

Ten theses on the new state capitalism and its futures

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journals.sagepub.com/home/epn**Ilias Alami** 

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Abstract

Global capitalism is currently experiencing a turbulent and polymorphous (geo)political reordering, encompassing multiple transformations in the landscapes of state intervention, and a drastic reconfiguration of the state's role as promoter, supervisor and owner of capital across the world economy. Can the concept of state capitalism aid us in grasping these transformations conceptually? My answer is yes, with the proviso that state capitalism is neither conceptualised as a national (or regional) variety of capitalism, nor as a new regime of accumulation, but as a flexible means of problematising this historic arc in the trajectories of state intervention. Based on this approach, I offer in this essay *ten theses* on the new state capitalism, its roots in the dynamics of capital accumulation, its relations to broader material conflicts and its potential futures.

Keywords

State capitalism, varieties of capitalism, geopolitical economy, state theory, statism

In an age of intensifying geoeconomic competition, resurgent imperialist ambitions, supply chain disruptions, backlash against 'globalisation', pandemics and climate catastrophe, this much is now clear: global capitalism is currently experiencing a turbulent and polymorphous (geo)political reordering, encompassing multiple transformations in the landscapes of state intervention. Without discounting the power of critical events – such as the 2008 global financial crisis, the global spread of COVID-19, or Russia's war of aggression in Ukraine – in accelerating the movement of history, amplifying 'shocks', compounding crises and often catalysing critical change, I want to argue that the ongoing process of state restructuring must be located within a longer historic arc, which has emerged at the turn of the twenty-first century and consolidated over the past decade. This arc has notably been characterised by a drastic reconfiguration – and in many cases, an enlargement – of the state's role as promoter, supervisor and owner of capital across the spaces of the world economy.

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Can the concept of state capitalism aid us in grasping these transformations conceptually and throw fresh light on the world we live in? My answer is yes, with the proviso that state capitalism is neither conceptualised as a national (or regional) variety of capitalism, nor as a new regime of accumulation. In the pages of *Environment and Planning A: Economy and Space* and elsewhere, Adam Dixon and I have made the case for conceiving of state capitalism as a *problématique*, that is, not as a rigid category of analysis but as a flexible means of problematising this historic arc in the trajectories of state intervention and the role that it plays in the (geo)political reorganisation of global capitalism (Alami and Dixon, 2023; Alami et al., 2022). Based on this approach, I offer in this essay *ten theses* on the new state capitalism.

Let me state right from the start that state capitalism is *not* an anomaly or a deviance from liberal, market-based capitalism (or, for that matter, any sort of capitalism without the ‘state’ qualifier). *Thesis 1*: It is not an irregular deviation of the state from its form and determinations as a capitalist state. Consider some of the most visible manifestations of present-day state capitalism, such as the upward and combined trajectories of state-capital hybrids (from sovereign wealth funds and state enterprises to policy and development banks) and muscular forms of statism (including techno-industrial policy, spatialised development strategies and various forms of economic nationalism). None of these evinces an abnormal transformation of the state. These are fully compatible with the established and indeed ‘ordinary’ operations of a state in a capitalistically constituted society, or, more accurately, with its ‘form-determined’ operations.¹ Put differently, as part of its normal functioning and constant restructuring to deal with the vagaries of capital accumulation and social antagonism, the capitalist state may very well dramatically bolster its role as promoter, supervisor, regulator, guarantor and direct owner of capital. In fact, it repeatedly has done so in the past. What this means is that state capitalism must be seen as a particular modality of expression of the capitalist state, including in its liberal form. Hence, *Thesis 2*: state capitalism is an immanent potentiality, an impulse which is contained in the form of the capitalist state and built into its genetic code.

None of this is to say that state capitalism does not matter. On the contrary, state capitalist impulses can result in profound transformations in pre-existing landscapes of state intervention, a drastic rearticulation and rescaling of the relations between states and the circuits of capital and shifting boundaries between the state and civil society. All of these may in turn have profound implications for world politics (I’ll come back to this below).

This leads us to *Thesis 3*: the landscapes of present-day state capitalism are made of multifaceted, multilinear and interactive state transformations, which unfold in an uneven and combined manner. For us theorists and critical observers of these transformations, this means that we must move away from the comparative cataloguing of national institutional diversity and the construction of ideal types, and towards a dialectical-relational view of state capitalism as a variegated and evolving world-historical totality. In short, we need to revitalise systemic and macro-geographical forms of theorising. If state capitalism is indeed a potentiality contained in the form of the capitalist state, then what is it about the historical development and geographical remaking of global capitalism that is leading to the actualisation and concretisation of this potentiality?

Answering this question requires elucidating the role of multiple and interacting states in politically mediating historic transformations in capitalistically organised social relations, and their ramifications in terms of the temporal and geographical dynamics of value production and circulation. Of particular relevance here are changing forms of labour exploitation facilitated by technological innovation, the development of complex constellations of international divisions of labour (and associated patterns of (de)industrialisation, infrastructure construction and urbanisation) and dynamics of centralisation of capital. States must be seen as an integral moment of these processes. They directly participate in them (whether they do so willingly or reluctantly, actively or passively, is an empirical question) and transform themselves in the process. To put it bluntly, the currently

unfolding historic arc in the trajectories of state intervention must be seen as the political form of these (geographically uneven) determinate transformations of capital accumulation (*Thesis 4*).

I, therefore, argue that a keen attention to material determinations is necessary to understanding present-day state capitalism. It must, however, be complemented with a more conjunctural sensitivity (Peck, 2021), which leaves plenty of room for considering the significance of critical events and unique circumstances in accelerating state transformations, but also for introducing (geo)political agency in relational explanations of the cumulative expansion of state prerogatives. This is particularly important when considering *Thesis 5*: contemporary state capitalism develops in combinatorial forms, with cascading impacts across geographic space and policy domains (technology, industry, energy, finance, trade, foreign policy, the military, infrastructure, investment, development, labour and so on). To paraphrase Peck (2019), this demands that we interrogate the constitutive and catalytic role of combination in the current expansion of states' roles as promoter, supervisor and owner of capital. A conjunctural sensitivity encourages us to identify the specific mechanisms (from open conflicts, competitive emulations and mimetic behaviour to more cooperative, synergistic and hybrid relations) and the particular actors (governmental and business factions, managers of state-owned enterprises and state investment funds, domestic and transnational corporate elite communities, financial professionals, organised labour organisations, civil society groups and so on) involved in interacting instances of state capitalism.

Relatedly, the *problématique* of state capitalism is *not* about studying capitalist configurations which are assumed to be politicised *a priori*, and distinct from (allegedly non-politicised) ones. Rather, it is about scrutinising the dynamic and conflictual processes through which certain landscapes of state intervention and state-capital relations *become* politicised. Indeed, at times where state capitalist impulses have ostensible implications for the circuits of capital, the balance of power between and within classes and segments of capital, and in terms of geoeconomic force fields (as it is the case at the current historical juncture), the prevailing norms establishing a clear separation between the state *qua* public and the private may appear to be suddenly crumbling, notably from the standpoint of state and business actors who either stand to lose from such reconfigurations, or who anxiously perceive that they are. For example, much ink has been recently spilled in (neo)liberal academic and policymaking circles, over the extent to which the increasingly transnational operations of sovereign funds and state enterprises are distorting markets, generating unfair competitive advantages over private firms, and even constituting a threat to global security and the liberal world order. Hence, *Thesis 6*: state capitalist impulses catalyse struggles over the political legitimacy of emergent and reconstituted landscapes of state intervention, and over the definition of the relations between the state *qua* public and the private, in the process remaking the terrain of struggle itself.

Thesis 7: These legitimacy struggles contain material, discursive and ideological dimensions. They take place at home (at a range of scales, from central to local levels of government) between various social actors with divergent interests. There are multiple stakes involved in these domestic struggles, including which individual firms or segments of capital will benefit more directly, or lose the most, from renewed state activism, while preventing the latter becomes the object of popular demands. Indeed, capitalist elites are aware that ostensibly strong forms of state intervention, notably those that appear to blur the lines between public and private spheres, risk setting up dangerous precedents, in that they open up space for demands from below to harness the powers of the state towards different aims. We have recently witnessed this with movements for re-municipalisation (Paul and Cumbers, 2023), radical versions of Green New Deals, and calls for the far-reaching democratisation of state ownership (Buller and Lawrence, 2022) or for 'People's Quantitative Easing'. Redrawing strict boundaries between the economic and the political is a way of preventing such politicisation, notably by defining which modalities of state intervention are legitimate, and which are not.

Legitimacy struggles take place transnationally as well, where they involve competing states – and the various capitals they represent – in the context of turbulent geopolitical reordering, including the rise of China as a hegemonic challenger, and a partial breakdown of the North/South axis which has structured much of the thinking and practice in world politics over the past eighty years. What is at stake here is a battle over what forms of statism and state-capital hybrids are considered legitimate and compatible with the (still dominant but increasingly in crisis) western-dominated liberal system of market-centric governance. For non-western contenders, this is about carving out space in this system and perhaps, at times, challenging some of its parameters. For the more established (advanced capitalist) state actors, this is about simultaneously casting doubt on the legitimacy of the modalities of intervention deployed by these challengers, while legitimating renewed state action on their part, with an eye to promoting the interests of the capitals they represent. In short, these multifaceted legitimacy struggles are not about negotiating principles of ‘good governance’. They are essentially a component of the broader material conflicts between and within states, classes and sections of capital which shape the evolving landscapes of state capitalism (*Thesis 8*).

Now, if ongoing state transformations indeed entail antagonism all the way down, and if they are rooted in the multifaceted and geographically uneven mutations of capital accumulation mentioned earlier, then it follows that we would be hard-pressed to find a single, unifying logic or orientation to contemporary state capitalism. For instance, noting that state-capital hybrids are increasingly operating across borders, some have emphasised the outward and transnational orientation of the new state capitalism (e.g., Babic, 2023). Others, on the contrary, consider that contemporary state capitalism is primarily characterised by an inward movement, a turn to national sovereignty in search for protection (e.g., Gerbaudo, 2021). Some see it as a driver of globalisation, others as epitomising a backlash against it. Some underline its offensive aspects (opening markets and acquiring key firms and technologies abroad, boosting sectoral competitiveness at home), others insist on its defensive dimensions (protecting sectors and segments of capital, banning foreign technologies, screening inward foreign investment). Some insist that present-day state capitalism is broadly market-conforming, others that it is mainly driven by state objectives (cf. Alami and Dixon, 2022 for a critical analysis of these arguments). The list could go on, but the point is this: all these (sometimes opposing) trends are observable, at least to some extent. This is not merely to say that these numerous paradoxes must be solved empirically. My argument is rather that the search for a parsimonious characterisation of state capitalism’s general orientation is bound to be elusive.

I suggest that the notion of state capitalist *impulse*, introduced earlier, provides space for considering plural logics and multi-directionality in the ongoing extension of state prerogatives. In previous work, we identified four tendencies (Alami and Dixon, 2023):

- a ‘productivist’ impulse, geared towards directly intervening in production arrangements and the competitive dynamics of productive capital.
- an ‘absorptive’ impulse, oriented towards absorbing and recycling surpluses by putting them into motion as financial capital.
- a ‘stabilising’ impulse, aimed at mitigating crisis and volatility, propping up the value of financial assets and preserving political orders.
- a ‘disciplinary’ impulse, encompassing both increasingly coercive and repressive forms of rule at home and aggressive attempts to shift the burden of adjustment to other states.

Thus, *Thesis 9*: these impulses entail a complex reconfiguration of political authority, sovereignty and territoriality, which is irreducible to a unidirectional (inside/out, or vice versa) movement.

Let me conclude with more speculative remarks. Civilisational transformation and collapse are likely to co-occur in the context of catastrophic climate heating (Paterson, 2020). Both of which may well spark a further extension of state prerogatives (think about climate-induced financial

instability, the multiplication of climate-displaced surplus populations, the critical need for investment in low-carbon production systems, green transportation, clean energy infrastructure, enhanced competition in high tech for climate change adaptation, etc.). Similarly, it is hard to envisage a scenario where escaping the current period of profound economic malaise will not involve extensive state activism. (Whether this is a failure of imagination is a question I cannot explore here). Hence, *Thesis 10*: all four state capitalist impulses are likely to deepen in the near future, to a point where state capitalism *could* become epoch-defining. The reader will have noticed a tension here between this claim about the potentially epoch-defining character of state capitalism, and the argument made earlier about state capitalist impulses springing out of the ordinary (meaning, form-determined) operations of the capitalist state. I propose to tentatively resolve this tension as follows. To understand the present state of affairs requires that we conceive of state capitalism as a *quantitative* development (an enlargement of the state's role as promoter, supervisor and owner of capital and an extension of its prerogatives) which does not herald a fundamental mutation of the state into something else. Yet, we must be open to the idea that further quantitative expansion, as a result of future political economic transformations and of the compounding effect of combination (Peck, 2019), may lead to *qualitative* change, that is, a deeper mutation in the form of the state and its relation to capital, which may in turn imprint the future of capitalism with a distinctly new flavour. This (hypothetical) dialectical inversion of quantity into quality is precisely what we call the *spectre* of state capitalism.

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Note

1. The concept 'form-determinations' refers to the various ways in which the capital relation impinges upon and shapes the form of the state in capitalism (Clarke, 1991).

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