan compete to redesign territories by financing, constructing, and controlling large-scale infrastructure in the developing world, with the aim of ‘enhancing economic competitiveness through enhanced connectivity to transnational value chains’ (Kanai & Schindler, 2019, p. 303). This antagonistic process affects state-capital relations and institutional transformations within the competing nation-states, but also in the countries and regions on the receiving end of these investments. Rogers (this issue) focuses on the post-socialist European space, and shows how the inflow of Chinese state capital has been instrumental in the reproduction of the hegemony of illiberal regimes, especially Hungary and Serbia. Reductions in European Union structural funding to non-member countries in the region have provided space for a mutually beneficial relation to develop between these countries and Chinese state capital. A particularly telling example is that of the import of Chinese state-supported technology by the Serbian government as part of its Safe City project in Belgrade, which Rogers analyzes. The project involves the installation of 1000 CCTV cameras which have the capacity to be upgraded with facial and vehicle number plate recognition technology, and poses all sorts of problems concerning the collection, the storing, and use of personal and biometric data. Chinese state capital also benefits from the project as a testing ground for its artificial intelligence technology.
The key takeaway is that multiple forms of interconnection, overlap and co-evolution fundamentally structure the various modalities of state capitalism. They do not do so in an external manner, that is, as forces which condition from the outside otherwise independent state capitalisms, governed by their own internal logics. Rather, we see these relations as intrinsic to the various instantiations of state capitalism, and as constitutive of the phenomenon as a whole. Elsewhere, this has been referred to as ‘uneven and combined state capitalist development’ (Alami & Dixon, 2021; Alami, Dixon, Babic, et al., 2021), to emphasise the relational and dialectical character of state capitalism as a dynamic aggregate phenomenon. That being said, it is important to underline that combined transformations in modalities of state intervention do not unfold somehow mechanistically, as if, for instance, an expansion of state capitalism in one nation-state would automatically trigger an expansion of state prerogatives in another. As the papers in this special issue importantly show, state transformations are always politically contentious and traversed by a multiplicity of antagonisms. Resulting state transformations are therefore the outcome of open-ended struggles between and within classes, class factions, state elites, and other social groups, which harks back to a theme we discussed earlier. This invites more comparative-relational research in the field of state capitalism studies. This means focusing our efforts on ‘analytical comparison and relational connection in ways that simultaneously allow us to compare and connect [various state capitalist modalities]’ (Sparke, 2020, p. 97). By emphasising co-constitutive geographical connections between these modalities, we can develop a deeper understanding of state capitalism as a global phenomenon. We contend that this methodological reorientation is important for at least two reasons, both of which are related to the point made earlier about the global reconfiguration of state-directed development and its travails at the hands of the reorganisation of production. First, the notion of relationality allows thinking of this process of reconfiguration in new terms. Scholarship in the varieties of capitalism tradition interprets this process as the emergence and global propagation of a new national state-led variant of capitalism (e.g. Nölke et al., 2019; Schelkle et al., 2021). Similarly, the developmental state literature asks if new and successful models of (East Asian) developmental states can be exported to other developing countries (e.g. Wylde, 2017). By contrast, our case for a comparative-relational approach invites thinking of the reconfiguration of state-directed development as a polycentric process which unfolds unevenly, depending on a country’s position in the global re-organisation of production and power differentials in the interstate system. The relational and combined character of state capitalist modalities, then, resides in their embedding in global capitalist transformations, and in the political relations that develop between these modalities (as argued above). Second, and relatedly, we may well envisage scenarios where this process of state restructuring results in overall more assertive states in global production arrangements. However, this is unlikely to lead to patterns of convergence towards similar developmental models or varieties of capitalism.

Conclusion

Many of the modalities of state intervention and institutional forms which have been at the heart of state capitalism studies are being accelerated by the COVID-19 crisis and its socioeconomic consequences. While the pandemic itself has, in the short term, forced states to extend their prerogatives far beyond the boundaries of what was deemed the
‘normal’ scope for state intervention, ensuing transformations in state-capital relations and the blurring of lines between the public and private spheres are likely to shape the world economy for years and maybe decades to come, as difficult questions concerning the costs of the crisis, how to re-shore ‘critical’ productive capacities, or how to spur economic recovery come on the political agenda. Scrutinising these politically contested transformations and their implications is a pressing task, and the rubric state capitalism may prove invaluable in the pursuit of their understanding.

It is our hope that the three major themes we have identified in this article, and which are tackled by the papers constituting this special issue, will be particularly useful for state capitalism research post-COVID-19: (1) the need for reinvigorating class analysis, (2) the importance of approaching the new state capitalism as a global phenomenon, and (3) the significance of shedding light on its relational character. States may well expand their role as promoters and owners of capital globally, raising important questions concerning the multiple forms of interconnection and co-evolution between modalities of intervention, as well their class underpinnings and consequences.

Furthermore, we hope that our efforts to reflect upon the category of state capitalism will help avoid a number of pitfalls which the field has previously encountered. Rigid conceptualisations of state capitalism have indeed led to a number of analytical impasses, entrapping the study of state capitalism in narrowly defined binaries and research questions. We help shape and refine this research agenda by offering a certain degree of plasticity and greater self-reflexivity in the use of the category. State capitalism can be productively construed as a flexible set of critical interrogations concerning the changing role of the state rather than a fully formed concept or model. We offer a problématique that should not be seen as an exercise in rigid boundary-making. Rather, the intent is to encourage researchers to use and refine the category going forward. We deem both empirical work and cumulative theory-building crucial aspects of this project of turning a term with limited utility to a rubric with explanatory power. The problématique of the new state capitalism can serve as a productive tool in this collective scholarly effort.

Notes
1. We use ‘new’ here deliberately to point out the historical specificity of the current rise of state capitalism. For a phasing of different ‘waves’ of state capitalism, see Nölke (2014). For a historical overview of the intellectual debates which these waves gave rise to, see Sperber (2019a).
3. See Alami (2021) for a critical engagement with this view from a state-theoretical perspective.
4. As an Anonymous reviewer has pointed out, a focus on class and class power is also particularly important in order to ensure that our case for ‘plasticity’ in handling conceptual categories does not result in a flattening of power relations. We thank the reviewer for this very perceptive caveat.

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